

March 15th, 2023

Notice Of Meeting

You are requested to attend the meeting to be held on **Monday, 20th March 2023 at 7:00 pm**
in **Church Street, Newtownards.**

Agenda

Agenda

(Attached)

[Audit Agenda 230320.pdf](#)

Page 1

1. **Apologies**
2. **Chairman's Remarks**
3. **Declarations of Interest**
4. **Matters Arising from Previous Meetings**
- a) **Committee Minutes from December 2022**

(Minutes attached)

[AC 15.12.2022 MinutesPM.pdf](#)

Page 3

- b) **Follow-up Actions**

(Attached)

[Item 4b - Follow-up Actions.pdf](#)

Page 15

5. **External Audit**

- a) **Draft Audit Strategy**

(Attached)

[Item 5 - ANDBC Audit Strategy.pdf](#)

Page 17

[Item 5 - Appendix 1 - Stephen Reid 090323.pdf](#)

Page 38

6. **Internal Audit**

- a) **Internal Audit Progress Report 2022/23**

(Attached)

[Item 6a - Internal Audit Committee Progress Report \(for issue\).pdf](#)

Page 39

i Environmental Health Service Review

(Attached)

📎 *Item 6a i - Environmental Health - Service Review - Final Report (unsigned) for AC.pdf* Page 56

ii Strategic Environmental Planning Review

(Attached)

📎 *Item 6a ii ANDBC Strategic Environmental Planning Final Report - for issue.pdf* Page 71

iii Waste Management Review

(Attached)

📎 *Item 6a iii - ANDBC - Waste Management - Report For Issue.pdf* Page 86

iv Labour Market Partnership

(Attached)

📎 *Item 6a iv - Labour Market Partnership Final Report (unsigned) for Audit Committee.pdf* Page 97

v Procurement Review

(Attached)

📎 *Item 6a v - ANDBC Procurement - Report for issue.pdf* Page 110

vi Follow-Up Review

(Attached)

📎 *Item 6a vi - Follow-up Review Report February 2023 -Final Draft for Audit Committee.pdf* Page 134

b) Annual Assurance Statement

(Attached)

📎 *Item 6b - ANDBC Annual Assurance Report 2022-23.pdf* Page 196

c) Contract Update

(Attached)

📎 *Item 6c - Contract Update.pdf*

Page 205

7. Corporate Governance

a) Corporate Risk Register

(Attached)

📎 *Item 7a Appendix.pdf*

Page 207

b) Anti-Fraud, Bribery and Corruption Policy

📎 *Item 7b - Anti Fraud Bribery Corruption Covering Report.pdf*

Page 216

📎 *Item 7b - Appendix 1 - Anti Fraud Bribery and Corruption Policy v3.0.pdf*

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8. Meeting Schedule and Work Plan 2023/24

(Attached)

📎 *Item 8 - Meeting Schedule and workplan.pdf*

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9. Any Other Notified Business

ITEMS 10-12 *IN CONFIDENCE*****

10. Quarterly Single Tender Actions Report Q4

(Attached)

📎 *Item 10 - Single Tender Action Update 030323v2.pdf*

Not included

11. Fraud, Whistleblowing and Data-Protection Matters - Verbal Update

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

ARDS AND NORTH DOWN BOROUGH COUNCIL

14 March 2023

Dear Sir/Madam

You are hereby invited to attend a hybrid meeting (in person and via Zoom) of the Ards and North Down Borough Audit Committee in the Council Chamber, 2 Church Street, Newtownards on **Monday, 20 March 2023** 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 December 2022 (Minutes attached)
 - b) Follow-up Actions (Report attached)
5. External Audit
 - a) Draft Audit Strategy
6. Internal Audit
 - a) Internal Audit Progress Report 2022/23 (Report attached)
 - i. Environmental Health Service Review
 - ii. Strategic Environmental Planning Review
 - iii. Waste Management Review
 - iv. Labour Market Partnership
 - v. Procurement Review
 - vi. Follow-up review
 - b) Annual Assurance Statement
 - c) Contract Update (Report attached)
7. Corporate Governance
 - a) Corporate Risk Register (Report attached)
 - b) Anti-fraud, Bribery and Corruption Policy (Report attached)

8. Meeting Schedule and Work Plan 2023/24 (Report attached)

9. Any Other Notified Business

ITEMS 10 – 12 *IN CONFIDENCE*****

10. Quarterly Single Tender Actions Report Q4 (Report attached)

11. Fraud, Whistleblowing and Data-Protection Matters (Verbal update)

12. Meeting with NI Audit Office & Internal Audit Service in the absence of Management

MEMBERSHIP OF AUDIT COMMITTEE (11 MEMBERS)

Alderman Armstrong-Cotter	Councillor Gilmour (Chairman)
Alderman Wilson	Councillor McAlpine
Councillor Irwin	Councillor McClean
Councillor Greer	Councillor Thompson
Councillor McRandal	Councillor Chambers
Mr P Cummings	

ITEM 8.1

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ARDS AND NORTH DOWN BOROUGH COUNCIL

A hybrid meeting (in person and via Zoom) of the Audit Committee was held at the Council Chamber, Church Street, Newtownards and via Zoom, on Thursday 15 December 2022 at 7.00pm.

PRESENT:-

In the Chair: Councillor Gilmour

Via Zoom

Councillors: Greer McClean (7.20pm)
McAlpine McRandal

Independent Member: Mr P Cummings

In Attendance: ASM (via Zoom) – J McCallion
Deloitte (via Zoom) – C McDermott
Deloitte (via Zoom) – D Kinsella
NIAO – A Allen

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

1. APOLOGIES

The Chairman (Councillor Gilmour) sought apologies at this stage.

Apologies were received from Councillors Chambers, Irwin, Thompson and the Chief Executive.

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 she also welcomed Councillors Chambers and McRandal as newly appointment members of the Committee.

NOTED.

3. DECLARATIONS OF INTEREST

The Chairman asked for any Declarations of Interest and the following were declared:

David Kinsella & Camille McDermott (Deloitte) – Item 11 – Internal Audit Contract Tender Update

NOTED.

4. MATTERS ARISING FROM PREVIOUS MEETINGS

(a) Audit Committee Minutes from September 2022 (Appendix I)

PREVIOUSLY CIRCULATED:- Copy of the above minutes.

AGREED TO RECOMMEND, on the proposal of Councillor Greer, seconded by Councillor McAlpine, that the minutes be noted.

(b) Follow Up Actions (FILE AUD02)

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

There was one item from the previous committee.

Item	Title	Action	Officer	Status
December 2021				
6a	External Audit	<ul style="list-style-type: none"> Escalate non-payment from Dfl for former ALC site 	Head of Finance	Outstanding due to communications from Council's solicitor

RECOMMENDED that the Committee notes the report.

At this stage Councillor Greer sought confirmation that the meeting was quorate as the Committee Chamber appeared to have no members present.

The Director confirmed that three members were attending the meeting via Zoom with the Chairman present in the Council Chamber, thereby deeming the meeting quorate and able to proceed.

AGREED TO RECOMMEND, on the proposal of Councillor Greer, seconded by Councillor McAlpine, that the recommendation be adopted.

5. EXTERNAL AUDIT

(a) Improvement Audit and Assessment Report (Appendix II)

PREVIOUSLY CIRCULATED:- Report from the Northern Ireland Audit Office summarising the work of the Local Government Auditor (LGA) on the 2022-23 performance improvement audit and assessment undertaken on Ards and North Down Borough Council.

RECOMMENDED that the report is noted.

Mr Allen (NIAO) provided members with a brief synopsis of the report which had been previously circulated highlighting the salient points within it.

AGREED TO RECOMMEND, on the proposal of Councillor Greer, seconded by Councillor McRandal, that the recommendation be adopted.

(b) Final Report to Those Charged with Governance (Appendix III)

PREVIOUSLY CIRCULATED:- Report from the Northern Ireland Audit Office summarising the key matters from its audit of the 2021-22 Ards and North Down Borough Council (ANDBC) financial statements which must be reported to the Audit Committee, as those charged with governance.

RECOMMENDED that the report is noted.

Mr Allen again provided members with a brief synopsis of the report which had been circulated to members highlighting the salient points within it. He drew members attention to the Unqualified Audit Opinion which had been given.

Councillor Greer asked what an Unqualified Audit Opinion meant for the Council.

In response Mr Allen advised that it meant there were no issues found and as such a clean audit opinion could be given to the Council in the form of an Unqualified Audit Opinion.

AGREED TO RECOMMEND, on the proposal of Councillor Greer, seconded by Councillor McAlpine, that the recommendation be adopted.

(c) Annual Audit Letter (Appendix IV)

PREVIOUSLY CIRCULATED:- Report from the Northern Ireland Audit Office summarising the results of the audit of the 2021-22 Statement of Accounts.

RECOMMENDED that the report is noted.

Mr Allen provided members with a brief synopsis of the report which had been circulated to members highlighting the salient points within it. Continuing he advised members that the publication of the Annual Audit Letter was a legislative requirement which the Council was required to meet. Mr Allen referred to several areas of interest

which had been included within the report including Absenteeism, Performance Improvement Audit & Assessment and the National Fraud Initiative.

AGREED TO RECOMMEND, on the proposal of Councillor McRandal, seconded by Councillor McAlpine, that the recommendation be adopted.

6. INTERNAL AUDIT

(a) Internal Audit Progress Report 2022/23 (Appendix V)

PREVIOUSLY CIRCULATED:- Report from Deloitte summarising the internal audit progress, for the four areas referred to below.

Mr Kinsella (Deloitte) provided members with an overview of the above report, adding that he was content the Council was on track to complete its Audit Plan.

AGREED TO RECOMMEND, that the report be noted.

(i) PCSP (Appendix VI)

PREVIOUSLY CIRCULATED:- Copy of the above report.

Ms McDermott (Deloitte) highlighted the salient points and audit priorities within the report and noted there was one Priority 2 recommendation 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.

Councillor McAlpine referred to the Priority 2 recommendation and asked if that was an issue perhaps generally throughout the entire organisation.

In response Ms McDermott confirmed that all projects were required to keep the same documentation and added that this was more of an issue within the PCSP.

(Councillor McClean joined the meeting via Zoom – 7.20pm)

AGREED TO RECOMMEND, that the report be noted.

(ii) Strategic Financial Planning (Appendix VII)

PREVIOUSLY CIRCULATED:- Copy of the above report.

Ms McDermott highlighted the salient points and audit priorities within the report and noted there were three 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.

Councillor McAlpine referred to the Business Cases commenting that they seemed to take a long time to go through and as such she asked if there were any which were submitted annually rather than one offs.

In response the Head of Finance commented that those Business Cases referred to were more routine ones and going forward he would be encouraging budget holders to prepare Business Cases in advance in order to achieve greater collaboration.

AGREED TO RECOMMEND, that the report be noted.

(iii) Treasury Management (Appendix VIII)

PREVIOUSLY CIRCULATED:- Copy of the above report.

Ms McDermott highlighted the salient points and audit priorities within the report and noted there was one Priority 2 recommendation 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.

AGREED TO RECOMMEND, that the report be noted.

(iv) Half-Yearly Follow-Up Report (Appendix IX)

PREVIOUSLY CIRCULATED:- Copy of the above report.

Ms McDermott (Deloitte) provided members with an overview of the above report paying particular interest to the Summary Update which detailed the status of the implementation of internal audit recommendations. Members were advised that currently there were 65 open issues since the last follow up report was presented in March 2022, with 34 additional issues since that point. 21 issues had been closed since the March 2022 meeting. Issues remaining open as of 31 October 2022 were 78 with four of those being Priority 1 issues. Ms McDermott added that further details were included within the report and invited questions from members at this stage.

Mr Cummings expressed disappointment with what he had heard adding that in his view it was below satisfactory, with the list of open issues growing longer. He stated that the Covid 19 pandemic could no longer be blamed for this particularly as the issues appeared to be Council wide, with no sign of improvement. As the Committee's independent member, he expressed concern with this, adding that it was disappointing that the Chief Executive had been unable to attend the meeting to provide the Committee with some assurance on the matter.

Acknowledging Mr Cumming's concerns, the Head of Finance confirmed that a number of actions had been implemented to address the matter, adding that the delay was due to resourcing constraints and the impact of the Covid 19 pandemic. Continuing he reported that staff had subsequently been recruited and a number of policies were under development which would help to address the issue. The Head of Finance added that he would also flag it up with his colleagues.

At this stage the Director reminded members that a number of years ago the outstanding recommendations were at a much higher level than this and action had been taken to address that including a much better reporting process involving the Internal Auditor. Prior to the Covid 19 pandemic improvements had been made but Covid undoubtedly had a negative impact upon that progress. He agreed that it now was a priority and confirmed the Chief Executive was aware of the number of outstanding recommendations being briefed as recently as earlier that day. The Director indicated that he would also raise the matter with his Corporate Leadership Team colleagues.

Mr Cummings indicated that he would welcome that assurance from the Chief Executive and continuing suggested that Heads of Service were brought to the next meeting of the Committee to be held to account if they had not responded to the Internal Auditors progress update request.

Thanking Mr Cummings for his comments, Councillor McRandal noted there were a few recommendations which had been outstanding for a long period of time and he asked if any progress had been made with those.

In response the Head of Finance confirmed his intention to take a new Draft Asset Management Policy to the Heads of Service Team in January 2023 which would then be put to the February 2023 meeting of the Corporate Services Committee. He added that he had also commenced work on a discussion paper on income and pricing which he hoped would be advanced prior to the end of the year. The Head of Finance added that he hoped that would assist to address several of the outstanding issues. Continuing he advised that following the commencement of his new Director he would hope to be able to undertake a review of the mileage and travel policy. He added that it was his intention to highlight the importance of such matters with his colleagues particularly as it had been raised by the Committee.

Councillor McRandal asked if an update could be provided on those outstanding issues which fell outside the remit of the Finance section.

The Head of Finance replied stating that detail was included within the report, and continuing he provided members with an overview of the process involved. He added that he had held discussions with the Internal Auditors with a view to strengthening the process currently in place to encourage more timely and rigorous responses.

At this stage Councillor McAlpine expressed concern that some Heads of Service had yet to respond and as such she suggested they should be asked to attend the next meeting of the Committee to provide an explanation.

In response the Director stated that he did not feel such a request was unreasonable and was something which could be built into the process.

Councillor McAlpine welcomed the Director's comments stating that she would just be concerned that in another six months' time they could be no further on. She added that Mr Cummings was right to raise the matter as some of the recommendations had been sitting for a considerable length of time.

The Director added that the response had improved significantly, and he did as a matter of course receive an update from the Auditors before the report was finalised. He agreed that it was unacceptable that no response was provided.

Councillor McAlpine agreed that a timely reminder should be issued and if no response was received then those Heads of Service be asked to attend a meeting of the Committee.

AGREED TO RECOMMEND, on the proposal of Councillor McAlpine, seconded by Councillor McRandal, that the report be noted and furthermore that appropriate officers be asked to attend the Committee for the next report if they had not provided updated responses to the auditors' requests.

7. CORPORATE GOVERNANCE

(a) Interim Statements of Assurance (FILE SOA1)

PREVIOUSLY CIRCULATED:- Report from the Director of Organisational Development and Administration stating that in accordance with the Council's Risk Management Strategy Heads of Service were required to provide Statements of Assurance. Assurance Statements comprised four main sections to be completed by each Head of Service following consultation with each of their Service Units. Period of this report, 1 April 2022 - 30 September 2022.

Findings

General – Identification of Risk, Monitoring and Control measures

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

Brexit and COVID 19 Pandemic Impacts

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

Section 1 – Strategic and Operational Risk Management

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

The HR and Organisational Development Service had suspended Pride and Performance conversation and a working group had been appointed to compile a new appraisal scheme for the Council. Managers had been encouraged to continue ongoing coaching with their employees and submit any training recommendations in accordance with good practice in the interim.

The Waste and Cleansing Service had reported that a significant financial liability risk remained if the bidding process for the Residual Waste Treatment project was collapsed by the client (arc21). In the Assurance Statement report for October to March 2022 it was reported that Planning permission was refused by the DFI Minister; this was now subject to judicial review. All of this had significant implications for the future of arc21, in terms of delivering infrastructure for member Councils, this was further complicated by a member Council seeking to withdraw from the residual waste project and the Strategic Review of NI Council Waste Management Arrangements.

The Tourism section had added in greater review and risk assessment of inclement weather into event management plans and plans to further explore methods of assessing this risk and potential mitigation options in the future.

The Regulatory Services section had identified a training need to mitigate against the risk to officers from physical attack with the training to focus on de-escalation and avoiding physical assault.

Section 2 – Internal Control

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

The Administration Service had reported that with the appointment of a Public Right of Way Officer the management of those was now in hand, reducing risk to the organisation in this area. The Service also reported that the Emergency Plan and Business Continuity Plan were aligned but work was to take place to detach those two aspects as different officers were responsible for each element. Further to this a lease/licence register was being reviewed and updated, a subgroup had been appointed to look into this.

The Environmental Health, Protection and Development Service had reported significant scrutiny of their work on food and consumer goods standards which was impacting on their resources.

Progress on Audit findings was reported to Committee separately, although they were reflected in the Assurance Statements. Services had recorded progress and plans to complete outstanding audit actions. Outstanding audit recommendations for six services were noted there.

The Communications and Marketing service unit had two outstanding Priority 2 findings and one outstanding Priority 3 finding related to the Social Media Audit conducted in 2021, those were being addressed.

The Human Resources and Organisational Development Service had three outstanding priority 3 recommendations relating to their service plan. Those were all being progressed.

Strategic Transformation and Performance had two Priority 1 findings, one Priority 2 findings and three Priority 3 findings outstanding raised by the Business Continuity

and Disaster Recovery Audit and the Business Technology Audit, all those findings were being progressed through an action plan.

Community and Culture Service had four priority 2 findings related to grants with an SLA administering, grant monitoring in general, declarations of interest and supporting documentation. In addition, the service also had four priority 3 findings relating to guidance documents for partnerships and elected members, grant advance payments and the need for the grants policy to be reviewed. All of those findings were in progress for implementation.

Finance Service had recorded one outstanding Priority 1 Audit finding relating to the provision of an Asset Management Policy, in addition there were twenty-two Priority 2 findings and twelve Priority 3 findings. Of those findings, many related to policy development that was previously on hold due to lack of staff resources. Policy development was in process for the majority of those policies with discussion papers out for consultation within finance on the Pricing and Income policy and wider within Council on the Travel and Subsistence policy. The Asset Management policy consultation had been completed and Finance were now drafting the policy and procedures related to it. There had not been progress yet on the proposed Budgeting policy as it was dependent on the previously mentioned policies being finalised.

Of the remaining non-policy related recommendations, action plans existed for all of those with set target dates for implementation.

Regulatory Services had one outstanding priority 2 recommendation which was to review their risk register. In addition, they had two priority 3 recommendations to reconcile payments daily and to sign off the assurance statement. All of those were in progress.

Section 3 – Governance

Administration had reported that there were currently two contentions Public Right of Way cases which were currently getting legal advice. As reported on the previous statement the further roll out of Te-Care software throughout Council departments was planned to improve the ability of officers to meet the requirements of the Council's complaints policy. A new version of the Model Complaints Handling Procedure would be available from March 2023 and would be launched with refresher training for all staff.

In addition, an issue had been identified with the Te-Care software system. Te-Care had a limited maintenance programme and GDPR concerns were currently being investigated. Those related to Data Erasure requests (concerns over the ability to fully erase a person from the multiple systems within the organisation) and Data Subject Access Requests (concerns over capture of all data available when employees were asked to reactively respond to requests v an automated computer system).

Assets and Property Services had provided an update to the extended tender of the sale of electricity from the wind turbine at Balloo Wood Bangor. The tender would be revised in accordance with the new energy market and aligned with the Energy Manager Joint Forum electricity contract to use the services of a utility broker.

The Strategic Transformation and Performance service had provided an update relating to the hire of vehicles for pandemic purposes in cleansing. As reported previously this had been flagged by External Audit as non-compliance. The service reports that this had been changed into a single tender action.

Communications and Marketing had reported two instances where the procurement policy was not followed, those being for Visit Belfast and for Clear Channel, in both cases this was due to them being the sole provider for those services.

The Leisure Service had reported that the potential financial position of the Council and difficulty recruiting staff may lead to an inability to return to pre-covid levels of service provision. In addition, the service was anticipating potential significant loss of income claims from Serco.

The Finance service had reported that the issues of the interaction of overtime and holiday pay were 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 had not been fully accounted for in employer pension contribution rates. In addition, the Council was facing substantial pay and utility cost pressures.

Regulatory Services had reported that there were concerns around income generation due to external factors in the property market impacting on home renovations.

Community and Culture had reported that issues had been identified in the Core system for October 2022 and in collaboration with Human Resources an investigation had begun.

Section 4 – Miscellaneous

The Finance Service had reported that workload and long-term sickness had inhibited the execution of service and governance improvements, that the absence of a corporate information management strategy was inhibiting service efficiencies and that combined with limited business technology equipment was inhibiting some staff working more effectively in a hybrid manner.

The Leisure Service had reported staff welfare was under strain throughout the service due to the demands being placed on officers due to financial constraints, Covid-19, governance and ongoing uncertainty around leisure provision. Continued difficulties in recruiting staff was placing a strain on those covering gaps over a long period of time.

The Director of Community and Wellbeing had made a comment regarding the Parks and Cemeteries Assurance statement that given the current financial pressures and the need to complete the agreed transformation process to save on costs and improve service quality and service governance and accountability, the phase 2 (restructure) would need to be expedited.

RECOMMENDED that the report be noted.

The Director informed members that in accordance with the Council's Risk Management Strategy, Heads of Service were required to provide Statements of Assurance. Assurance Statements comprised four main sections to be completed by each Head of Service following consultation with each of their Service Units twice yearly. He summarised the report highlighting the salient points contained within it adding that he was content all disclosure and mitigations had been made.

AGREED TO RECOMMEND, on the proposal of Councillor McRandal, seconded by Councillor McAlpine, that the recommendation be adopted.

8. 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 McClean, seconded by Councillor McRandal, that the public/press be excluded during the discussion of the undernoted items of confidential business.

9. 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)

10. 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)

(Having declared an interest in the next item, David Kinsella and Camille McDermott were both put on hold via Zoom – 7.54pm)

11. INTERNAL AUDIT CONTRACT TENDER

*****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)

(David Kinsella and Camille McDermott were both brought back to the meeting via Zoom – 7.56pm)

13. MEETING WITH NI AUDIT OFFICE & INTERNAL AUDIT SERVICE IN THE ABSENCE OF MANAGEMENT

*****IN COMMITTEE*****

The Director of Finance & Performance, Head of Finance and Democratic Services Officer all withdrew from the meeting during the discussion of the item (7.57pm).

RE-ADMITTANCE OF PUBLIC AND PRESS

AGREED TO RECOMMEND, on the proposal of Councillor McClean, seconded by Councillor McAlpine, that the public/press be readmitted to the meeting.

TERMINATION OF MEETING

The meeting terminated at 8.00 pm.

Unclassified

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

Report Classification	Unclassified
Council/Committee	Audit Committee
Date of Meeting	20 March 2023
Responsible Director	Director of Corporate Services
Responsible Head of Service	
Date of Report	03 March 2023
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 one item from the previous committee.

RECOMMENDATION

It is recommended that Council notes the report.

Unclassified

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Appendix 1

Item	Title	Action	Officer	Status
September 2022				
6a	External Audit	<ul style="list-style-type: none"> Escalate non-payment from Dfl for former ALC site 	Head of Finance	Complete
December 2022				
6a(iv)	Internal Audit Follow-Ups	<ul style="list-style-type: none"> HoST and CLT have AC's concerns highlighted 	Head of Finance / Director	Complete
9	Single Tender Actions	<ul style="list-style-type: none"> Amount of award to be disclosed 	Procurement Manager	Complete



Audit Strategy

Ards and North Down Borough Council
2022-23

Date

9 March 2023

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We have prepared this report for Ards and North Down Borough Council's sole use. You must not disclose it to any third party, quote or refer to it, without our written consent and we assume no responsibility to any other person.

1. Key Messages

Background

The Local Government Auditor (LGA) is the independent external auditor of Ards and North Down Borough Council's ("the Council") Statement of Accounts under the Local Government (Northern Ireland) Order 2005. In addition to the audit of the financial statements, the LGA has a statutory duty to be satisfied the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of its resources.

The LGA is also required to conduct an improvement audit and assessment each year under Part 12 of the Local Government Act (Northern Ireland) 2014 (the Act) and the statutory '*Guidance for Local Government Performance Improvement 2016*', (the Guidance).

Purpose

The purpose of this document is to highlight to the Chief Financial Officer and Audit Committee:

- how we, on behalf of the LGA, [plan to audit](#) the financial statements for the year ending 31 March 2023, including how we will be addressing [significant risks](#) of material misstatement to transactions and balances;
 - how we, on behalf of the LGA, plan to audit the [proper arrangements](#) in place for securing economy, efficiency and effectiveness in the use of resources for the year ending 31 March 2023;
 - how we, on behalf of the LGA, plan to conduct an improvement audit and assessment;
 - the planned [timetable, fees and audit team](#);
 - relevant updates to the code;
 - matters which we are required to communicate to you under International Standards on Auditing (ISAs), including the [scope of the audit](#), our [respective responsibilities](#), and [how we maintain independence and objectivity](#); and
 - [Public Reporting](#) work undertaken by the LGA that is relevant to the Council.
-

Materiality

When setting materiality, we consider both qualitative and quantitative aspects that would reasonably influence the decisions of users of the financial statements. [The overall account materiality](#) is £1,546,000.

Significant Audit Risks

We plan our audit of the financial statements to respond to the risks of material misstatement to transactions and balances. We have identified the following [risks](#) for the Council which have the most significant impact on our audit approach:

- Management override of controls
 - Risk of fraud in revenue recognition
 - Disposal of Ards Leisure Centre
 - Financial Resilience
-

Proper Arrangements

We will issue a questionnaire on proper arrangements to the Council. We will review the Council's responses and perform additional work in areas considered to be higher risk. The main financial audit work will also feed into the risk assessment and conclusions of arrangements in place.

Conclusions regarding proper arrangements will be noted in the Report to those charged with Governance including any recommendations for improvement.

Performance Improvement

The LGA will undertake a full assessment of whether the Council is likely to comply with its performance improvement responsibilities under the Act in 2023. In preparation for this, the Council should ensure that:

- it has established adequate performance improvement arrangements;
 - it has substantive evidence to demonstrate improvement; and
 - it has addressed any outstanding Proposals for Improvement made by the LGA in previous years.
-

Audit Team and Fee

Patrick Barr will be responsible for the overall audit. The full engagement team is presented in [Section 4](#).

Our audit [fee](#) for this year is £50,200 for the financial audit and £19,000 for the performance improvement audit and assessment.

Actions for the Audit Committee

The Audit Committee should discuss:

- whether our assessment of the risks of material misstatement to the financial statements is complete;
- whether management has plans in place to address the risks identified by NIAO and whether these plans are adequate;
- our proposed audit response to address these risks; and
- whether they have knowledge of any:
 - actual, suspected or alleged fraud affecting the Council; or
 - instances of non-compliance with laws and regulations that could be expected to have a fundamental effect on the operations of the Council.

2. Materiality

BASIS FOR OVERALL MATERIALITY CALCULATION	OVERALL ACCOUNT MATERIALITY (2%)	ERROR REPORTING THRESHOLD
£77.3m [total prior year expenditure]	£1,546,000	We report to you all misstatements, whether adjusted or unadjusted, above £77,300

A matter is material if its omission or misstatement would reasonably influence the decisions of the users of the financial statements. The assessment of what is material is a matter of the auditor's professional judgement and includes consideration of both the amount and the nature of misstatement.

The concept of materiality recognises that absolute accuracy in financial statements is rarely possible. An audit is therefore designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement. We apply this concept in planning and performing our audit, in evaluating the effect of identified misstatements on our audit and of uncorrected misstatements, if any, on the financial statements when forming the audit opinion. This includes the statistical evaluation of errors found in samples which are individually below the materiality threshold but which, when extrapolated, suggest material error in an overall population. As the audit progresses our assessment of both quantitative and qualitative materiality may change.

In areas where users are particularly sensitive to inaccuracy or omission, we may treat misstatements as material even below the principal threshold. These areas include:

- the remuneration and staff report;
- movement on reserves;
- our audit fee;
- prior year figures; and
- specific legal settlements or amounts which should be agreed to other accounts.

3. Audit Approach

Audit Approach

The NIAO audit approach is risk-based, informed by a good understanding of the operations of the Council and the performance of extensive risk assessment procedures to identify risks of material misstatement associated with the financial statements and the use of IT in financial reporting. For each risk of material misstatement identified, we will design responsive audit approaches at the financial statement and audit assertion levels as appropriate using a variety of audit techniques. These will include using the work of experts, testing how management has made accounting estimates, analytical procedures and sampling of transactions. We will review management controls, including IT controls, operated by the Council only to the extent we consider necessary for the effective performance of the audit.

Independence

We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard. We have fulfilled our ethical responsibilities in accordance with these requirements and have developed important safeguards and procedures in order to ensure our independence and objectivity.

NIAO quality standards and independence can be found [on our website](#).

Management of Personal Data

During the course of our audit we have access to personal data to support our audit testing. The NIAO has appointed a Data Protection Officer and has implemented a Data Protection Policy which ensures that personal data (and other sensitive data) used in connection with the audit is requested, transferred, controlled, processed and destroyed in accordance with the General Data Protection Regulation and applicable national law.

Using the work of Internal Audit

We liaise closely with internal audit throughout the audit process and seek to take assurance from their work where their objectives cover areas of joint interest. Following our review of internal audit's plans we do not aim to take assurance from internal audit but will review their work in order to aid our testing approach.

Use of Contractors

The NIAO has appointed ASM (B) Ltd ("ASM") to undertake the detailed work to support the LGA's opinion. On a day-to-day basis the audit will be managed and the work carried out by ASM's staff, under the direction of the NIAO. The responsibility for recommending the form of audit opinion to the LGA shall be retained by the NIAO.

Using Specialised Skills

We will consider the report and assumptions provided by the actuary used in respect of pension schemes. We will also consider the results of NIAO's central review of Land and Property Service in respect of its valuation expertise.

Changes to the Code of Practice in 2022-23

The key accounting changes introduced by the *2022-23 Code of Practice on Local Authority Accounting in the United Kingdom* (the Code) include:

- Revision of Section 4.2 (Leases) to allow authorities to voluntarily adopt the provisions of IFRS 16 in advance of mandatory implementation, in line with requirements set out in Appendix F.
 - Revision of Section 4.3 (Service Concession Arrangements: Local Authority as Grantor) to specify that if IFRS 16 is adopted in advance of mandatory implementation, then the service concession arrangement liability is measured in accordance with the measurement requirements of IFRS 16, as set out in Appendix F.
-

Audit Scope

The scope of our audit and respective responsibilities can be found [on our website](#).

The Code of Audit Practice issued by the Local Government Auditor extends to not only the audit of financial statements but also to aspects of financial and corporate arrangements to secure the economic, efficient and effective use of resources. The Code can also be viewed on the NIAO website at [Code of Audit Practice \(Local Government\)](#).

Respective Responsibilities in the preparation of the financial statements

In line with Auditing Standards we are required to agree the respective responsibilities of the Local Government Auditor, the Council's Chief Financial Officer and the NIAO. These responsibilities are set out in the Statement of Responsibilities of Local Government Auditors and Local Government Bodies issued by the Local Government Auditor. The Statement of Responsibilities can be viewed on the NIAO website at [Statement of responsibilities of Local Government Auditor and Local Government Bodies](#).

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Proper Arrangements in place to secure economy, efficiency and effectiveness

Under the Code of Audit Practice we are also required to perform an initial assessment of significant risks to the conclusion on proper arrangements in place to secure economy efficiency and effectiveness in the use of its resources. Our initial assessment indicates audit risk in the following areas:

- Policy environment including IT controls; and
 - Journal control.
-

Performance Improvement

The Local Government (Northern Ireland) Act 2014 prescribes responsibilities for the Local Government Auditor regarding the audit and assessment of performance improvement arrangements in Councils. This work will be conducted in accordance with the Act, the Guidance, the Local Government Code of Audit Practice 2016 and the LGA's Statement of Responsibilities, and includes:

- an improvement audit for the purposes of determining:
 - whether the Council has, during the year, discharged its duties under section 92 of the Act; and
 - the extent to which the Council has, during the year, acted in accordance with any guidance issued by the Department about any Council duties under section 92;
- an improvement assessment for the purpose of determining whether the Council is likely, during the year, to comply with the requirements of Part 12 of the Act;
- issuing a report, or reports, in respect of the Council to the Council and the Department, under section 95 of the Act; and
- producing and publishing an annual improvement report under section 97 of the Act.

The Act also allows the LGA to:

- carry out an assessment for the purpose of determining whether the Council is likely to comply with the requirements of Part 12 of the Act in subsequent financial years; and
- carry out a special inspection of the Council's compliance with the requirements of Part 12 if the LGA is of the opinion that the Council may fail to comply with the requirements of Part 12 of the Act.

The audit team will request access to all relevant documents and Council officers. Sharing our 'audit work programme' in advance of the audit will assist the Council in preparing for the audit fieldwork. We suggest the Council prepares a file of audit evidence in advance of the fieldwork stage, cross referenced to specific paragraphs or sections of the documents providing the necessary evidence. This should help us deliver a more efficient audit.

Significant Audit Risks

A significant risk is an identified and assessed risk of material misstatement that, in the auditor's judgement, requires special audit consideration.

The following are presumed risks.

Significant Risk 1 Management override of controls

Under ISA (UK) 240, there is a presumed significant risk of material misstatement due to fraud through management override of controls.

Audit Response

As required by ISA (UK) 240, we will:

- test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
 - Review accounting estimates for biases and evaluate whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud; and
 - Consider significant transactions that are outside the normal course of business for the entity, or that otherwise appear to be unusual.
-

Significant Risk 2 Risk of fraud in revenue recognition

Under ISA(UK) 240, there is also a presumed risk of fraud in revenue recognition, albeit rebuttable. We have assessed this risk to be significant in relation to the Council's main income streams (i.e. income streams relating to community planning; economic development and planning; and operations).

Audit Response

We will undertake the following procedures:

- Document our understanding of the controls and procedures in place around revenue recognition;
- Verify income received from District Rates and Government Grants to supporting documentation and subsequent receipt to gain comfort over the completeness of income;

- Analytically review other material income streams, investigating any large and/or unusual variances; and
 - Perform walkthroughs and substantive testing of income.
-

As part of our work to develop our audit plan, we have identified the following significant risk of material misstatement and our approach to address this risk.

Significant Risk 3

Disposal of Ards Leisure Centre

The Council disposed of the former Ards Leisure Centre site to the Department for Infrastructure (DfI) on 1 April 2021 for due consideration of £1.8m. DfI has not made payment for the site to date. We note that the vesting order for this disposal became operative during the 2021/22 financial year (19 May 2021), with compensation due to the Council of £1.8m. On 30 May 2022, DfI stated to Council that *"the matter of compensation is currently the subject of negotiations between the DfI Departmental Solicitor's Office and the legal representatives for AND Council. Until the negotiations are successfully concluded, an invoice should not have been submitted"*. We understand that DfI's position has not changed and there has been no further movement on this matter in 2022-23.

There is a risk that if this matter is not accounted for, or actioned, appropriately, it could give rise to a material misstatement.

Audit Response

We will undertake the following procedures:

- Review correspondence between ANDBC and DfI in relation to this matter;
 - Review progress on the matter at year end including obtaining confirmation from ANDBC's legal representatives; and
 - Review the accounting treatment applied at year end to ensure that this is consistent with the relevant accounting standards and applicable framework.
-

Significant Risk 4 Financial Resilience

The current cost of living crisis and high inflation rates have had a significant impact on council finances. There are continuing challenges for councils to deliver a balanced budget within the current environment. Costs have increased in multiple areas, such as utilities, construction, and pay settlements.

Audit Response

We will:

- consider the Chief Financial Officer's assessment of the going concern basis for the preparation of the accounts;
 - examine financial projections and plans prepared by Council; and
 - consider the disclosures regarding the financial position included within the 2022-23 Statement of Accounts.
-

4. Audit Timetable, Fees and Staffing

Timetable for Financial Audit

The timetable comprises a final visit commencing 10 July 2023 with certification planned by 30 September 2023.

MILESTONE	ESTIMATED DATE
Final audit testing commences	17 July 2023
Draft Annual Report and year end financial statements provided to NIAO	30 June 2023
Council/ Committee Meeting to approve final accounts	September 2023 (TBC)
Signed financial statements and Letter of Representation provided to NIAO	September 2023 (TBC)
Financial Statements certified by LGA	By 30 September 2023
Provisional Report issued for management response	By 11 September 2023
Final Report to those charged with Governance issued	By 30 November 2023
Annual Audit Letter issued	By 30 November 2023

Submission of Accounts

The Council is required to submit its account to the Department for Communities by 30 June following the year end. The Council should also send an electronic version of the accounts, along with the excel spreadsheet underpinning them, to NIAO at the same time as being sent to the Department.

Public Notice

The Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 requires the Council to give notice, by publication on its website, of the date from which the accounts and other documents are available for public inspection and the date from which the exercise of rights under Article 17 and 18 of the Order may be exercised. In the current audit timeframe, notice should be placed on websites in early July. The LGA usually writes to councils closer to the time to remind them of this requirement as the audit of the accounts cannot be certified as being completed until the notice period has been executed in full.

Objections

The 2005 Order allows objections to be raised from interested parties concerning the Council's accounts. We will hear and carefully consider representations by, and objections from, any such interested parties. In conducting our audit we may consider the lawfulness of items of account, the conduct of members and officers, instances where it appears a loss may have arisen and our other statutory duties required of the Local Government Auditor.

Improvement Audit and Assessment Timetable

MILESTONE	ESTIMATED DATE
Council publishes Performance Improvement Plan	Not later than 30 June 2023*
NIAO Planning and Fieldwork	August to October 2023
Council to publish an assessment and comparison of its performance	No later than 30 September 2023
Draft S95 report issued to Chief Financial Officer for factual accuracy agreement	14 November 2023
Final S95 report issued to the Council and the Department	30 November 2023
Publication of Council's Annual Improvement Report	No later than 31 March 2024

* The Act indicates that councils should publish their Performance Improvement Plan as soon as practical after the start of the financial year to which it relates. The Guidance recommends this is completed by the end of June to enable the LGA to meet the statutory reporting deadline of 30th November.

Fees

The audit fee for this year is £50,200 for the financial audit and £19,000 for the performance improvement audit and assessment.

- Completion of our audits in line with the timetable and fee is dependent upon:
- The Council delivering on 30 June 2023 a complete Statement of Accounts of sufficient quality that have been subject to appropriate internal review.
- The Council delivering good quality supporting documentation and evidence, within the agreed timetable for both the financial and improvement audits; and
- Appropriate client staff being available during the audit.

Audit team – Statement of Accounts and Proper Arrangements

TEAM MEMBER	RESPONSIBILITY
Patrick Barr NIAO Engagement Director patrick.barr@niauditoffice.gov.uk	Overall responsibility for the audit, for ensuring an appropriate audit opinion is given and for liaison with the Council and its Audit Committee.
Peter O’Sullivan NIAO Engagement Manager peter.osullivan@niauditoffice.gov.uk	Responsible for day to day management of the contract and for liaison with the Council.
Finula Magowan NIAO Lead Auditor finula.magowan@niauditoffice.gov.uk	Support for the day to day management of the contract.
Christine Hagan ASM Engagement Director christine.hagan@asmbelfast.com	Overall responsibility for the audit, for ensuring an appropriate audit opinion is given and for liaison with the Council and its Audit Committee.
Jason McCallion ASM Engagement Senior Manager jason.mccallion@asmbelfast.com	Responsibility for the conduct, quality and day to day management of the audit.
Rick Jan Van Der Schuit ASM Audit Senior rick.janvanderschuit@asmbelfast.com	Responsible for conducting and supervising the audit fieldwork.

Audit team – Improvement Audit and Assessment work

TEAM MEMBER	RESPONSIBILITY
Patrick Barr NIAO Engagement Director patrick.barr@niauditoffice.gov.uk	Overall responsibility for the audit, for ensuring an appropriate audit opinion is given and for liaison with the Council and its Audit Committee.
Peter O'Sullivan NIAO Engagement Manager peter.osullivan@niauditoffice.gov.uk	Responsible for day to day management of the contract and for liaison with the Council.
Finula Magowan NIAO Lead Auditor finula.magowan@niauditoffice.gov.uk	Support for the day to day management of the contract.
Christine Hagan ASM Engagement Director christine.hagan@asmbelfast.com	Overall responsibility for the audit, for ensuring an appropriate audit opinion is given and for liaison with the Council and its Audit Committee.
Jason McCallion ASM Engagement Senior Manager jason.mccallion@asmbelfast.com	Responsibility for the conduct, quality and day to day management of the audit.
James Pollock ASM Audit Senior james.pollock@asmbelfast.com	Responsible for conducting and supervising the audit fieldwork.

Appendix One: Good Practice Guides

The NIAO has produced a series of good practice guides for Northern Ireland public sector bodies. The following guides have been published in the last five years:

- **Board Effectiveness – A Good Practice Guide**
22 June 2022
- **Internal Fraud Risks**
24 February 2022
- **Grant Fraud Risks**
28 October 2021
- **A Strategic Approach to the Use of Public Sector Assets A Good Practice Guide for Local Government in Northern Ireland** *21 October 2021*
- **Procurement fraud risk guide**
24 November 2020
- **Covid-19 fraud risks August 2020**
01 September 2020
- **Raising concerns: A good practice guide for the Northern Ireland Public Sector**
25 June 2020
- **Performance improvement in local government - learning the lessons of performance improvement: a good practice briefing**
27 September 2019
- **Public Reporting Standards (May 2019)**
24 May 2019
- **Making Partnerships Work**
30 April 2019
- **Performance Management for Outcomes**
15 June 2018
- **Managing the Risk of Bribery and Corruption**
14 November 2017

These publications can be found [on our website](#).

Appendix Two: Public Reports

Relevant Public Reports

Public Reporting audit teams within NIAO undertake studies across the public sector. Public reports relevant to local government, published in the last three years, are as follows:

- **Planning in Northern Ireland**
01 February 2022
- **Local Government Annual Improvement Reports 2021/22**
31 March 2022
- **Extraordinary Audit of Causeway Coast and Glens Borough Council**
07 July 2022
- **Local Government Auditor's Report 2021**
21 December 2021
- **Managing Attendance in Central and Local Government**
24 November 2020

Current and Planned Public Reporting Activities

The following are other NIAO public reporting examinations currently being completed which have relevance to the local government sector:

- **Review of Waste Management in Northern Ireland** - A strategic review of the waste management system operating within NI. The report will have a dual central and local government focus since waste is the responsibility of several separate entities across the public sector.
- **Local Government Auditor's Report 2023** – A summation of the 2020-21 and 2021-22 financial years audits.

Proposals for future studies specific to local government are based on gathering an understanding of the sector and identifying areas where value for money might be at risk. This requires ongoing completion of routine survey work by the audit team and more detailed analysis of specific areas which show potential as future study topics. The audit team will liaise with the sector when carrying out this work.

Appendix Three: Prior Period Misstatements

Detailed below are significant misstatements which were identified in the prior year audit and how management intend to address these issues in producing this year's financial statements:

Expenditure of a capital nature included in revenue expenditure

It was noted that £231k of capital expenditure was included within revenue expenditure within the 2021-22 financial statements. As a result, fixed assets were understated by £231k and expenditure was overstated by £231k.

Management's Response for the current year

A review of expenditure will be performed at year end to ensure that any expenditure of a capital nature is appropriately allocated to the Balance Sheet.

Classification of creditors

It was noted that £75k of capital creditors were incorrectly included in trade creditors within the 2021-22 financial statements.

Management's Response for the current year

A review of creditors will be performed at year end to ensure that all balances have been allocated appropriately.

Stephen Reid
Chief Executive
Ards and North Down Borough Council
Town Hall
The Castle
Bangor
BT20 4BT

09 March 2023

Dear Stephen,

Ards and North Down Borough Council: 2022-23 Audit Strategy

Please find enclosed the 2022-23 Audit Strategy in respect of the Council's Statement of Accounts and Proper Arrangements, as well as the Performance Improvement audit. The audits will be conducted by ASM on behalf of the Local Government Auditor.

The Audit Strategy is intended to provide the Council with a clear understanding of how we plan to carry out our audit. It gives a summary of the purpose of the audit, our audit approach, the risks we have identified that could impact on the audit opinion and other matters of interest. We also provide an explanation of the concept of materiality and how it impacts on our audit.

The Audit Strategy also sets out the timetable for preparation of the accounts and the audit. It has been discussed and agreed with finance staff.

I would be grateful if the Audit Strategy is tabled at the next meeting of the Audit Committee. If you have any questions in relation to our approach, please do not hesitate to contact me or Andrew Allen (Audit Manager) on 028 9025 1019.

Yours sincerely,



Patrick Barr
Director



Ards and North Down Borough Council

Audit Committee Progress Report

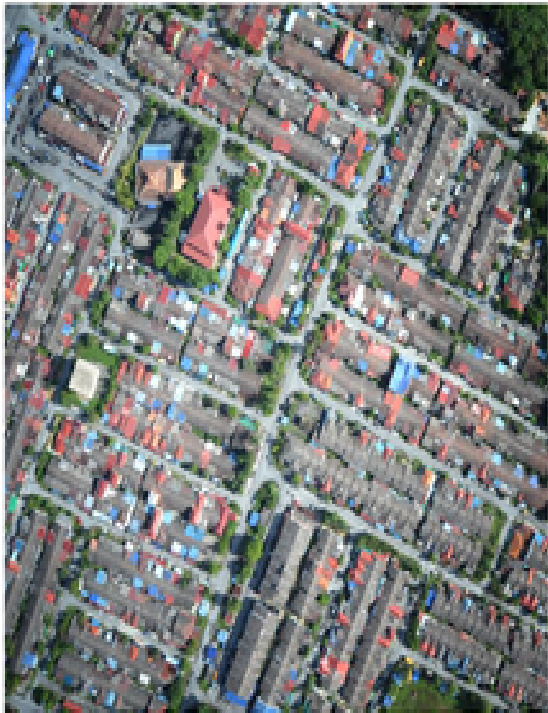
March 2023



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Progress to Date

Summary Status of the 2022/23 Plan

Progress to Date

Summary Status of the 2022/23 Plan

We have completed delivery of our 2022/23 Internal Audit Plan.

All audit fieldwork is complete and at final report stage, except for one audit for which the fieldwork is complete and exit meeting held. An overview of our progress for the year to date (as at 13 March 2023) is set out below:

Final Report	Draft Report	Fieldwork	Planning	Yet to Commence	Cancelled/Deferred	Total
10	-	1	-	-	-	11

Since the December Audit Committee meeting we have:

- Issued the final report for Procurement, Waste Management, Labour Market Partnership, Service Review – Environmental Health, and Strategic Environmental Planning
- Commenced fieldwork for Cyber Security

Further detail on reviews is provided in Appendix I.

Final Reports

Summary of Findings Identified

Final Report

Procurement

Background

This assurance review was undertaken as part of the 2022/23 Internal Audit Operational Plan to assess the control framework around procurement above the £30k tender threshold and controls to manage supply chain risk.

Overview of Approach

In order to complete this engagement, we used the following:

- Meeting with key stakeholders from the areas of procurement and of supply chain management such as the Procurement Manager.
- Review of all procurement and supply chain management policies, procedures and relevant guidance notes in place, including delegated authority limits.
- Performance of a limited programme of sample testing of expenditure above tender thresholds from the period September 2021-September 2022.
- Held a close out meeting with relevant stakeholders to discuss any review outcomes.
- Prepared a draft report, to report findings with practical recommendations for improvement where appropriate.
- Prepared a final report, including management action plans in response to any recommendations.



Overall Opinion

As a result of our audit a **Satisfactory** assurance was provided.

Findings

There were no **Priority 1** findings identified during our review.

There was one **Priority 2** finding identified during our review. This can be summarised as follows:

- Lack of documentation of the tender evaluation process where procurement above £30k is made outside of the Procurement Service Unit.

There were five **Priority 3** findings identified during our review.

Final Report

Waste Management

Background

This assurance review was undertaken as part of the 2022/2023 Internal Audit Plan to assess the control framework around procurement above the £30k tender threshold and controls to manage supply chain risk.

Overview of Approach

In order to complete this engagement, we used the following:

- Discussions with key members of the Service such as Head of Service and Service Unit managers to walkthrough key contract management processes such as, roles and responsibilities of Arc 21 and how risk in relation to not meeting recycling and landfill targets is identified and managed by the Council.
- Discussions with Waste Services and Finance, to discuss waste contract payment processes.
- Review of key items of documentation such as waste contracts and waste contract monitoring reports to assess the Council monitoring of Waste Management contracts.
- A limited programme of sample testing (two minutes of monthly joint committee meetings including Arc 21 steering group and Environment committee meetings, five weekly landfill and organics reports, and five payments made to Arc 21) to assess control operating effectiveness in relation to monitoring of Waste Management contracts.
- Held a close out meeting with relevant stakeholders to discuss any review outcomes.
- Prepared a draft report, to report findings with practical recommendations for improvement where appropriate.
- Prepared a final report, including management action plans in response to any recommendations.

 Priority 1	 Priority 2	 Priority 3
0	1	1

Overall Opinion

As a result of our audit a **Satisfactory** assurance was provided.

Findings

There were no **Priority 1** findings identified during our review.

There was one **Priority 2** finding identified during our review. This can be summarised as follows:

- Recycling and landfill targets risks have not been added to Service Risk Register.

There was one **Priority 3** finding identified during our review.

Final Report

Labour Market Partnership

Background

The Council is required by the Department for Communities (DFC), which is the sponsoring body for the Council Labour Market Partnership (LMP), to have an internal audit of the LMP on an annual basis. This assurance review focused on a review of the governance arrangements of the LMP and controls to manage expenditure against the LMP Funding Agreement.

Overview of Approach

In order to complete this engagement, we used a combination of the following:

- Discussions with key members of staff involved in the Labour Market Partnership, including the Head of Economic Development, Labour Market Partnership Manager and Economic Development Manager, to walkthrough key processes.
- Review of key items of documentation such as policies and procedures, terms of references, and the LMP action plan.
- A limited programme of sample testing to assess control operating effectiveness, including tendering and awarding of projects, payment of funding to selected projects, and committee and sub-committee meetings.
- Held a close out meeting with relevant stakeholders to discuss any review outcomes.
- Preparation of a draft report.
- Preparation of a final report, including management action plans in response to any recommendations.

Priority 1	Priority 2	Priority 3
0	0	3

Overall Opinion

As a result of our audit a **Satisfactory** assurance was provided.

Findings

There were no **Priority 1** or **Priority 2** findings identified during our review.

There were three **Priority 3** finding identified during our review.

Final Report

Service Review – Environmental Health

Background

This assurance review was undertaken as part of the 2022/23 Internal Audit Plan and focused on the key controls in place to manage risks associated with Service planning, budgetary control, risk management and performance monitoring/reporting.

Overview of Approach

In order to complete this engagement, we used the following:

- + Discussions with key members of the Service such as Head of Service and Service Unit Managers to walkthrough key processes.
- + Review of key items of documentation such as policies and procedures, Service Plans, Service risk register and performance improvement reports.
- + A limited programme of sample testing to assess control operating effectiveness, including:
 - o Review of a sample of two monthly Environmental Health manager detail reports from Finance, to determine whether variances requiring clarification have completed accompanying budget holder comments;
 - o Review of a sample of five weekly Environmental Health management meetings, to determine whether Service level risk was adequately discussed and whether input was sought from Service unit management to feed into the Environmental Health Service Risk Register;
 - o Review of a sample of two quarterly Service assurance statements from the Head of Service to the Risk Manager, to determine whether this is appropriate for escalating significant or emerging risks;
 - o Review of a sample of two quarterly performance review reports from the Head of Environmental Health Service to evidence reporting of performance against objectives within the Service Plan, as well as evidence of reporting of these reports to the Community and Wellbeing Committee and to the Council, to evidence oversight of performance against objectives within the Service Plan.
- + Consideration of possible improvements or alternatives for the controls in place.
- + Held a close out meeting with relevant stakeholders to discuss any review outcomes.
- + Prepared a draft report, to report findings with practical recommendations for improvement where appropriate.
- + Prepared a final report, including management action plans in response to any recommendations.



Overall Opinion

As a result of our audit a **Satisfactory** assurance was provided.

Findings

There were no **Priority 1** or **Priority 2** findings identified during our review.

There were two **Priority 3** findings identified during our review.

Final Report

Strategic Environmental Planning

Background

This advisory review was undertaken as part of the 2022/23 Internal Audit Plan and focused on a review of the Council's sustainability strategy, roadmap and commitments. A 'Roadmap to Sustainability' has been developed to formalise the Council's commitment to become more sustainable through its implementation of other key strategies and partnerships. The period of the roadmap is from 2021 to 2028.

The Council's sustainability commitments are being completed within other Council strategies and plans. The current strategies contributing to the Council and Borough becoming more sustainable are:

- The Big Plan 2017 – 32
- The Corporate Plan 2020 – 24
- The Integrated Tourism, Regeneration and Economic Development Strategy 2018 – 30

Overview of Approach

In order to complete this engagement, we used the following:

- Discussions with key members of the sustainability team to walkthrough key processes such as the Head of Administration, the Compliance Officer Sustainability and the Community Planning Manager.
- Review of key items of documentation such as policies and procedures, sustainability commitments, strategy and roadmap.
- Consideration of possible improvements for the sustainability processes, implementation of actions and monitoring of data in place.
- Held a close out meeting with relevant stakeholders to discuss any review outcomes.
- Prepared a draft report, to report findings with practical recommendations for improvement where appropriate.
- Prepared a final report, including management action plans in response to any recommendations.

High	Medium	Low
3	3	1

Overall Opinion

As this was an advisory review, we have not provided a level of assurance.

Findings

There were three **High Priority** findings identified during our review.

- There is a Transformation Fund included in the Council budget which includes a Sustainability Fund; however, these funds have not been fully rolled out.
- The Council's sustainability strategy and commitments should be updated to align to the new requirements from the Northern Ireland Climate Change Bill, recently passed in December 2022.
- An Action Plan is maintained to document the actions to support the achievement of the Roadmap to Sustainability, with progress towards the Actions reported to the Corporate Services Committee on a bi-annual basis. We carried out a review of the Roadmap to Sustainability Action Plan and noted the following:
 - No separate implementation plan in place to outline the strategic actions and steps involved in achieving each action.
 - The Action Plan consists of narrative-based actions with no monitoring indicators.
 - No status within the action plan to document the extent to which the action has been completed.
 - The Action Plan does not consider the required resources and level of impact each action will have on the Council.

There were three **Medium priority** findings identified during our review.

- Capacity amongst Services to deliver actions.
- An action included in the Urgent category has not been progressed.
- Timelines within the action report updates do not always set out a target date of implementation.

There was one **low priority** finding identified during our review.

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 8/3/2023.

Ref	Review Area	Sponsor	Planned Days	Actual Days to Date	Audit Status	Assurance Level	Planned Start Date	Actual Start Date	Notes
Quarter 1									
ANDBC 22/23 - 01	Planning for new ways of working in post-Covid environment	Head of HR and Organisational Development, Business Technology Manager	10	10	Final Report	N/A - Advisory	13/06/2022	13/06/2022	Complete
ANDBC 22/23 - 02	Service Review – Strategic Capital Development	Head of Strategic Capital Development	15	15	Final Report	Satisfactory	27/06/2022	27/06/2022	Complete
Quarter 2									
ANDBC 22/23 – 04	PCSP	Head of Community and Wellbeing	8	8	Final Report	Satisfactory	12/09/2022	12/09/2022	Complete
ANDBC 22/23 – 05	Strategic financial planning	Head of Finance	12	12	Final Report	Satisfactory	19/09/2022	20/09/2022	Complete
ANDBC 22/23 – 06	Treasury management	Head of Finance	15	15	Final Report	Satisfactory	26/09/2022	26/09/2022	Complete

Progress to Date

Update on Annual Internal Audit Plan – 2022/23

Ref	Review Area	Sponsor	Planned Days	Actual Days to date	Audit Status	Assurance Level	Planned Start Date	Actual Start Date	Notes
Quarter 3									
ANDBC 22/23 – 07	Procurement	Head of Strategic Transformation and Performance	10	10	Final Draft Report for Audit Committee	Satisfactory	14/11/2022	14/11/2022	Final Draft Report issued 09/03/2023
ANDBC 22/23 - 03	Waste Management	Head of Waste Services	10	10	Final Draft Report for Audit Committee	Satisfactory	21/11/2022	21/11/2022	Final Draft Report issued 09/03/2023
Quarter 4									
ANDBC 22/23 – 08	Labour Market Partnership	Head of Economic Development	10	10	Final Draft Report for Audit Committee	Satisfactory	09/01/2023	09/01/2023	Final Draft Report issued 09/03/2023
ANDBC 22/23 – 09	Strategic environmental planning	Head of Administration	10	10	Final Draft Report for Audit Committee	n/a - Advisory	09/01/2023	09/01/2023	Final Draft Report issued 06/03/2023
ANDBC 22/23 - 10	Service Review – Environmental Health	Head of Environmental Health Protection and Development	15	15	Final Draft Report for Audit Committee	Satisfactory	23/01/2023	23/01/2023	Final Draft Report issued 03/03/2023
ANDBC 22/23 - 11	Cyber Security	Business Technology Manager	15	12	Fieldwork complete	-	09/01/2023	09/01/2023	Exit meeting held 06/03/2023. Draft report to be issued.

Changes to the Internal Audit Plan and AOB

Amendments and AOB to be noted by the Audit Committee

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The Risk Manager requested Internal Audit to design and deliver three virtual training sessions for staff on the Risk Management Strategy. The first of the sessions was delivered on 14 February 2023. The remaining sessions will be delivered on 21 and 22 March 2023.

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.

Appendix II

Statement of Responsibility

Statement of Responsibility

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We take responsibility for this report which is prepared on the basis of the limitations set out below. The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. This report is not based on an attest engagement. We have relied on information provided by Ards and North Down Borough Council's management, and we do not accept responsibility for such information and have not performed any substantiation or external confirmation procedures to establish its accuracy or completeness.

Recommendations for improvements should be assessed by the you (Ards and North Down Borough Council) for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by us should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

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Belfast

March 2023



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Ards and North Down Borough Council

Environmental Health, Protection and Development Service Review

March 2023



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1. Overview

1.1. Introduction

This assurance review was undertaken as part of the 2022/23 Internal Audit Operational Plan and focused on the key controls in place to manage risks associated with Service planning, budgetary control, risk management and performance monitoring/reporting.

Overview

The purpose of the Environmental Health Service is to ensure a better quality of life for all. The Environmental Health Service consists of the four Service Units. The Service comprises of a Head of Service, four Service Unit managers and administrative support staff, and is a part of the Community and Wellbeing Directorate. Each Service Unit within the Environmental Health Service has their own team.

The units within the Environmental Health Service are as follows:

- Food Control and Consumer Protection which deals with issues such as cleanliness and practices in food business, compositional standards and labelling and standards and safety of consumer goods. This Unit is regulated by bodies such as the Public Health Authority and the Food Standards Agency.
- Health and Safety, Noise, Petroleum and Licensing Service Unit which deals with issues such as the health and safety of workplaces, petroleum licensing and noise nuisance. This Unit is regulated by bodies such as HSENI.
- Public Health and Housing Service Unit which deals with issues such as general public health, pest control and bathing water quality.
- Health and Wellbeing Unit which deals with issues such as home safety, tobacco control and Health and Wellbeing projects for the Employees, Business and the Community. The Unit is funded by bodies such as Public Health Agency (PHA) and the Department for Communities.



Scope and Objectives

The scope of this internal audit included a review of the controls in place to manage risks associated with Service planning, budgetary control, risk management and performance monitoring/reporting. The objectives of the Internal Audit review were to:

- Gain an understanding of the Service planning and reporting process, including the processes to identify stakeholder analysis, PESTLE analysis and future challenges.
- Assess whether Service objectives are aligned to support the achievement of corporate objectives, and whether KPIs and measures to track achievement of objective outcomes are reported to Management.
- Determine how progress against objectives and outcomes are monitored and reported, including verifying that KPIs are set and monitored for each.
- Assess whether the impact of the pandemic and the global economic environment has been considered in designing the Service objectives for FY 2022/23.
- Determine whether Service objectives remain relevant and aligned to corporate objectives as per the Corporate Plan 2020-2024.
- Determine whether the budget setting process is appropriately communicated to members of staff, including the use of documented policies and procedures.
- Determine how the Service identifies its annual budget needs and whether it aligns these to delivery of its annual objectives as expressed in the Service Plan.
- Determine if the Service identified the impact of the pandemic and the global economic environment on its annual budget needs and ascertain if this was considered during the budget setting process for FY2022/23.
- Assess whether actual Service performance is measured against the budget and ascertain whether variances in income and expenditure are investigated (against clearly defined variance reporting levels) and reported to Management on a monthly basis.
- Consider how risk management is embedded and communicated, across the Service and Service Units, including: assessing the process for identifying, assessing and monitoring risks facing the Service, and considering whether there are appropriate reporting structures for escalating significant or emerging risks.
- Gain an understanding of the process to set Service performance improvement objectives and how these differ from the Service objectives, including verifying whether there is a clear understanding of what performance improvement looks like for the Service.
- Consider how performance improvement is embedded and communicated within the Service and Service Units.
- Assess whether the process for monitoring and reporting KPIs against Service performance improvement objectives is appropriate for determining if the Service is meeting these.



1.2. Approach

In order to complete this engagement, we used the following:

- Discussions with key members of the Service such as Head of Service and Service Unit Managers to walkthrough key processes.
- Review of key items of documentation such as policies and procedures, Service Plans, Service risk register and performance improvement reports.
- A limited programme of sample testing to assess control operating effectiveness, including:
 - Review of a sample of two monthly Environmental Health manager detail reports from Finance, to determine whether variances requiring clarification have completed accompanying budget holder comments;
 - Review of a sample of five weekly Environmental Health management meetings, to determine whether Service level risk was adequately discussed and whether input was sought from Service unit management to feed into the Environmental Health Service Risk Register;
 - Review of a sample of two quarterly Service assurance statements from the Head of Service to the Risk Manager, to determine whether this is appropriate for escalating significant or emerging risks;
 - Review of a sample of two quarterly performance review reports from the Head of Environmental Health Service to evidence reporting of performance against objectives within the Service Plan, as well as evidence of reporting of these reports to the Community and Wellbeing Committee and to the Council, to evidence oversight of performance against objectives within the Service Plan.
- Consideration of possible improvements or alternatives for the controls in place.
- Held a close out meeting with relevant stakeholders to discuss any review outcomes.
- Prepared a draft report, to report findings with practical recommendations for improvement where appropriate.
- Prepared a final report, including management action plans in response to any recommendations.

Our sole source for information has been management information and representations. We do not accept responsibility for such information and have not performed any substantiation or external confirmation procedures to establish its accuracy.

Our work was performed in accordance with the Deloitte Internal Audit Methodology which is consistent with the standards of the Chartered Institute of Internal Auditors. Our work was carried out remotely in January 2023.

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1.3. Summary of findings

In **Section 2** we have set out our detailed findings and recommendations arising from our review. Our findings have been graded using the scale outlined in **Appendix 1**. The number of findings by risk grade can be summarised as follows:



There were no **Priority 1** findings identified during our review.

There were no **Priority 2** findings identified during our review.

There were two **Priority 3** findings identified during our review. These can be summarised as follows:

- Lack of periodic Service Risk Register review (see **Section 2.1**);
- Incomplete Signatures on Service Plan and Risk Assurance Statement (see **Section 2.2**);

Full details of the issues may be found in **Section 2** of this report

1.4. Conclusion

Overall there is a satisfactory system of governance, risk management and control in relation to the Environmental Health Service. While there may be some residual risk identified, this should not significantly impact on the achievement of system objectives.

Consequently on the basis of the Internal Audit work undertaken, we have given a **satisfactory** level of assurance that the system objectives will be achieved. Refer to **Appendix I** for a definition of the assurance level given.

1.5. Observations

In line with our commitment to adding value through our internal audit services, we have noted three observations relating to update of the Council's Budget Setting Procedure, Performance Improvement Report and Risk Management Strategy, in addition to the formal recommendations included in **Section 2**. These areas have been raised as findings in the Human Resources & Organisational Development Service Review, during the 2021/2022 audit plan, therefore we have not raised these as repeat formal recommendations in this instance:

- **Update of Budget Setting Procedure**

We identified that the process for moving funds between service units or releasing funds back to the Council budget has not been documented within this procedure.

We also identified that the Budget Setting Procedure does not include detail on a variance threshold amount / criterion for a threshold to be determined or calculated regarding variances highlighted by Finance through the monthly budget reporting process as requiring further explanation from the budget holders. Additionally, we identified that there is no detail regarding the periodic monitoring of budgets and Service Unit Managers' responsibilities for monitoring budgets in the procedure.

Responsible Owner: Head of Finance

Updated Target Date of Implementation: 30/09/2023

- **Update of Performance Improvement Report**

Council Services are required to provide a report to the Performance Improvement Manager on performance against Service Plan objectives on a quarterly basis. This includes Service Plan KPI performance, and the report includes a traffic light rating system, with green items meaning a target has been achieved, amber items are in progress and red items are not yet completed.



Progress against Service Plan objectives within these quarterly reports are reviewed by the Corporate Service Committee and then presented to the Council. Actions to be taken have been outlined in the performance improvement report summary to address the missed Service Plan targets.

We identified that there is no requirement to specify due dates or assigned responsible owners for these actions to assist with tracking progress within the quarterly performance improvement report.

Responsible Owner: Head of Transformation and Performance

Updated Target Date of Implementation: 31/03/2023

- **Update of Risk Management Strategy**

- (i) The responsibility of the risk owner and the Head of Service (p5 and p6 of the Risk Strategy) is to "escalate risks where these exceed the identified risk tolerance threshold." On review of the Risk Strategy (April 2022) we identified there is no defined risk tolerance threshold which has been referred to regarding the escalation of risks.


Responsible Owner: Risk Manager

Updated Target Date of Implementation: 31/03/2023



2. Detailed findings and recommendations

2.1. Service Risk Register Review


Finding	Recommendation	Priority
<p>The Risk Management Strategy requires that each Directorate should plan to review their Service Risk Register periodically, and at least quarterly, to ensure that progress is being made towards controlling the risks and to identify any changes or emerging risks, for example those arising from new legislation or brought about by unforeseen events.</p> <p>We noted that during weekly management meeting, overall risks or risks pertaining to current projects are discussed. However, Management advised that there is no formalised process to review the Service risk register, as set out in the Service Plan, on a periodic basis, apart from during Service Planning each year.</p> <p>Potential Impact</p> <p>While the focus is on individual project risks, a failure to periodically review the Service's risk register may lead to overall Service risks not being updated and mitigated accordingly. It may also lead to new general Service risks not being identified and escalated appropriately.</p>	<p>The Environmental Health Service should ensure that its Service risk register is reviewed in line with the frequency documented within the Risk Management Strategy.</p>	
Management response		
Action Plan	Owner/ Title	Target Date of Implementation
<p>1. Risk will remain as an agenda item on the weekly management team meeting. The Risk register will be reviewed quarterly concurrently with the production of the respective quarterly performance report. Actions will be recorded in the</p>	<p>Head of Environmental Health</p>	<p>1st July 2023</p>



management team minutes and the Risk register will be updated/amended if appropriate.



2.2. Incomplete signatures

Finding	Recommendation		Priority
<p>The Service Plan Pro Forma requires a peer review and Director approval to be signed and dated within the Service Plan. Management advised that there was a peer review carried out by another Head of Service. Management further advised that the Director of Community and Wellbeing would have been involved with the Service planning for the year and we confirmed the Director presented the Service Plan to the Community and Wellbeing Committee. However, neither reviews are signed or dated on the Service Plan.</p> <p>We also noted that the Period 1-2 2022/23 Risk Assurance Statement was not signed by the Head of Service, Service Unit Managers or Director of Community and Wellbeing.</p> <p>Potential Impact</p> <p>Failure to receive appropriate review and approval may lead to a failure to include key areas and risks within the Service Plan and Risk Assurance Statement.</p>	<p>The Service should:</p> <ol style="list-style-type: none"> 1. Ensure that future Service Plans are signed off once they have been peer reviewed by another Head of Service and approved by the Director to ensure the Service Plan meets all requirements and will prove beneficial to the Service. 2. Ensure that evidence of peer review and Director approval are retained. 3. Ensure that all risk assurance statements are signed by the Service Unit Managers, Head of Service and Director of Community and Wellbeing, prior to the Risk Manager receiving them. 		 <p>Priority 3</p>
Management response			
Action Plan	Owner/ Title	Target Date of Implementation	
<ol style="list-style-type: none"> 1. Business Plan will be peer reviewed and signed by another HoS. When peer reviewed email evidence will be sent to Business Support who hold electronic signatures. 2. Unsigned business plans will not be sent to Committee for approval. 3. Risk assurance statements will be signed before being sent to the Risk Manager, 	<p>Head of Environmental Health</p>	<p>1st July 2023</p>	



3. Statement of Responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below. The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. This report is not based on an attest engagement. We have relied on information provided by Ards and North Down Borough Council's management and we do not accept responsibility for such information and have not performed any substantiation or external confirmation procedures to establish accuracy or completeness.

Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by us should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

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Appendix I: Reporting Definitions

Assurance Opinion

For each report delivered in the annual Internal Audit Plan, we will provide one of three levels of assurance, ranging from satisfactory assurance to unacceptable assurance. These assurance levels reflect the latest requirements of the Department of Finance (DAO (DoF) 07/16).

Assurance Level	Evaluating and Testing Conclusion
Satisfactory	Overall there is a satisfactory system of governance, risk management and control. While there may be some residual risk identified, this should not significantly impact on the achievement of system objectives.
Limited	There are significant weaknesses within the governance, risk management and control framework which, if not addressed, could lead to the system objectives not being achieved.
Unacceptable	The system of governance, risk management and control has failed or there is a real and substantial risk that the system will fail to meet its objectives.

Recommendation Priorities	
Priority 1	Failure to implement the recommendation is likely to result in a major failure of a key organisational objective, significant damage to the reputation of the organisation or the misuse of public funds.
Priority 2	Failure to implement the recommendation could result in the failure of an important organisational objective or could have some impact on a key organisational objective.
Priority 3	Failure to implement the recommendation could lead to an increased risk exposure.

These definitions of evaluations should be interpreted in conjunction with the scope of the audit work and in the overall context that our findings should only be relied upon to be representative of the operation of control procedures at the time of discussion or observation of these control practices and in relation to the transactions tested. Projection of evaluations of future periods is subject to the risk that the policies and procedures may become inadequate because of changes in conditions, or that the degree of compliance with these policies and procedures may deteriorate. The performance of Internal Audit work should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and work performed by Internal Audit should not be relied upon to identify all strengths and weaknesses that may exist. Neither should Internal Audit work be relied upon to identify all circumstances of fraud or irregularity should there be any, although our audit procedures have been designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas as identified by management as being of greatest risk and significance. Effective implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

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Ards and North Down Borough Council

Strategic Environmental Planning Advisory Review

March 2023



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1. Overview

1.1 Introduction

This advisory review was undertaken as part of the 2022/23 Internal Audit Operational Plan and focused on a review of the Council's sustainability strategy, roadmap, and commitments.

1.2 Overview

A 'Roadmap to Sustainability' has been developed to formalise the Council's commitment to become more sustainable through its implementation of other key strategies and partnerships. The period of the roadmap is from 2021 to 2028.

The Council's sustainability commitments are being completed within other Council strategies and plans. The current strategies contributing to the Council and Borough becoming more sustainable are:

- The Big Plan 2017 – 32
- The Corporate Plan 2020 – 24
- The Integrated Tourism, Regeneration and Economic Development Strategy 2018 - 30

The sustainability strategy, roadmap and the Council's sustainability commitments are aligned to the Northern Ireland Climate Change Bill and the United Nations Sustainable Development Goals (UN SDGs). The Council's main strategies contain commitments and actions that will contribute to the Council becoming more sustainable in terms of its own operations, and in terms of the wider Borough as a whole. Examples of commitments and actions include:

- Making improvements to public parks and open spaces;
- Making improvements to community buildings and facilities;
- Developing and delivering support programmes for residents and business in areas including economic / business development, health and wellbeing, safety and security, community resilience and employability;
- Environmental protection / carbon reduction and climate change adaptation; and
- Sustainable job creation.

Progress Monitoring

The Roadmap to Sustainability includes actions set out to achieve the Council's sustainability objectives. A Roadmap Actions log is maintained by the Compliance Officer - Sustainability to document each of these actions which are organised as follows:



- Urgent Actions - January 2021 – July 2021
- Short Term Actions - August 2021 – July 2023
- Medium Term Actions - July 2023 – June 2029

Progress towards the actions is reported to the Corporate Services (CS) Committee by the Head of Administration on a bi-annual basis to monitor progress and provide an update on the status of each action. These progress reports are prepared by the Compliance Officer – Sustainability, who emails relevant Heads of Service assigned as action owners requesting a status update for the action. Three update reports have been reported to the Corporate Services Committee in December 2021, June 2022, and December 2022 since implementation of the Roadmap to Sustainability, agreed by Council in March 2021.

1.3 Scope and Objectives

The scope of this advisory internal audit included a review of the Council's sustainability strategy, roadmap, and commitments.

The review focussed on the following areas:

- Gain an understanding of the governance structure, accountability, and development of the sustainability strategy, and provide recommendations to enhance the process.
- Assess whether objectives of the strategy are aligned to support / achieve the Council's sustainability commitments (documented in the Council roadmap to sustainability) and the Council's sustainability commitments are aligned to requirements of the UN SDGs and the Northern Ireland Climate Change Bill.
- Determine how progress against the Council's commitments and targets are monitored and reported, including verifying that clear, measurable KPIs are set and monitored for each.
- Determine whether the resources in place can implement the actions of the roadmap to sustainability and assess the skills resource gap.
- Determine whether there are clear implementation plans for the roadmap.
- Assess the actions of the roadmap and provide insight into priority actions based on requirements to implement and highest-level of impact.

1.4 Approach

In order to complete this engagement, we used the following:

- Discussions with key members of the sustainability team to walkthrough key processes such as the Head of Administration, the Compliance Officer Sustainability, and the Community Planning Manager.



- Review of key items of documentation such as policies and procedures, sustainability commitments, strategy, and roadmap.
- Consideration of possible improvements for the sustainability processes, implementation of actions and monitoring of data in place.
- Held a close out meeting with relevant stakeholders to discuss any review outcomes.
- Prepared a draft report, to report findings with practical recommendations for improvement where appropriate.
- Prepared a final report, including management action plans in response to any recommendations.

Our sole source for information has been management information and representations. We do not accept responsibility for such information and have not performed any substantiation or external confirmation procedures to establish its accuracy.

Our work was performed in accordance with the Deloitte Internal Audit Methodology which is consistent with the standards of the Chartered Institute of Internal Auditors. Our work was carried out remotely between January and February 2023.

1.5 Summary of findings

In **Section 2** we have set out our detailed findings and recommendations arising from our review. To support management’s implementation of the Suitability Strategy and accompanying actions, we have graded these recommendations as High, Medium, or Low priority for action. The number of findings can be summarised as follows:

High priority	Medium priority	Low priority
3	3	1

1.6 Conclusion

As this was an advisory review, no level of assurance has been provided.



2. Detailed Findings and Recommendations

2.1 Sustainability strategy alignment

Finding	Recommendation	Priority
<p>The sustainability strategy and commitments (Roadmap to Sustainability) have been aligned and consider the UN SDGs. The sustainability strategy and commitments have been structured to show which UN SDGs are applicable to each commitment and how the associated actions will impact the UN SDGs.</p> <p>The sustainability strategy mentions the Northern Ireland Climate Change Bill, however, has not been developed with the requirements of this Bill in mind. The sustainability strategy and commitments should be updated to align to the new requirements from the Northern Ireland Climate Change Bill, recently passed in December 2022.</p> <p>Potential impact Absence of consideration of commitments from the Northern Ireland Climate Change Bill may lead to non-compliance by the Council with the requirements stipulated by the Bill. Further, there is a reputational risk for the Council in terms of communicating outdated information to external stakeholders.</p>	<p>The Council should ensure the following:</p> <ul style="list-style-type: none"> • The sustainability strategy and commitments are reviewed and updated to reflect the requirements of the Northern Ireland Climate Change Bill. • Actions within the Action Plan are updated to reflect the requirements of the Northern Ireland Climate Change Bill and re-prioritised according to resources required, budget and impact. 	<p>High</p>

2.2 Implementation Plan and Action Indicators

Finding	Recommendation	Priority
<p>As noted in the Section 1.2 of the Report, an Action Plan is maintained to document the actions to support the achievement of the Sustainability Roadmap, with progress towards the Actions reported to the CS Committee on a bi-annual basis. We carried out a review of the Roadmap to Sustainability Action Plan and noted the following:</p> <p>1. Implementation Plan</p> <p>There is currently no separate implementation plan in place to outline the strategic actions and steps involved in achieving each action, as well as the completion timeline and required resources (including team members and budget) necessary to successfully implement the sustainability strategic objectives.</p> <p>2. Action Indicators</p> <ul style="list-style-type: none"> The Action Plan consists of narrative-based actions with no indicators in place to identify how the achievement of the action will be monitored. The progress updates therefore consist of narrative updates making it not possible to determine whether any progress has been made since the last bi-annual update. Clear and measurable Key Performance Indicators (KPIs) have not yet been established to provide targets for each action which can then be communicated to action owners and tracked on a periodic basis to allow for more effective monitoring of the achievement of the sustainability action. There is currently no status included within the action plan to document the extent to which the action has been completed, for example a Red Amber Green (RAG) status, or percentage achievement indicator. A RAG status, or percentage achievement indicator included beside each action would help to document the extent of progress made towards the achievement of the action and could also assist in forming a 'dashboard' type summary page at the beginning of the Action Plan Reports to outline the overall progress made i.e., number of actions not started, fully completed etc. This dashboard could also be broken down per action with Head of Services (HoS) lead to document any Service areas 	<p>The Council should ensure the following:</p> <ul style="list-style-type: none"> An implementation plan is put in place to outline the strategic actions and steps involved in achieving each action, as well as the completion timeline and required resources necessary to successfully implement the sustainability strategic objectives. Clear and measurable KPIs are established to provide targets for each action, are communicated to action owners and tracked on a periodic basis to allow for more effective monitoring of the achievement of sustainability actions. A RAG status, or percentage achievement indicator is included for each action within the action plan to document the extent of progress made towards the achievement of the action. The Action Plan is updated and re-prioritised to focus on the following key areas to be implemented: <ul style="list-style-type: none"> Urgent = strategy development associated actions and actions related to governance structure development and ownership on key areas 	<p>High</p>

underperforming which may encourage further ownership of the sustainability actions by the Service areas to avoid being reported as 'under-performing'.

3. Priority actions

The Action Plan consists of narrative-based actions that have been structured within the following priority timeframes:

- Urgent – within the first six months of the roadmap.
- Short Term – within the first two years of the roadmap.
- Medium Term – within the first eight years of the roadmap.

The Action Plan does not consider the required resources and level of impact each action will have on the Council.

Potential impact

Absence of a clear implementation plan may lead to reduced efficiency and accountability in the achievement of the Sustainability actions. Further to this, where the required resources and level of impact of actions is not regularly considered there is a risk that high priority actions are not prioritised and implemented in a timely manner.

In addition to the above, there is a reduced ability to track the implementation of actions and a risk that actions will not be implemented in a timely manner and within the action budget where a completion status indicator such as a RAG status is not documented for each action.

- Short term = actions associated with KPI development, monitoring of information and implementation of policies. These would be considered actions that are “quick wins”
- Medium term = Actions associated with reporting information or actions that require a high level of investment and resources.



2.3 Resource Allocation

Finding	Recommendation	Priority
<p>We noted that there is currently no financial budget allocated to the achievement of the Roadmap to Sustainability actions. We were advised by Management that there is a Transformation Fund included in the Council budget which includes a Sustainability Fund, however these funds have not been fully rolled out.</p> <p>In addition, a resource review has not been carried out to identify skills gaps across the Council. For example, a team and/or role has not yet been created by the Council to focus on Climate Change.</p> <p>Potential impact Where the required resources to deliver the sustainability actions, both financial resources and necessary skills, have not been identified and obtained there is a risk that such actions cannot be achieved due to inadequate staff resources or financial funds. This will lead to delays in the achievements of the actions, resulting in additional costs, or a failure to achieve the action at all.</p>	<p>The Council should ensure the following:</p> <ul style="list-style-type: none"> • A financial budget is allocated to the Roadmap to Sustainability actions to enable sufficient funds to support the achievement of actions. • A resource review is carried out to identify any staff resource / skills gaps across the Council to deliver the Roadmap to Sustainability. The findings of this review should be documented with steps taken to address the gaps identified. 	<p>High</p>

2.4 Ownership

Finding	Recommendation	Priority
<p>1. Ownership of Actions</p> <ul style="list-style-type: none"> The Roadmap Actions Log includes a 'To be actioned by (HoS lead)' column which documents the HoS lead for the action. Whilst HoS leads are appointed for each action within the Roadmap Actions Log, we were advised that there may be a lack of priority for delivery of these actions and provision of action updates given focus on other Council business-as-usual work. This is exacerbated by the fact that the sustainability actions do not currently form part of individual Service Plans which are formed on an annual basis to document the Service actions to achieve the Council's Corporate objectives. There is no requirement for Services to include an objective on sustainability and/or achievement of relevant sustainability actions within the Service Plan. <p>2. Involvement of Action Owners</p> <ul style="list-style-type: none"> We reviewed a sample of the June 2022 and December 2022 progress reports and accompanying CS Committee meeting minutes and noted that the June 2022 meeting minutes included a query in relation to action eight of the update report presented. The Head of Administration advised the CS Committee of the appropriate person to answer the query and that a request would be made to him for an update to be provided. We were unable to identify discussion of this point in the proceeding update report, presented to the CS December Committee meeting. <p>Potential impact</p> <p>There is a risk of a lack of ownership of sustainability actions where action owners are not encouraged to drive their individual actions, which may lead to slower progress being made and the action becoming stagnant.</p>	<p>The Council should ensure the following:</p> <ul style="list-style-type: none"> Ownership of sustainability actions is encouraged at a Service level through mechanisms such as implementing an objective on sustainability and/or achievement of relevant sustainability actions within Service Plans. The Council should ensure that any queries from the CS Committee regarding status of actions is addressed by Action Owners in the following update to the Committee. 	<p>Medium</p>

2.5 Action Progress

Finding	Recommendation	Priority
<p>We reviewed a sample of the June 2022 and December 2022 progress reports and noted the following:</p> <p>For Action 7 (owned by Head of Assets and Property Services) - June 2022 and December 2022 update noted as: 'Draft Sustainable Energy Strategy is currently with Assets and Property who have reviewed it and returned it to the Consultant for changes. It is hoped a final draft will be back to officers by end of June. Final draft received however requires further information to fulfil quotation with provision of Carbon saving estimates.'</p> <p>This action is included under 'Urgent Actions 6 months January 2021 – July 2021'. The action update states that further information is required 'to fulfil quotation with provision of Carbon saving estimates.' however this was the same narrative on the June 2022 update report (six months prior) with no progress reported in obtaining the required information.</p> <p>We were advised by the Technical Services Manager that this is due to lack of resources and knowledge of the articles referenced in the Energy Strategy which has stalled any response back to Assets and Property on the comments raised. An Energy Officer role is planned but currently the Technical Services Manager is fulfilling this role.</p> <p>Potential impact There is a risk of failure to achieve the Council's Sustainability actions where actions, especially those noted as 'Urgent Actions', are not progressed throughout the year. This risk is heightened where the issues preventing the achievement of actions, such as resource constraints, are not addressed.</p>	<p>The Council should ensure the following:</p> <ul style="list-style-type: none"> • Sustainability actions, particularly those recorded as urgent actions, are progressed from each bi-annual update report. • Actions not delivered within the planned timescale and/or not progressed since the previous update should be highlighted to the CS Committee. • Potential blockers preventing the achievement of the action should be documented within the Action Plan and escalated to the Corporate Leadership Team along with the potential impacts that the failure to achieve the action may have on the Council. 	<p>Medium</p>

2.6 Timescales

Finding	Recommendation	Priority
<p>We note that timelines within the action report updates are reported as 'Underway by' and do not set out a target date of implementation. This is the case for 11/42 actions. For the remaining actions it is unclear whether the timelines noted refer to dates for completion or initiation of the action.</p> <p>For example, we tested a sample of 5 actions and noted the following:</p> <ul style="list-style-type: none"> Action 3 December 2022 update report noted 'E-Training to be launched to all staff in December 2022.' We were advised by Management that the e-learning has not yet gone live as it required more work. However, we noted that the timeline for this action remained as 'June-2021' despite the fact that the action is not implemented. It is unclear whether this timeline refers to the target date of completion or initiation of the action. <p>Potential impact</p> <p>Where clear deadlines are not established for completion of each action and reviewed and updated on a periodic basis there is a risk that the target timelines will become meaningless, as they may refer to dates that have passed, and a reduced ability to implement actions in a timely manner, which may impact other areas such as budget and overall performance.</p>	<p>The Council should ensure the following:</p> <ul style="list-style-type: none"> Deadlines are established for implementation of each action in a month and year format to support effective monitoring. Timelines are reviewed on a periodic basis and updated where necessary. If delays have prevented the initial target deadline being achieved, a rationale for such delays should be documented for the CS Committee. 	<p>Medium</p>



2.7 Corporate Leadership Team (CLT) Review

Finding	Recommendation	Priority
<p>As noted above, the bi-annual update reports are prepared by the Compliance Officer - Sustainability and presented to the CS Committee by the Head of Administration.</p> <p>CLT are only involved in the process where necessary, namely where responses have not been obtained from a Service to form the update report and where escalation is required to obtain the response. There is currently no CLT and/or Head of Service Team (HoST) review of the report prior to presentation to the CS Committee.</p> <p>Potential impact There is a risk of reduced oversight and ownership of sustainability actions where involvement and review from Senior Management is not sought as part of the process.</p>	<p>The Council should implement a process whereby the bi-annual update reports are reviewed by CLT and HoST prior to reporting to the CS Committee.</p>	<p>Low</p>



3. Statement of Responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below. The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. This report is not based on an attest engagement. We have relied on information provided by Ards and North Down Borough Council's management and we do not accept responsibility for such information and have not performed any substantiation or external confirmation procedures to establish its accuracy or completeness.

Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by us should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

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Ards and North Down Borough Council

Internal Audit of Waste Management

March 2023



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1. Overview

This review was undertaken as part of the as part of the 2022/2023 Internal Audit Operational Plan.

The Waste Service is responsible for ensuring the effective management of municipal solid waste produced within the borough, in order to protect the local environment. Secondly, the Council has a statutory duty under the Litter (NI) Order and the Clean Neighbourhoods and Environment Act, to keep adopted streets and roads clean and free from litter.

Arc21 is a waste management group which represents six councils on the eastern coast of Northern Ireland. Arc21 helps, supports, and assists its constituent councils to meet their statutory obligations in the field of waste and resources management, and the delivery of their waste management strategies. Arc21 is a corporate body formed by the Member Councils through a Memorandum of Understanding and is governed through a Joint Committee made up of 3 members from each council. The core function of Arc21 is to procure services and waste infrastructure to meet the needs of partner councils. The Council's large waste contracts for general waste, organic waste and mixed recyclables are managed through Arc21.

1.1. Scope and Objectives

The scope of this internal audit focused on a review of controls for waste management, including contract management for waste contractors and payments against waste contracts. This audit focused specifically on contracts through Arc21.

The objectives of the Internal Audit were to:

- Determine whether roles and responsibilities for management of the relationship with Arc21 have been defined and communicated (including around ownership of the contract management processes with waste contractors).
- Determine whether key performance indicators have been identified and documented against which Arc21 is required to perform.
- Determine the role of Arc21 in supporting the Council to achieve its objectives in relation to reduction in landfill and increase in recycling rates.
- Determine the extent of engagement between ANDBC Waste Services contract managers and Arc21, including consideration of the information being provided by Arc21 to the Council and whether there is adequate oversight for quality assurance purposes.
- Determine whether there is a documented process in place to manage and escalate issues identified through contract monitoring in a timely manner, and that this process is operating effectively
- Determine whether there are adequate arrangements in place to ensure that payments to Arc21 can be calculated accurately. For a sample of payments made to Arc21, verify the following:
 - payments made are in line with agreed rates per the contract and performance conditions;
 - invoices/contract claims have been authorised prior to being sent to Finance for payment processing;



- payments made to Arc21 match the amounts to be paid per the invoice received.
- Determine how risks in relation to not meeting recycling and landfill targets are identified and managed by Council.
- Determine whether the Council has engaged in strategic planning for the future closure of landfill sites and increasing rates for recycling.

1.2. Approach

In order to complete this engagement, we used the following:

- Discussions with key members of the Service such as Head of Service and Service Unit managers to walkthrough key contract management processes such as, roles and responsibilities of Arc 21 and how risk in relation to not meeting recycling and landfill targets is identified and managed by the Council.
- Discussions with Waste Services and Finance, to discuss waste contract payment processes.
- Review of key items of documentation such as waste contracts and waste contract monitoring reports to assess the Council monitoring of Waste Management contracts.
- A limited programme of sample testing (two minutes of monthly joint committee meetings including Arc 21 steering group and Environment committee meetings, five weekly landfill and organics reports and five payments made to Arc 21) to assess control operating effectiveness in relation to monitoring of Waste Management contracts.
- Consideration of possible improvements or alternatives for the controls in place.
- Closing meeting to discuss initial findings.
- Reporting of findings with practical recommendations for improvement where appropriate.

Our sole source for information has been management information and representations. We do not accept responsibility for such information and have not performed any substantiation or external confirmation procedures to establish its accuracy.

Our work was performed in accordance with the Deloitte Internal Audit Methodology which is consistent with the standards of the Chartered Institute of Internal Auditors. Our work was carried out during November 2022 - January 2023.

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1.3. Summary of findings

In **Section 2** we have set out the detailed findings and recommendations arising from our review.

Our findings have been graded using the scale outlined in **Appendix 1**.

The number of findings by risk grade can be summarised as follows:



There were no **Priority 1** findings identified during our review.

There was one **Priority 2** finding identified during our review. This can be summarised as follows:

- Recycling and landfill targets risks (see **Section 2.1**)

There was one **Priority 3** finding identified during our review. This can be summarised as follows:

- Outdated Waste Management Plan (see **Section 2.2**)

Full details of the issues may be found in **Section 2** of this report.

1.4. Conclusion

Overall there is a satisfactory system of Waste Management. While there may be some residual risk identified, this should not significantly impact on the achievement of system objectives.


Consequently on the basis of the Internal Audit work undertaken, we have given a **satisfactory** level of assurance that the system objectives will be achieved. Refer to **Appendix I** for a definition of the assurance level given.

Ards and North Down Borough Council – Internal Audit of Waste Management – Final draft for Audit Committee

This report is intended solely for the information and internal use of Ards and North Down Borough Council and should not be used or relied upon by any other person or entity.


2. Detailed findings and recommendations

2.1 Recycling and landfill targets risks

Finding	Recommendation	Priority
<p>We noted that the risks of not meeting recycling and landfill targets have not been identified or documented in either of the Corporate or Service Risk Registers. However, we note that these risks are discussed in detail at the Environment Committee meetings. At present, the Council is still performing below its waste, recycling, and landfill targets.</p> <p>Potential Impact Without having the risks documented on the risk register, this will lead to management not monitoring the risk and putting adequate mitigating controls in place resulting in falling even further behind the targets.</p>	<p>Management should consider adding the risks of not meeting recycling and landfill targets in the Service Risk register and escalate it to Corporate Risk Register.</p>	
Management response		
Action Plan	Owner/ Title	Target Date of Implementation
<p>1. Inclusion of the risk of not meeting recycling and landfill targets within the Service Risk Register</p>	<p>Head of Waste & Cleansing Services</p>	<p>Complete</p>
<p>2. As part of the Rate Setting process for 23/24, the Council has agreed to a major review of Waste Management services, to identify how recycling rates can be increased and further financial savings can be achieved. At this stage it has not been agreed if the review is to be independent or undertaken by Officers. It is envisaged the outcome and suggested measures will feed into the rate setting process for 24/25</p>	<p>Head of Waste & Cleansing Services</p>	<p>October 2023</p>



2.2 Outdated Waste Management Plan

Finding	Recommendation	Priority
<p>We noted that the current Waste Management Plan is dated September 2015. Through discussion with management, it was highlighted that the plan was scheduled to be reviewed and updated in 2020 but this was delayed for several reasons such as Covid, Brexit, change in Government and the fact that the Northern Ireland (NI) Waste Strategy has not yet been implemented by Department of Agriculture and Environment Rural Affairs (DAERA).</p> <p>The Waste Management Plan is currently under review but has not yet been finalised by the Council. It was anticipated that this would be completed in September 2022 however, this has been deferred by the Council to June 2023.</p> <p>Potential Impact</p> <p>The absence of an updated Waste Management Plan may result in the Plan not providing sufficient direction if elements are outdated since the last update in 2015.</p>	<p>Management should ensure that in the absence of the NI Waste Strategy, an initial review of the Waste Management Plan is completed with a full review completed following the finalisation and implementation of the NI Waste Strategy by DAERA.</p>	<p>Priority 3</p> 
Management response		
Action Plan	Owner/ Title	Target Date of Implementation
<p>1. This will continue to be pursued through the arc21 Waste Management Group, however, it is unlikely to be resolved ahead of the publication of a new Waste Management Strategy for Northern Ireland. It is proposed that Council is kept informed of developments, both in relation to an addendum to the existing Plan, outlining changes to and new legislation and the consultation process in relation to the new Waste Management Strategy for Northern Ireland</p>	<p>Head of Waste & Cleansing Services</p>	<p>March 2024</p>



3. Statement of Responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below. The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. This report is not based on an attest engagement. We have relied on information provided by Ards and North Down Borough Council's management and we do not accept responsibility for such information and have not performed any substantiation or external confirmation procedures to establish accuracy or completeness.

Recommendations for improvements should be assessed by you (Ards and North Down Borough Council) for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by us should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

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Ards and North Down Borough Council – Internal Audit of Waste Management – Final draft for Audit Committee

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Appendix I: Reporting Definitions

Assurance Opinion

For each report delivered in the annual Internal Audit Plan, we will provide one of three levels of assurance, ranging from satisfactory assurance to unacceptable assurance. These assurance levels reflect the latest requirements of the Department of Finance (DAO (DoF) 07/16).

Assurance Level	Evaluating and Testing Conclusion
Satisfactory	Overall there is a satisfactory system of governance, risk management and control. While there may be some residual risk identified, this should not significantly impact on the achievement of system objectives.
Limited	There are significant weaknesses within the governance, risk management and control framework which, if not addressed, could lead to the system objectives not being achieved.
Unacceptable	The system of governance, risk management and control has failed or there is a real and substantial risk that the system will fail to meet its objectives.

Recommendation Priorities	
Priority 1	Failure to implement the recommendation is likely to result in a major failure of a key organisational objective, significant damage to the reputation of the organisation or the misuse of public funds.
Priority 2	Failure to implement the recommendation could result in the failure of an important organisational objective or could have some impact on a key organisational objective.
Priority 3	Failure to implement the recommendation could lead to an increased risk exposure.

These definitions of evaluations should be interpreted in conjunction with the scope of the audit work and in the overall context that our findings should only be relied upon to be representative of the operation of control procedures at the time of discussion or observation of these control practices and in relation to the transactions tested. Projection of evaluations of future periods is subject to the risk that the policies and procedures may become inadequate because of changes in conditions, or that the degree of compliance with these policies and procedures may deteriorate. The performance of Internal Audit work should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and work performed by Internal Audit should not be relied upon to identify all strengths and weaknesses that may exist. Neither should Internal Audit work be relied upon to identify all circumstances of fraud or irregularity should there be any, although our audit procedures have been designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas as identified by management as being of greatest risk and significance. Effective implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

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Ards and North Down Borough Council

A review of the governance arrangements of the Labour Market Partnership and controls to manage expenditure against the LMP Funding Agreement

March 2023



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1. Overview

The Council is required by the Department for Communities (DfC), which is the sponsoring body for the Council Labour Market Partnership (LMP), to have an internal audit of the LMP on an annual basis.

Following the DfC's confirmation in respect of making funding available to establish the LMP, approval was sought from ANDBC in respect of its support and willingness to be the governing body and secretariat for the Ards and North Down LMP. Approval was granted by Council at its meeting on 30th June 2021.

Within the Council, the Economic Development Manager, LMP Manager and LMP Administrative Officer are responsible for the delivery of the LMP. An Action Plan for 2021-23 was developed. There is an LMP committee which meets every two months to discuss progress and required actions for the LMP. There are three strategic priorities as part of the LMP. Each strategic priority has a sub-committee aligned to the progress of this priority. The strategic priorities are as follows:

- Strategic Priority 1 - To form and successfully deliver the functions of the local Labour Market Partnership for the area
- Strategic Priority 2- To improve employability outcomes and/or labour market conditions locally
- Strategic Priority 3 - Increased awareness of regional programmes within local area (LMP)

Each strategic priority is detailed within the Action Plan. Section 8.1 of the Action Plan outlines the baseline for each strategic priority, including the following:

- Baseline figures (if possible)
- Targets
- Indicators to which local LMP makes a contribution (aka source)

Section 8.2 sets out each strategic priority and the related themes. For each theme it outlines:

- Aims & Description
- Key Activities
- Start & End Date
- Resources/Cost
- Performance Measures
- Reporting Quarter

Performance measures are reviewed periodically at LMP committee and sub-committee meetings.



1.1. Scope and Objectives

The scope of this review focused on a review of the governance arrangements of the LMP and controls to manage expenditure against the LMP Funding Agreement.

The objectives of the Internal Audit were to:

- Determine whether up-to-date terms of reference are in place for the LMP committee and Employability and Skills Subgroup.
- Determine whether roles and responsibilities for the delivery of the LMP's strategic priorities have been defined and communicated within the Council.
- Determine whether a training plan is in place for LMP members, including an induction programme.
- Determine if there are controls in place to monitor expenditure against the Department for Communities (DfC) Funding Agreement.
- Determine if the Council has processes in place to ensure adherence to the conditions within the DfC Funding Agreement.
- For projects which are completed by the Council internally, ensure that expenditure is monitored as an externally awarded project is.
- For a sample of Council funded projects as part of the LMP during the 2021/2022 period:
 - Ensure that funding has been awarded in line with LMP conditions.
 - Determine if project monitoring is completed.
 - Determine if there are processes in place to withhold funds for underperforming projects.
- Determine if the 2021-23 LMP action plan supports each of the three strategic priorities.
- Determine if the 2021-23 action plan includes performance measures which are measured on a periodic basis.
- Determine whether there is an adequate framework in place to facilitate the tendering process for LMP projects, where relevant, including determining whether:
 - The tender process is in line with Council procurement policy;
 - Award criteria is defined, and tenders evaluated against this, with highest scoring tenderer awarded.;
 - Adequate documentation of the tender process including assessment and decisions made is retained centrally, and all decisions are approved by the LMP committee prior to Letters of Offer being issued.
- Determine whether payments made to successful tenderers are accurate and in line with the tender agreement.
- Determine whether payments made to successful tenderers are supported by sufficient evidence of activity and achievement of agreed objectives,
- Determine if there are periodic monitoring meetings held with contractors to discuss performance against contract obligations.
- Determine if there are adequate reporting structures within the Council to report progress against budget and each strategic priority within the LMP.
- Determine if Quarterly Indicator Report Cards and an annual report are provided to DfC as required.



1.4. Approach

In order to complete this engagement, we used a combination of the following:

- Discussions with key members of staff involved in the Labour Market Partnership, including the Head of Economic Development, Labour Market Partnership Manager and Economic Development Manager, to walkthrough key processes.
- Review of key items of documentation such as policies and procedures, terms of references, and the LMP action plan.
- A limited programme of sample testing to assess control operating effectiveness, including tendering, and awarding of projects, payment of funding to selected projects, and committee and sub-committee meetings.
- Held a close out meeting with relevant stakeholders to discuss any review outcomes.
- Preparation of a draft report.
- Preparation of a final report, including management action plans in response to any recommendations.

Our sole source for information has been management information and representations. We do not accept responsibility for such information and have not performed any substantiation or external confirmation procedures to establish its accuracy.

Our work was performed in accordance with the Deloitte Internal Audit Methodology which is consistent with the standards of the Chartered Institute of Internal Auditors and Public Sector Internal Audit Standards. Our work was carried out during January and February 2023.

1.5. Summary of findings

In **Section 2** we have set out our detailed findings and recommendations arising from our review.

Our findings have been graded using the scale outlined in **Appendix 1**.

The number of findings by risk grade can be summarised as follows:



There were no **Priority 1** or **Priority 2** findings identified during our review.

There were three **Priority 3** findings identified during our review. These can be summarised as follows:

- LMP Committee Terms of References – lack of scheduled review (see **Section 2.1**)
- LMP Training – lack of periodic training for members of the Partnership (see **Section 2.2**)
- Purchase order raised after receipt of invoice (see **Section 2.3**)

Full details of the issues may be found in **Section 2** of this draft report.


1.6. Conclusion

Overall, there is a satisfactory system of governance, risk management and control. While there may be some residual risk identified, this should not significantly impact on the achievement of system objectives.


Consequently, on the basis of the Internal Audit work undertaken, we have given a **satisfactory** level of assurance that the system objectives will be achieved. Refer to **Appendix I** for a definition of the assurance level given.

2. Detailed findings and recommendations


2.1 LMP Committee Terms of References

Finding	Recommendation	Priority
<p>We noted that a terms of reference was developed for the LMP Committee and each thematic sub-committee in October 2021. However, there is currently no scheduled review of the LMP Committee and sub-committee terms of references. Management have advised that this is something that will occur in the future, but there is no set date for this.</p> <p>Potential Impact There is a risk that terms of references become out of date and do not reflect the current roles and responsibilities of members.</p>	<p>The Council should implement a periodic review cycle for the review of LMP Committee and sub-committee terms of reference. The review frequency should be documented within the terms of reference for the LMP Committee and Sub-Committees, and the documents should record the date of the most recent update. Any updates of the wording of the terms of reference should be approved by the LMP Committee.</p>	
Management response		
Action Plan	Owner/ Title	Target Date of Implementation
<p>1. All governance documents including terms of reference for LMP Committee and sub-committee's will be reviewed on an annual basis at the LMP AGM. An amendment will be made to each policy to highlight the annual review policy. This will then be agreed and ratified by the partnership.</p>	<p>LMP Secretariat – LMP Manager</p>	<p>04/04/2023</p>

2.2 LMP Training

Finding	Recommendation	Priority
<p>We were advised that training was provided by DfC to LMP members at the time of the inception of the LMP. As attendance was not mandatory nor monitored, we were unable to evidence how many LMP members attended the training.</p> <p>We also noted that there is no future training/training schedule in place for existing or new LMP members.</p> <p>Potential Impact</p> <p>There is a risk that without adequate training, members of the LMP are unable to fulfil their roles on the LMP and meet the strategic priorities of the LMP.</p>	<p>The Council should develop a training programme for existing and new LMP members. This should include training on their roles, function of the LMP and any other areas deemed necessary. Attendance should be recorded, and refresher training should be completed on a periodic basis.</p>	
Management response		
Action Plan	Owner/ Title	Target Date of Implementation
<p>1. Training for the LMP has been added as an agenda item for members to identify training needs during LMP Meetings. LMP Training will be added as an agenda item at the AGM to be held on 04/04/2023. At the AGM a training schedule will be presented which will include mandatory training in the form of a formal mandatory induction with the LMP Manager. Additional training will also be offered to members such as OBA Training currently offered by DfC, other training such as governance training will also be investigated. All training will be recorded and documented for attendance as well as ensuring members are adequately trained for their role on the partnership. LMP Member training will be reviewed annually and included as an agenda item at the Annual General Meeting.</p>	<p>LMP Secretariat – LMP Manager</p>	<p>04/04/2023</p>

2.3 Purchase order raised after receipt of invoice

Finding	Recommendation		Priority
<p>The LMP awards funding to projects in line with the DfC Funding Agreement. Payment is made by the Council to the project after contract obligations have been met and evidenced by the project.</p> <p>We tested the one project which received funding from the LMP during the 2021/22 financial year. The project, 'HGV Academy', focused on developing the skills necessary for participants to receive their DGV licence and ultimately employment in that field.</p> <p>We noted that the purchase order for payment was raised after the invoice had been received. The invoice for the first stage of payment for the People 1st - DGV Academy was received on 22/09/2022. However, the purchase order was raised eight working days later, on 03/10/2022.</p> <p>Potential Impact</p> <p>There is a risk that purchase orders are not raised and approved in advance of expenditure, leading to inappropriate funding payments.</p>	<p>The LMP team should ensure that purchase orders are raised and approved in a timely manner, prior to receipt of any invoice.</p>		
Management response			
Action Plan	Owner/ Title	Target Date of Implementation	
<p>1. LMP will ensure that all financial procedures will be followed and in line with DfC guidance and Council policy. A payment schedule will be agreed with the associated delivery agent and all Purchase Order numbers will be raised at the beginning of project/programme activity and communicated.</p>	<p>LMP Secretariat – LMP Manager</p>	<p>01/04/2023</p>	



3. Statement of Responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below. The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. This report is not based on an attest engagement. We have relied on information provided by Ards and North Down Borough Council's management and we do not accept responsibility for such information and have not performed any substantiation or external confirmation procedures to establish accuracy or completeness.

Recommendations for improvements should be assessed by you (Ards and North Down Borough Council) for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by us should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

This document is confidential and prepared solely for your information and that of other beneficiaries of our advice listed in our engagement letter. Therefore you should not refer to or use our name or this document (in whole or in part) for any other purpose, disclose them or refer to them in any prospectus or other document, or make them available or communicate them to any other party without our prior authorisation. No other party is entitled to rely on our document for any purpose whatsoever and thus we accept no liability to any other party who is shown or gains access to this document.

David Kinsella

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Ards and North Down Borough Council – Internal Audit of Labour Market Partnership – FINAL REPORT FOR AUDIT COMMITTEE

This report is intended solely for the information and internal use of Ards and North Down Borough Council and should not be used or relied upon by any other person or entity.



Appendix I: Reporting Definitions

Assurance Opinion

For each report delivered in the annual Internal Audit Plan, we will provide one of three levels of assurance, ranging from satisfactory assurance to unacceptable assurance. These assurance levels reflect the latest requirements of the Department of Finance (DAO (DoF) 07/16).

Assurance Level	Evaluating and Testing Conclusion
Satisfactory	Overall there is a satisfactory system of governance, risk management and control. While there may be some residual risk identified, this should not significantly impact on the achievement of system objectives.
Limited	There are significant weaknesses within the governance, risk management and control framework which, if not addressed, could lead to the system objectives not being achieved.
Unacceptable	The system of governance, risk management and control has failed or there is a real and substantial risk that the system will fail to meet its objectives.

Recommendation Priorities	
Priority 1	Failure to implement the recommendation is likely to result in a major failure of a key organisational objective, significant damage to the reputation of the organisation or the misuse of public funds.
Priority 2	Failure to implement the recommendation could result in the failure of an important organisational objective or could have some impact on a key organisational objective.
Priority 3	Failure to implement the recommendation could lead to an increased risk exposure.

These definitions of evaluations should be interpreted in conjunction with the scope of the audit work and in the overall context that our findings should only be relied upon to be representative of the operation of control procedures at the time of discussion or observation of these control practices and in relation to the transactions tested. Projection of evaluations of future periods is subject to the risk that the policies and procedures may become inadequate because of changes in conditions, or that the degree of compliance with these policies and procedures may deteriorate. The performance of Internal Audit work should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and work performed by Internal Audit should not be relied upon to identify all strengths and weaknesses that may exist. Neither should Internal Audit work be relied upon to identify all circumstances of fraud or irregularity should there be any, although our audit procedures have been designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas as identified by management as being of greatest risk and significance. Effective implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

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Ards and North Down Borough Council

Procurement

March 2023



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1. Overview

1.1. Introduction

This assurance review was undertaken as part of the 2022/23 Internal Audit Operational Plan to assess the control framework around procurement above the £30k tender threshold and controls to manage supply chain risk.

1.2. Overview

Prior to 1st January 2022, procurement above thresholds was subject to regulations regarding publication in the Official Journal of the European Journal (OJEU). From 1st January, the UK Government introduced new thresholds (£213,477 for goods, supplies and services, and £5,336,937 for works) that now include VAT and the opportunity must be advertised on the Find a Tender Service rather than OJEU.

Procurement and supply chain governance

Policies and Procedures

A Procurement Policy is in place to provide a high-level overview of the procurement processes to be followed across the Council including procurement control limits, legislative context, and an overview of the procurement process. A Procurement Handbook is also documented to provide further details on the procurement process. The Handbook includes more detailed guidance, along with several templates to be used throughout the procurement process such as evaluation criteria and conflict of interest (COI) form templates.

Both the Procurement Policy and accompanying Handbook have been updated to reflect the procurement changes which came into effect in January 2022 as noted above.

Roles and Responsibilities

The Procurement Handbook provides detailed guidance for each stage of the procurement process. This includes the steps to be completed and the responsibilities of the Service Unit and Procurement Office throughout these steps. Specific sections of the Handbook are designated to document the roles of the Procurement Service Unit and the Roles of the User Directorate throughout the procurement process as well as roles and responsibilities of evaluation panel members.



Training

Training was last delivered on 19th November 2019 by the Procurement Officer. This training provided guidance on the procurement process, as well as guidance on the eTender process and tender evaluation process.

A Tender Evaluation training presentation has also been developed to provide guidance on the tender evaluation process including the roles and responsibilities of the evaluation panel members. We were advised by Management that a copy of this presentation is saved into each tender file, and that panel members will confirm in writing that they have read and understood their role and responsibilities during the evaluation process in advance of the tender evaluation process.

A register of staff training to evaluation procurement exercises is maintained by the Procurement team.

Procurement controls

Procurement up to £30,000 requires a minimum of three/four quotes to be sought, with three quotes required for expenditure between £3,000 to £15,000 and four quotes required for expenditure between £15,001 - £30,000. Procurement over £30,000 is made by public invitation to tender. Most tendering is managed centrally through the Procurement Service Unit, although some tenders may be managed by other Service Units locally using frameworks, for example tenders for specialist vehicles.

Advertisement

All tenders over £30,000 are advertised through the Council website and at least one local newspaper, prior to the issue of tender documentation. These tenders are then published and awarded through the eTenders NI electronic tendering system. For tenders above the Government procurement threshold, contract notices and contract award notices are published on the UK Find a Tender Service through eTendersNI.

An Invitation to Tender (ITT) is documented for each public tender. A template ITT is included within the Procurement Handbook. Section 2 of this template includes guidance on the submission of the tender response, and section 15 also includes guidance on the evaluation criteria and scoring process for tenders.

If there is only one supplier for procurement over £30,000, a Single Tender Action report is prepared and presented to Council for approval and is recorded on the Single Tender Action register.



Evaluation

An evaluation panel, with a minimum of two members, is established for each tender to review and mark tender submissions. The size, make up and experience of the evaluation panel will reflect the scale and complexity of the activity to be evaluated, including the degree of specialist input consistent with the nature of the procurement. A member of the Procurement Service Unit must attend any tender evaluation as a non-scoring advisor.

Conflict of Interest forms are completed by all evaluation panel members prior to assessment of tenders.

Marking

A Moderated Marking Frame is completed by the tender evaluation panel to document the evaluation exercise carried out, along with the marks awarded. A template Moderated Marking Frame is included within the Procurement Handbook. The Marking Frame includes a section for each quality criteria outlined as an evaluation criterion within the ITT. A rationale for the final score for each criterion is then provided by the evaluation panel to justify the marks awarded.

1.3. Scope and Objectives

The scope of this internal audit included a review to assess control framework around procurement above the £30k tender threshold and controls to manage supply chain risk. The period in scope was September 2021-September 2022. The objectives of the Internal Audit review were to:

- Determine whether there are policies and procedures in place for procurement above tender threshold and over controls to manage supply chain risk, including that they are regularly reviewed to take account of legislative changes and appropriately approved.
- Determine whether roles and responsibilities for procurement and supply chain management have been adequately defined. Verify that delegated authority limits for procurement have been clearly set.
- Determine whether Council staff involved in assessment of tenders receive training in public procurement.
- For a sample of expenditure over £30k:
 - Determine whether an invitation to tender (ITT) has been developed, setting out a clear format for submissions and the criteria against which submissions will be scored and evaluated; or
 - If the expenditure related to a Single Tender Action (STA), verify that a STA report was presented to Council for formal approval, that the STA was recorded on the Register and that there was clear rationale for why a STA was required.

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- Determine whether the procurement opportunity has been advertised appropriately (including in the OJEU of Find a Tender Service as appropriate if the tender value reached the required threshold).
- Determine whether any requests for additional information or clarifications have been shared with all relevant parties, when appropriate, to prevent any one party obtaining an advantage.
- Confirm that tenders received are not opened until after the deadline for receipt of submissions has passed and by an appropriate member of the procurement team.
- Consider whether tenders are evaluated by individuals with appropriate experience to assess bids received.
- Determine whether those assessing the tenders have completed declarations of no conflict of interest in the assessment.
- Determine whether sufficient records are maintained to justify the marks awarded to each bid.
- Confirm that award of the tender was appropriately approved in line with the procurement policy.
- Confirm that any appeals to the tender awarded were dealt with in line with the Council's Procurement Policy.
- Determine whether the risks associated with supply chain have been identified and assessed, and mitigating actions put in place, e.g., manufacturing risks, business risks, sole supplier risks, supplier location risks, supply cost risks.
- Determine whether the Council has a process in place post contract award to identify, for example, potential supplier viability issues or supply issues in a timely manner.



1.4. Approach

In order to complete this engagement, we used the following:

- Meeting with key stakeholders from the areas of procurement and of supply chain management such as the Procurement Manager.
- Review of all procurement and supply chain management policies, procedures, and relevant guidance notes in place, including delegated authority limits.
- Performance of a limited programme of sample testing of expenditure above tender thresholds from the period September 2021-September 2022.
- Held a close out meeting with relevant stakeholders to discuss any review outcomes.
- Prepared a draft report, to report findings with practical recommendations for improvement where appropriate.
- Prepared a final report, including management action plans in response to any recommendations.

Our sole source for information has been management information and representations. We do not accept responsibility for such information and have not performed any substantiation or external confirmation procedures to establish its accuracy.

Our work was performed in accordance with the Deloitte Internal Audit Methodology which is consistent with the standards of the Chartered Institute of Internal Auditors. Our work was carried out remotely between January and February 2023.

1.5. Summary of findings

In **Section 2** we have set out our detailed findings and recommendations arising from our review. Our findings have been graded using the scale outlined in **Appendix 1**. The number of findings by risk grade can be summarised as follows:



There were no **Priority 1** findings identified during our review.

There were three **Priority 2** findings identified during our review. These can be summarised as follows:

- Documentation of the tender evaluation process (see **Section 2.1**)

There were three **Priority 3** findings identified during our review. These can be summarised as follows:

- Absence of supply chain risk controls (see **Section 2.2**)
- Retention and accessibility of tender documentation (see **Section 2.3**)
- Completion of template conflict of interest forms, and documentation of the review of potential conflicts (see **Section 2.4**)
- Training of tender evaluation panel members (see **Section 2.5**)
- Policy / Procedure Documentation updates and version controls (see **Section 2.6**)

Full details of the issues may be found in **Section 2** of this report.



1.6. Conclusion

Overall, there is a satisfactory system of governance, risk management and control in relation to Procurement above £30,000. While there may be some residual risk identified, this should not significantly impact on the achievement of system objectives.

Consequently, based on the Internal Audit work undertaken, we have given a **satisfactory** level of assurance that the system objectives will be achieved. Refer to **Appendix I** for a definition of the assurance level given.

1.7. Observations


In line with our commitment to add value through our internal audit services, we have noted the following observation in addition to the formal recommendations included in **Section 2**:

Retention of Local Advertisement of Tenders

- The Procurement Handbook notes that before a tender is issued an advertisement must be placed on the Council website and in a minimum of one local newspaper. A record of compliance that the tenders are advertised on the Council website and one local paper is not retained centrally. We acknowledge that all 15 sampled tenders were published through eTenders NI, and UK Finder a Tender Service/OJEU if required. Additionally, for 7/15 sampled procurement exercises we acknowledge that the Council minutes approving the tender note that the tender had been advertised on the Council website and one local newspaper. We were advised by Management that the Procurement Unit have begun retaining evidence of the above publications.

2. Detailed findings and recommendations


2.1. Tender Evaluation Process

Finding	Recommendation	Priority
<p>For 3/15 sampled expenditure, the expenditure related to vehicles which were procured through the ESPO 215-20 Framework for Specialist Vehicles, a public sector procurement framework. This framework includes a list of pre-approved suppliers, with those listed on the framework assessed by ESPO during the procurement process for their financial stability, track record, experience, and technical & professional ability.</p> <p>We were advised by the Transport Manager that prior to vehicle purchases he will complete research into suppliers, including obtaining and comparing different quotes and considering the quality of products and after care provided by the supplier. The Transport Manager will then contact their ESPO representative with the selected manufacturer to confirm which supplier they wish to use. If happy with the price, the Council will then place an order with the supplier and notify ESPO who will then charge the supplier compensation.</p> <p>Whilst we were advised that research is completed by the Transport Manager into the different prices and after care services provided by different suppliers, we noted that this evaluation process is currently not documented to outline the quotes obtained from the different suppliers and the rationale for the decision made prior to selecting a supplier from the ESPO Framework. We note that the three sampled items of expenditure were made to different suppliers within the ESPO framework and there did not appear therefore to be a favouring of one supplier over another.</p>	<p>The Council should ensure that:</p> <ol style="list-style-type: none"> 1. The evaluation process carried out for all tenders over £30,000 operating outside of the Council procurement process (as documented within the Procurement Handbook), including those completed through the ESPO framework, is documented to record the quotes obtained from different suppliers, and the rationale for the decision made prior to selecting a supplier. 2. The above requirement should be clearly specified within the Procurement Policy and Procurement Handbook. 	 <p>Priority 2</p>

Potential Impact		
There is a risk that an appropriate evaluation exercise is not carried out prior to procurement over £30k where evidence of the evaluation exercise is not documented leading to reduced transparency in decision-making and procurement and potential Value for Money (VFM) risk for the Council.		
Management response		
Action Plan	Owner/ Title	Target Date of Implementation
1. Issue reminder of process via internal comms (eg ANDi, News & Info) and emails to Service Unit Managers for dissemination to Officers.	Procurement Manager	April 2023
2. Updated Handbook to be relaunched in tandem with rollout of the below training programme.	Procurement Manager	October 2023 – March 2024
3. Training Programme for Officers to be developed and reintroduced which will include this advice.	Procurement Manager	October 2023 – March 2024

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2.2. Supply chain risk controls


Finding	Recommendation		Priority
<p>We noted that there is currently no central risk management process in place across the Council in relation to post contract award risk management to ensure that risks associated with the supply chain are identified and assessed on a periodic basis with mitigating actions put in place, for example manufacturing risks, business risks, sole supplier risks, supplier location risks, supply cost risks.</p> <p>Whilst the Procurement Handbook refers to the requirement to consider supplier and contract risks throughout the tender selection and award process, there is currently no reference to ongoing supply chain risk and mitigation measures such as the periodic review of the contractor supply chain to identify current and emerging risks.</p> <p>Potential Impact</p> <p>The absence of adequate post contract award risk management processes means that possible supply chain risks are not reviewed and assessed on a periodic basis to limit the potential impact on the Council. This could lead to both financial and non-financial risks to the Council which could be passed on through the supplier.</p>	<p>The Council should ensure that:</p> <ol style="list-style-type: none"> 1. A post contract award risk management process is put in place across in Council and documented within procurement guidance documentation such as the Procurement Handbook, to ensure that risks associated with the supply chain are identified and assessed on a periodic basis with mitigating actions put in place. 2. Staff should be trained on the post contract award and supply chain risk management process. 		
Management response			
Action Plan	Owner/ Title	Target Date of Implementation	
<p>1. Include in the Tender Evaluation Review Report (currently being redrafted), an Action Plan for Contract Management, providing the Contract holder with a list of action points to manage their contract, eg when reviews will need to be</p>	<p>Procurement Manager</p>	<p>April 2023</p>	



arranged/performance reviewed and advice to address performance issues when they arise.		
2. Updated Handbook to be relaunched in tandem with rollout of the below training programme.	Procurement Manager	October 2023 – March 2024
3. Training Programme for Officers to be developed and reintroduced which will include this advice.	Procurement Manager	October 2023 – March 2024

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2.3. Retention and Accessibility of Tender Documentation


Finding	Recommendation		Priority
<p>For 1/15 sampled expenditure, the expenditure related to works initiated through legal proceedings dating back to 2016 from legacy North Down Council.</p> <p>We obtained legal documentation for the works, including an email from North Down Council Solicitors and a letter from the High Court dated 11/11/2016 explaining the claim made and noting that a remedial solution was agreed in September 2014 during which tender documents were prepared and bids accepted by a number of contractors with both parties jointly agreeing to appoint the agreed contractor to implement the remedial solution.</p> <p>However, we were unable to obtain evidence of the tender documentation and tender exercise carried out, or that the tender exercise was reported to Council at the time as the relevant evidence could not be located at the time of audit fieldwork.</p> <p>Potential Impact</p> <p>Where evidence of the tender exercise carried out, including the bids obtained, the evaluation process and rationale for the Contractor selected, is not retained there may be an inability to demonstrate that an appropriate tender exercise was carried out and that sufficient rationale was in place to justify the contractor selected.</p>	<p>The Council should ensure that evidence of any tender exercises carried out (including reporting to Council) is retained in a central repository to be accessed by relevant staff members.</p>		
Management response			
Action Plan	Owner/ Title	Target Date of Implementation	
<p>1. Issue a reminder to all departments that the procurement team should be made aware of all tender exercises performed outside of the normal procurement processes, and that evidence of any tender exercises carried out, including reporting to Council should be retained.</p>	<p>Procurement Manager</p>	<p>April 2023</p>	



2. Above advice to be included in Updated Handbook and Training Programme for Officers.	Procurement Manager	October 2023 – March 2024
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2.4. Conflicts of Interest (COI)


Finding	Recommendation	Priority
<p>We tested a sample of 15 procurement exercises carried out during the scope period and noted the following:</p> <ul style="list-style-type: none"> • For 9/15 of the sample procurement exercises the conflict of interest (COI) forms for the evaluation panels had not been signed off by the Procurement Service Representative. • For 5/9 of the above procurement exercises, the template conflict of interest form included in the Procurement Handbook was not used by the evaluation panel, with conflicts confirmed via email as opposed to completion of the COI form. As a result, there was nowhere for the Procurement Service Unit Representative to sign off. <p>We were advised by Management that given the increase in remote working; the majority of COI's are now confirmed by staff through email to the Procurement team.</p> <ul style="list-style-type: none"> • For 1/15 of the sample procurement exercises one member of the evaluation panel raised a potential conflict: <ul style="list-style-type: none"> ○ We were advised by the Procurement Manager that following discussion with Procurement and review of the COI guidance note, the issue raised was not considered to be a COI. Therefore, this member of staff remained as part of the evaluation panel. ○ We noted that the review of the potential conflict and the agreed outcome that the issue was not considered a conflict was not documented. 	<ol style="list-style-type: none"> 1. The Council should review the use of the COI form and required signed offs from the Procurement Service Representative to determine whether this is required going forward or whether an email confirmation of COI will suffice. 2. If the Council determines that the use of the COI form is required, staff should be reminded that the template COI form included in the Procurement Handbook should be used for all tender evaluations. 3. Where a potential COI is highlighted by a panel member, the review of the conflict and agreed outcome should be clearly documented. 	 <p>Priority 3</p>

Potential Impact		
<ul style="list-style-type: none"> Where COI forms are not reviewed and signed off by the Procurement Service Representative there is a risk that COI forms are not fully completed or that a possible conflict has not been picked up by the Procurement team. Where the template COI form is not completed by tender evaluation panel members there is a risk that all required COI details will not be provided, limiting the Council's ability to identify and avoid potential conflicts. Where the review and outcome of possible conflicts is not documented there is inability to evidence that a review of the conflict has taken place, as well as the reason why the issue was not considered to be a conflict. 		
Management response		
Action Plan	Owner/ Title	Target Date of Implementation
1. Redraft and implement updated COI form (underway) to include Audit's recommendation.	Procurement Manager	April 2023
2. Implement a process for requesting COI info, monitoring the receipt, storage and retrieval of COI as well as the full suite of documents relating to each procurement exercise.	Procurement Manager	March 2023 - Implemented
3. Develop a complete and consistent e-folder structure for procurement exercises, following each process and providing draft docs for each stage.	Procurement Manager	January 2023 - Implemented
4. Finesse our Current Tenders Workplan, guiding the user to ensure all info is in place before any procurement exercise is closed out. This is to enable the complete audit trail to be gathered, including COI forms, to ensure users can easily locate/use info in a systematic and consistent manner.	Procurement Manager	February 2023 - Implemented

2.5. Evaluation Panel Member Training

Finding	Recommendation		Priority
<p>Procurement training for evaluation panel members was last delivered on 19th November 2019. A 'Register of Staff Trained to Evaluate' spreadsheet is maintained by the Procurement team to outline those members who have either attended the tender evaluation training or have confirmed that they have read and understood the ANDBC Evaluation Process, which is outlined in a training presentation accessible through the staff intranet.</p> <p>We found that for all 15 sampled procurement exercises, none of the panels had full membership recorded as having completed training.</p> <p>We acknowledge that for 6/15 of the sampled procurement exercises, one member of the evaluation panel was recorded as having completed training.</p> <p>Potential Impact</p> <p>Where untrained members of staff are involved in the evaluation of tender submissions there is a risk of inadequate evaluation of tenders and a possibility that the tender offering the best VFM solution may not be identified and selected.</p>	<p>The Council should ensure that:</p> <ol style="list-style-type: none"> 1. All panel members confirm that they have read and understood the ANDBC Evaluation Process or attended evaluation training prior to evaluating tenders, and that this is reflected in the 'Register of Staff Trained to Evaluate' spreadsheet. 2. The 'Register of Staff Trained to Evaluate' spreadsheet is updated on a regular basis to document those members of staff trained to evaluate tenders. 		 <p>Priority 3</p>
Management response			
Action Plan	Owner/ Title	Target Date of Implementation	
Develop a process and documentation to record and monitor training/training requirements.	Procurement Manager	April 2024	

2.6. Policy / Procedure Documentation

Finding	Recommendation	Priority
<p>1) January 2022 Updates</p> <ul style="list-style-type: none"> Both the Procurement Handbook and Procurement Policy include a table which documents the Procurement Control Limits. Whilst both documents reflect the revised January 2022 UK Procurement thresholds, we noted that the Procurement Policy table title notes 'Procurement Control Limits from 1 April 2015' whereas the Procurement Handbook notes 'Procurement Control Limits from 1 January 2022'. The Procurement Policy threshold table within the Procurement Policy has therefore not been updated to reflect the January 2022 update. We also noted that there is currently no reference to the Find a Tender Service within the Procurement Policy. We acknowledge that the Find a Tender Service is documented within the Procurement Handbook. <p>2) Document Version Control Table</p> <ul style="list-style-type: none"> We noted that the Procurement Policy does not include a document version control table to outline the date of last review, the periodic review frequency for the document and the date of next review. <p>Potential Impact</p> <p>Where policies and procedures are not reviewed and updated on a periodic basis there is a risk that outdated processes may be reflected in the documents, leading to staff following inconsistent processes.</p> <p>Further to this, where legislative updates are not clearly reflected within policy and procedural documentation there is a risk of confusion amongst staff of the up-to-date processes to follow in compliance with legislation.</p>	<p>The Council should ensure that:</p> <ol style="list-style-type: none"> Legislative updates are clearly reflected in policy and procedure documentation, including ensuring the procurement threshold table within the Procurement Policy is updated to note that the procurement threshold limits effective from January 2022 are documented, as opposed to 1 April 2015. The Procurement Policy is updated to include a document version control table which outlines the date of last review, the periodic review frequency for the document and the date of next review. 	<p>Priority 3</p> 



Management response		
Action Plan	Owner/ Title	Target Date of Implementation
1. The Procurement Policy will be updated to clearly outline that the procurement threshold limits documented are effective from January 2022, as opposed to 1 April 2015.	Procurement Manager	June 2023
2. The Procurement Policy will be updated to include a document version control table which outlines the date of last review, the periodic review frequency for the document and the date of next review.	Procurement Manager	June 2023



3. Statement of Responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below. The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. This report is not based on an attest engagement. We have relied on information provided by Ards and North Down Borough Council's management and we do not accept responsibility for such information and have not performed any substantiation or external confirmation procedures to establish its accuracy or completeness.

Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by us should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

This document is prepared solely for your information and that of other beneficiaries of our advice listed in our engagement letter. Therefore you should not refer to or use our name or this document (in whole or in part) for any other purpose, or refer to them in any prospectus or other document without our prior authorisation. No other party is entitled to rely on our document for any purpose whatsoever and thus we accept no liability to any other party who is shown or gains access to this document.

David Kinsella

For and on behalf of

Deloitte (NI) Ltd

Lincoln Building, 27-45 Great Victoria Street,

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Date: 09/03/2023

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Appendix I: Reporting Definitions

Assurance Opinion

For each report delivered in the annual Internal Audit Plan, we will provide one of three levels of assurance, ranging from satisfactory assurance to unacceptable assurance. These assurance levels reflect the latest requirements of the Department of Finance (DAO (DoF) 07/16).

Assurance Level	Evaluating and Testing Conclusion
Satisfactory	Overall there is a satisfactory system of governance, risk management and control. While there may be some residual risk identified, this should not significantly impact on the achievement of system objectives.
Limited	There are significant weaknesses within the governance, risk management and control framework which, if not addressed, could lead to the system objectives not being achieved.
Unacceptable	The system of governance, risk management and control has failed or there is a real and substantial risk that the system will fail to meet its objectives.

Recommendation Priorities	
Priority 1	Failure to implement the recommendation is likely to result in a major failure of a key organisational objective, significant damage to the reputation of the organisation or the misuse of public funds.
Priority 2	Failure to implement the recommendation could result in the failure of an important organisational objective or could have some impact on a key organisational objective.
Priority 3	Failure to implement the recommendation could lead to an increased risk exposure.

These definitions of evaluations should be interpreted in conjunction with the scope of the audit work and in the overall context that our findings should only be relied upon to be representative of the operation of control procedures at the time of discussion or observation of these control practices and in relation to the transactions tested. Projection of evaluations of future periods is subject to the risk that the policies and procedures may become inadequate because of changes in conditions, or that the degree of compliance with these policies and procedures may deteriorate. The performance of Internal Audit work should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and work performed by Internal Audit should not be relied upon to identify all strengths and weaknesses that may exist. Neither should Internal Audit work be relied upon to identify all circumstances of fraud or irregularity should there be any, although our audit procedures have been designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas as identified by management as being of greatest risk and significance. Effective implementation of our recommendations by management is important for the maintenance of a reliable internal control system.



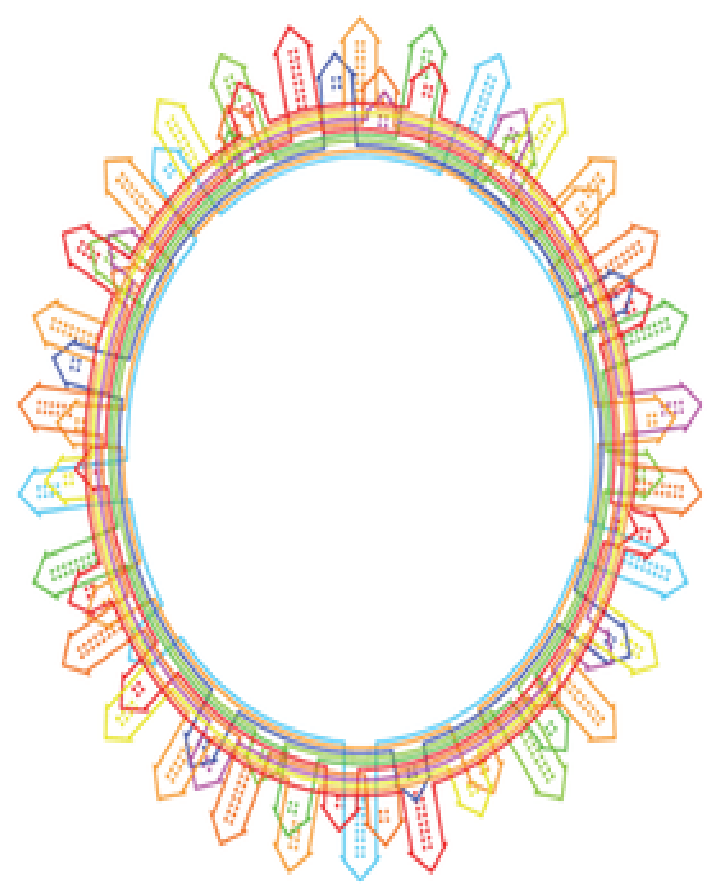
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Ards and North Down Borough Council
Internal Audit Bi-Annual Follow-Ups Audit Committee Update
March 2023

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Overview of Bi-Annual Follow-Ups Process



Internal Audit have compiled a database of Internal Audit recommendations and twice a year seek management updates for all open recommendations (including any from previous years which remain open) as follows:

- **For Priority 3 findings reported as closed, the management update as to whether it is closed (and when) or not is sufficient**
- **For Priority 2 findings reported as closed we asked for documentary evidence to support this**
- **For Priority 1 findings reported as closed we conduct testing on the recommendation to verify closure**

The results from our second half-yearly update for 2022/23 are reported to the Audit Committee in this report.

Follow-Ups Update As at March 2023

Summary Update

Status of implementation of Internal Audit recommendations

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	Priority 1	Priority 2	Priority 3	Total
Total open issues as at last Audit Committee report on Follow-Ups – October 2022	4	41	33	78
Items added to the tracker since the last Audit Committee meeting	-	5	5	10
Issues reported as closed since the last Audit Committee meeting	-	4	6	10*
Issues remaining open as at 13/03/2023	4	42	32	78
Total overdue issues	3	35	28	66

* Appendix II outlines two Priority 2 recommendations and one Priority 3 recommendation which were reported as fully implemented, but as a result of our sample testing we have deemed these partially implemented. We have noted the areas that remain to be implemented in the following tables and will keep these open in our tracker for further follow-up.

Appendix 1

Priority 1 and 2 recommendations overdue greater than 3 months

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Table showing details of all open overdue Priority 1 and Priority 2 recommendations:

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
1	Asset Management	Not available - Report was produced prior to Deloitte's appointment	A formal asset management policy accompanied by relevant procedures should be developed to ensure the appropriate management of all Council assets across all service units. Amongst other issues the asset management policy should include details of: when an asset should be included on the register, what details should be recorded, what should happen at service unit level and how disposals should be dealt with. Once the policy and procedures have been developed, the responsibilities of Service Unit Managers should be highlighted through training.	1	Policy development - Asset Management Policy.	31/03/2017	The Head of Service advised "Consultation on draft policy closed 27th January. Plan to send to Committee on 14th February" Updated target date of implementation; 01/06/2023 04/12/2023

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Table showing details of all open overdue Priority 1 and Priority 2 recommendations:

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
2	Business Continuity Planning	<p>1. Lack of formal IT DRP There is no formal IT DRP in place. As a result, we noted the following:</p> <ol style="list-style-type: none"> Roles and responsibilities within the Council have not been explicitly defined and documented in order for staff to carry out the IT DRP process effectively. Communication components are not documented. There is no DRP in place detailing all the procedures in place in the case of a Disaster Recovery (DR). There is no specific listing of key systems and their corresponding order of priority. Recovery point objectives, recovery time objectives and maximum tolerable outages have not been defined. <p>2. Lack of testing on IT DRP Deloitte acknowledges that the Council has an SLA with IT Assist which includes Business Continuity Testing. Deloitte was provided with copies of testing performed by IT Assist, however, is limited to UPS testing which is only a small part of a BCP/DR test.</p> <p>Due to the absence of an IT DRP, no full testing was conducted by the Council.</p> <p>We also noted that data and operating system restore procedures are not routinely tested.</p> <p>3. Lack of training on IT DRP There has been no continuous training provided to the Business Technology Department on IT Disaster Recovery and their roles and responsibilities within this process. The last training was held on October 2017.</p>	<p>1. Management should document an IT DRP. This should cover the following, but not be limited to:</p> <ul style="list-style-type: none"> Roles and responsibilities of the team members including outsourcing arrangements. Communication channels. Procedures to be followed for different scenarios. The plan should identify technologies, infrastructure, operating systems and application systems to identify system interdependencies. Definition of the: <ul style="list-style-type: none"> Recovery Point Objective (RPO the age of files that must be recovered from backup storage for normal operations to resume); Recovery Time Objective (RTO goal for getting back to a normal situation in the event of an outage); and Maximum Tolerable Outage (MTO maximum amount of time that a process or facility can be unavailable before significant disruption and/or financial loss occurs to the organisation). <p>The IT DRP should be reviewed on a periodic basis and when there are any changes within the ANDBC IT environment. A hard copy of the document should be stored offsite and a soft copy stored on SharePoint (offline) so even in a situation where the network or system is down, the IT DRP will still be accessible.</p> <p>The IT DRP should be documented in alignment with the BCP.</p> <p>2. We recommend the following test controls:</p> <ul style="list-style-type: none"> IT DRP testing should be conducted at least annually. A test schedule should be implemented and testing should address a variety of threats/scenarios. Post-test reviews should be performed, the Council may wish to implement a method to track issues and gaps uncovered in the test and track their resolution. Data and Operating System restore procedures should be tested periodically <p>3. We recommend that Management provide awareness training annually, at a minimum, to ensure that staff members understand their IT DRP roles and the emergency response activities at their site or region. Crisis Management training, including leadership team decision-making and managing communications, is also vitally important</p>	1	<ol style="list-style-type: none"> Management will document an IT DRP which will include the recommendations outlined above. The IT DRP will conduct annual testing using a range of threats/scenarios and this will include post-test reviews. Once the IT DRP has been approved Council will consider incorporating periodic training into its annual training programme. 	31/03/2022	<p>The Head of Service advised "Work has commenced on the IT DRP with assistance from the Performance Improvement Unit. A PIO has been tasked with collating the required elements, however, the loss of the Business Technology Manager has hindered progress. An Action Plan is being drafted to enrol the assistance of the Business Technology Officers."</p> <p>Updated target date of implementation; 30/09/2023 31/01/2023</p>

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Table showing details of all open overdue Priority 1 and Priority 2 recommendations:

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
3	Business Continuity Planning	<p>1. Draft BCP The Council has developed a draft BCP, however this has not yet been approved or implemented. We reviewed the two Legacy Council (Ards Borough Council, and North Down Borough Council) BCPs which are the most recent examples of BCPs available for use by the Council during a disruptive incident. Given the changes in Council structures since the Legacy Council BCPs were implemented, we identified that these Legacy Council BCPs are not fit for purpose in the event of Council service disruption.</p> <p>2. Gaps in the draft BCP We reviewed the draft BCP and noted a number of gaps within the document: <ul style="list-style-type: none"> • Business Impact Assessment (BIA) /BCP Sign Off - a section which outlines name of Committee / approver and date approved); • Service structure chart – a section outlining Services, directorates within the Council and hierarchy of contacts); • Stakeholders and Dependencies Analysis - it may be useful to complete a standalone stakeholders and dependencies analysis which outlines each stakeholder per Service/Directorate, whether these are an internal / external stakeholder, the nature of the relationship with the Service/Directorate and further detail as required, to ensure that these are clearly defined and documented). </p>	<ol style="list-style-type: none"> 1. The Council should update the draft BCP to include pandemic as a business continuity even and to address the identified gaps, including documenting responsibility and processes for BCP testing and lessons learned from Covid-19 and the operation of the Pandemic BCP. 2. The Council should approve and implement the updated draft BCP which covers the Council's outlined framework for prevention and recovery for a variety of threats to the organisation, including business continuity arrangements included as part of the Pandemic BCP. 3. Once the BCP is approved: <ul style="list-style-type: none"> • BCP testing should be conducted at least annually. A test schedule should be implemented and testing should address a variety of threats/scenarios, including those where a specific BCP has been developed or may need to be developed. • Post-test reviews should be performed. The Council should consider implementing a method to track issues and gaps identified during testing in order to track their resolution. 4. We recommend that Management consider the following: <ul style="list-style-type: none"> • Circulating the overarching BCP to all relevant Service Unit Managers once this has been finalised. • Representatives from all key Services, including Service Unit Managers of critical services such as Business Technology, should be consulted in the creation and update of the Council's overarching BCP. 	1	<ol style="list-style-type: none"> 1. The Council will update the draft BCP this will include documenting responsibilities and processes. 2. Annual testing of the BCP will be carried out using a range of threats/scenarios and this will include post-test reviews. 3. Once BCPs have been approved a training programme will be established and rolled out to all relevant officers (see 2.1.3 above). 	31/03/2022	<p>The Head of Service advised "BIAs have been established by each Service and are in the process of being compiled into the BCP which will incorporate the recommendation. "</p> <p>Updated target date of implementation; 30/09/2023 31/01/2023</p>

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Table showing details of all open overdue Priority 1 and Priority 2 recommendations:

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
3	Business Continuity Planning	<p>• Vital resources for individual business functions - while we note that there are prompts within the draft BCP for Services to consider regarding their resources (for example, on p32 an action is outlined "secure resources to enable critical activities to continue/be recovered") it may be useful to include a section which outlines resource requirements per individual Service, including resource type (staff, buildings, equipment, specialist equipment, office space, parking etc), as well as an outline of the requirement by timescale in the event of a disruption to normal business activity to ensure continuation of Service delivery, the impact on the Service if a particular resource is unavailable and detail on contingency arrangements in place to manage loss of each resource.</p> <p>• Single Points of Failure for Business/ Service – a section which outlines per Service/Service Unit the resources/key person dependency that the function could not operate without, back-up arrangements in place (whether formal or informal) and suggestions for improving resilience of the Service/Service unit (e.g. training for other staff in outlined areas if the Service unit/Service is dependent on a particular manager).</p> <p>• General risk management approach and outline of management of high risks – a section outlining the Council's risk assessment and management approach to ensure there is a clear linkage between the BCP process and the Council's current risk assessment and management approach, as well as a list of high risks for the Council, the risk register reference these appear on, description of the risk and outline of how the risk is being managed/treated).</p> <p>3. Pandemic BCP We reviewed the Pandemic BCP which has been in operation since March 2020. We would ultimately expect that the Council's overarching BCP would include a pandemic as a type of business continuity event, as opposed to being a standalone document.</p>	<ol style="list-style-type: none"> 1. The Council should update the draft BCP to include pandemic as a business continuity even and to address the identified gaps, including documenting responsibility and processes for BCP testing and lessons learned from Covid-19 and the operation of the Pandemic BCP. 2. The Council should approve and implement the updated draft BCP which covers the Council's outlined framework for prevention and recovery for a variety of threats to the organisation, including business continuity arrangements included as part of the Pandemic BCP. 3. Once the BCP is approved: <ul style="list-style-type: none"> • BCP testing should be conducted at least annually. A test schedule should be implemented and testing should address a variety of threats/scenarios, including those where a specific BCP has been developed or may need to be developed. • Post-test reviews should be performed. The Council should consider implementing a method to track issues and gaps identified during testing in order to track their resolution. 4. We recommend that Management consider the following: <ul style="list-style-type: none"> • Circulating the overarching BCP to all relevant Service Unit Managers once this has been finalised. • Representatives from all key Services, including Service Unit Managers of critical services such as Business Technology, should be consulted in the creation and update of the Council's overarching BCP. 	1	<ol style="list-style-type: none"> 1. The Council will update the draft BCP this will include documenting responsibilities and processes. 2. Annual testing of the BCP will be carried out using a range of threats/scenarios and this will include post-test reviews. 3. Once BCPs have been approved a training programme will be established and rolled out to all relevant officers (see 2.1.3 above). 	31/03/2022	<p>The Head of Service advised "BIAs have been established by each Service and are in the process of being compiled into the BCP which will incorporate the recommendation."</p> <p>Updated target date of implementation; 30/09/2023 31/01/2023</p>

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Table showing details of all open overdue Priority 1 and Priority 2 recommendations:

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
3	Business Continuity Planning	<p>4. Testing of the BCP As the BCP is still in draft, BCP testing has not been completed. We identified that the draft BCP does not contain a completed section outlining the testing/performance monitoring programme and training arrangements for the BCP, the current position of the BCP testing within the Council (including planned dates for carrying out testing, dates testing completed and recommendations /recommendations implemented), as well as any additional/specific BCP support required (e.g. specialist support and training). We also noted that the Pandemic BCP did not include a section or any details in relation to a testing programme for the Pandemic BCP. We note that the Pandemic BCP was developed in response to the emerging Covid-19 situation, and as such, it was not practical at that time to complete a testing programme, as the plan was activated and is still live.</p> <p>5. Consultation of all relevant Service Units We evidenced that Directorates and Service input was sought and received regarding both the Pandemic BCP and the Recovery Workbook. We also evidenced that meetings were held between the EPO and Heads of Service in order to guide all Services through the collation of the Pandemic BCP, and that it was then the responsibility of each Head of Service to disseminate the BCP to their relevant Service Units. We noted from discussions that the Business Technology Manager was involved in the BCP processes, but not in the compilation of the actual Pandemic BCP document itself.</p>	<ol style="list-style-type: none"> The Council should update the draft BCP to include pandemic as a business continuity even and to address the identified gaps, including documenting responsibility and processes for BCP testing and lessons learned from Covid-19 and the operation of the Pandemic BCP. The Council should approve and implement the updated draft BCP which covers the Council's outlined framework for prevention and recovery for a variety of threats to the organisation, including business continuity arrangements included as part of the Pandemic BCP. Once the BCP is approved: <ul style="list-style-type: none"> BCP testing should be conducted at least annually. A test schedule should be implemented and testing should address a variety of threats/scenarios, including those where a specific BCP has been developed or may need to be developed. Post-test reviews should be performed. The Council should consider implementing a method to track issues and gaps identified during testing in order to track their resolution. We recommend that Management consider the following: <ul style="list-style-type: none"> Circulating the overarching BCP to all relevant Service Unit Managers once this has been finalised. Representatives from all key Services, including Service Unit Managers of critical services such as Business Technology, should be consulted in the creation and update of the Council's overarching BCP. 	1	<ol style="list-style-type: none"> The Council will update the draft BCP this will include documenting responsibilities and processes. Annual testing of the BCP will be carried out using a range of threats/scenarios and this will include post-test reviews. Once BCPs have been approved a training programme will be established and rolled out to all relevant officers (see 2.1.3 above). 	31/03/2022	<p>The Head of Service advised "BIAs have been established by each Service and are in the process of being compiled into the BCP which will incorporate the recommendation. "</p> <p>Updated target date of implementation; 30/09/2023 31/01/2023</p>

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Table showing details of all open overdue Priority 1 and Priority 2 recommendations:

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
4	Budgetary control	Not available - Report was produced prior to Deloitte's appointment	A formal process should be introduced which requires budget holders to agree actions to be taken to address any significant variances identified. The progress made on addressing the variance should be reviewed by the relevant Head of Service and Finance staff at least quarterly to ensure the budget holder is appropriately managing the service unit budget	2	Policy development - budgeting policy.	31/03/2016	The Head of Service advised "Policy Development paper will be issued for consultation by 31st March 2023" Updated target date of implementation; 30/09/2023 31/03/2022
5	Leisure Centres	Not available - Report was produced prior to Deloitte's appointment	A debtor management and payment policy should be developed for the Council (including the Leisure Centre). The Council's payment policy should also be clearly stated on the booking form and on the original invoice sent to customers. Levels of debt should be monitored regularly and unpaid debtors followed up in line with policy. Consideration should also be given to clearly defining credit management terms for hiring of the Leisure Centre (for example, that if users are granted credit and then accrue debts over 6 months old, they will be prohibited from hiring the Leisure Centre (and possibly other Council facilities) until payment is made). To enable follow up of debts by Finance, booking forms should be completed and signed for all bookings: if bookings are made over the phone, the booking forms may be scanned/ emailed or completed in person before the event takes place. Any arrangements relating to repayment should be agreed only by the Operations Manager, in consultation with Finance, and included on the "Court Proceedings" spreadsheet.	2	Policy development - Pricing and Income policy.	31/03/2016	The Head of Service advised "Consultation closed on 27th January intend to develop draft policy by 17th February" Updated target date of implementation; 01/06/2023 31/03/2022
6	Payroll	Not available - Report was produced prior to Deloitte's appointment	Access levels granted to the payroll systems should be reviewed with only the appropriate payroll staff receiving full access to the systems. Where other Council staff use the payroll systems for information only purposes, their access should be restricted to 'read/review only'.	2	Not available.	31/03/2016	The Head of Service advised "Partially implemented - only Finance Manager's outstanding" Updated target date of implementation; 01/07/2023 31/12/2022 30/06/2022

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Table showing details of all open overdue Priority 1 and Priority 2 recommendations:

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
7	Accounts Receivable and Debtor Management	Not available - Report was produced prior to Deloitte's appointment	A Debt Management Policy and procedures should be developed and introduced setting out the invoicing process and debt collection process together with staff responsibilities for each element of the procedures. The policy should include consideration of whether those with significant aged debt can continue to use Council facilities (e.g. can continue to hire community halls or leisure facilities).	2	Policy development - Pricing and Income policy.	31/03/2017	The Head of Service advised "Consultation closed on 27th January intend to develop draft policy by 17th February" Updated target date of implementation; 01/06/2023 01/12/2022
8	Asset Management	Not available - Report was produced prior to Deloitte's appointment	To ensure consistency across all service units, guidance should be developed on how to maintain asset registers at Service Unit level. As part of this process, consideration should be given, to developing an asset register template with specific subject fields to ensure each service unit asset register is presented consistently and allow cross referencing with the fixed asset register. As noted above, once this guidance has been developed, it should be accompanied by appropriate training for Service Unit managers.	2	Policy development - Asset Management Policy.	31/03/2017	The Head of Service advised "Consultation on draft policy closed 27th January. Plan to send to Committee on 14th February" Updated target date of implementation; 01/06/2023 01/12/2022
9	Asset Management	Not available - Report was produced prior to Deloitte's appointment	A review of potential tagging systems including the tagging reference coding should be undertaken by Council officers to determine the most appropriate systems to implement at service unit level across the Council. The chosen systems should then be implemented on a consistent basis throughout the Council. Training on how to implement the chosen systems should be carried out for all those who will be involved in this process.	2	Policy development - Asset Management Policy.	31/03/2017	The Head of Service advised "Consultation on draft policy closed 27th January. Plan to send to Committee on 14th February" Updated target date of implementation; 01/06/2023 01/12/2022

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Table showing details of all open overdue Priority 1 and Priority 2 recommendations:

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
10	Social Media	<p>We noted that the draft Social Media policy does not provide clarity regarding Council staff involvement in pages set up by the public to promote Council-run events, and Council's approach to dealing with such pages. The Corporate Communications Team identified two potential channels of concern (i.e. related to Council events but with no clear indication as to whether the channel has been established by the Council or is independent of the Council) as part of their monthly process to manually search for unauthorised Council social media channels. As part of our audit we completed further work to review these channels.</p> <p>We identified that one channel - Bangor Market Facebook Page - to promote the market was set up by a family member of the Head of Service responsible for this market. The Head of Service identified that he therefore has influence over content posted.</p> <p>The other channel - Taste Ards and North Down Facebook Group, was set up by a Council staff member to promote this Council-run event; however, the Corporate Communication team was not made aware of the channel at the time it was established.</p>	<p>Management should engage with those staff involved in the Bangor Market Facebook page and Taste Ards and North Down Facebook page to ensure that appropriate controls are in place regarding these pages, including any requirements to make explicit on the channels that these are not Council-established pages and have no affiliation with the Council. Where there is a perceived affiliation with or involvement by the Council, the processes involved and the relevant controls in line with the policy should be adopted and documented. If there is a decision that these channels should be brought within the control of Council, the sites should follow the process for establishment of a channel as set out within the draft Social Media policy (e.g. business case to approve the channel, social media training for those involved and reporting on the channel).</p> <p>Staff should be reminded to seek formal approval from their Line Manager and the Corporate Communication team, through the use of the business case template, before setting up a social media channel related to Council-run events.</p>	2	<ol style="list-style-type: none"> 1. Head of Tourism to review the Taste Ards and North Down Facebook Page to establish its purpose/ objectives and contribution to service outcomes. If the page is to continue, Corporate Communications will provide guidance on necessary controls to be introduced eg implementation of house rules/ access controls in line with the Social Media Policy or statement of non-affiliation with the Council. Head of Tourism will monitor compliance. 2. Head of Regulatory Services to review the Bangor Market Facebook Page to establish its purpose/ objectives and contribution to service outcomes. If the page is to continue, Corporate Communications will provide guidance on necessary controls to be introduced eg implementation of house rules/ access controls in line with the Social Media Policy or statement of non-affiliation with the Council. Head of Regulatory Services will monitor compliance. 	01/09/2021	<p>Head of Service advised "First stage training completed by tourism and corporate communications officers in October 2022. Agreed to 'launch' new AND TASTE Facebook group once 23/24 food network recruitment is completed mid/end Jan 2023. Technical and governance handover training anticipated in mid/late Feb 23. Handover to new corporate FB Group scheduled to complete end March 23, subject to implementation of training."</p> <p>Updated target date of implementation; 31/03/2023 24/04/2023 28/02/2023</p>

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#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
11	Social Media	<p>a. Draft Policy Good practice denotes that a formal social media policy and procedure document is in place and communicated which provides direction related to staff's use of all social media. A Social Media policy - October 2020 has been produced; however, it is still in draft. Management advised that the policy requires HR input and consultation before it can be approved by the Corporate Committee.</p> <p>b. Draft policy updates From our review of the draft Social Media policy against good practice, we noted that it does not include the following:</p> <ul style="list-style-type: none"> • The requirement to have a social media strategy and monitoring process to assess the performance against strategy; • Guidance on setting KPIs to ensure successful implementation and use of social media; • Reporting requirements; • Template business case for setting up a new social media channel; • Summary of roles and responsibilities of social media administrators; • Processes for maintaining a user access list and requirement to periodically review the list. In addition, the procedure to add or remove a user's access to the social media channels; • Emphasis that staff should not engage in the activities of any social media platform 'on behalf of the Council' unless expressly authorised; • Reference to the Customer Care Policy or a separate document that includes guidance on how to respond to customer queries through social media; and • Training requirements for those managing social media channels. 	<p>HR consultation on the draft social media policy should be completed as soon as possible so that the policy can be finalised and communicated to all staff.</p> <p>ii. Management should update the existing draft policy and consider including, but not limited to, the following:</p> <ol style="list-style-type: none"> 1. The requirement to have a social media strategy and monitoring process to assess the performance against strategy; 2. Guidance on setting KPIs (or set of standard KPIs) to ensure successful implementation and use of social media; 3. Reporting requirements; 4. Template business case for setting up a new social media channel; 5. Summary of roles and responsibilities of social media administrators; 6. Processes for maintaining a user access list and requirement to periodically review the list. In addition, the procedure to add or remove a user's access to the social media channels; 7. Emphasis that staff should not engage in the activities of any social media platform 'on behalf of the Council' unless expressly authorised; 8. Reference to the Customer Care Policy or a separate document that includes guidance on how to respond to customer queries through social media; and 9. Training requirements. 	2	<ol style="list-style-type: none"> 1. HR input to the Social Media policy. This will involve two stages <ol style="list-style-type: none"> a) Finalisation of the document including engagement with Staff Consultative Committee, Trade Unions and then Council approval. b) Training for all staff about roll out/ implications via Learning Pool training 2. Update of the draft policy with recommendations listed 1-9. Recommendations 1-7 + 9 will be implemented immediately. Recommendation 8 re customer care guidance will be completed by September . 3. Council wide only essential training eg Health and Safety was delivered in 2020 and into 2021 due to the COVID-19 Pandemic. The organisation is only now beginning to develop and deliver its wider training programme that would include social media. Communications has budget for training staff identified as managing Council established channels – however the audit has identified a number of additional channels and a additional staff acting as admins on existing pages so additional budget will be required to meet training requirements in 2021. 	01/09/2021	<p>The Head of Service advised "Currently reviewing legal advice on the HR aspects for this policy."</p> <p>Updated target date of implementation; 30/09/2023 01/01/2023 28/03/2023</p>

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11	Social Media	<p>c. Training Good practice denotes that training is provided on a periodic basis to staff involved in the management of social media channels. We noted that training has not been provided since 2019 to those involved in the management of social media channels and there is no programme of periodic training. We found that the following designated officers have not received any training on social media:</p> <ul style="list-style-type: none"> Borough Marketing Manager responsible for managing the Visit Ards and North Down Instagram and Facebook page Tourism Development Officer responsible for managing the Visit Strangford Lough Facebook page <p>We further noted that, as the Social Media Policy is still in draft, training in the policy has not been provided to the wider staff members.</p> <p>d. Periodic meetings As per the draft Social Media policy: 'All employees using social media for business purposes must engage with the Corporate Communications Service around training initiatives, best practice and in cross-Council social media planning meetings as required.' From discussion with management, we understand that there are periodic meetings by Corporate Communications with the Tourism and Arts and Culture regarding the social media channels; however, we noted that there are no periodic meetings between Corporate Communications and the other Service/Service Unit responsible for managing social media channels - Leisure.</p>	<p>iii. Training regarding the management of social media channels should be provided on an annual basis to relevant staff.</p> <p>Further, once the Social Media policy is finalised, training should be provided to the wider staff on the policy.</p> <p>iv. Periodic meetings should be established by Corporate Communications with all those managing social media channels to share best practice and support cross-Council social media planning.</p>	2	<p>The provider of previous social media training for the Council has been commission to deliver 2 training modules – one for staff who assist with the day-to-day operation of Council social media accounts and one for staff with responsibility for the management of Council accounts. These modules will be added into the annual training plan.</p> <p>4. Annual programme of bi-monthly social media co-ordination meetings established. Terms of Reference to be formally agreed at first meeting (July 2021).</p> <p>5. Working with other designated social media officers, the Corporate Communications Team will develop guidance for managing social media responses. This will be submitted to the Customer Services Manager for integration into the Council's Customer Care Policy.</p>	01/09/2021	<p>The Head of Service advised "Currently reviewing legal advice on the HR aspects for this policy."</p> <p>Updated target date of implementation; 30/09/2023 01/01/2023 28/02/2023</p>

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#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
12	Social Media	<p>a. Strategy and KPI Good practice denotes that a social media strategy(s) is developed that is aligned with other corporate strategies and appropriately communicated, and that metrics are established to monitor the successful implementation and use of social media.</p> <p>We noted the absence of a social media strategy and KPIs either as a stand-alone document or as part of their Service Level Strategy or Annual Plan for the following channels: <ul style="list-style-type: none"> • AND Leisure Facebook • Visit Strangford Lough Facebook </p> <p>b. Reporting Good practice denotes that periodic reporting on social media activity and engagement is reported to the respective Head of Service and relevant Council Committees for the Service in line with the strategy.</p> <p>We noted that formal reporting on social media activity and engagement is not in place for the following channels: <ul style="list-style-type: none"> • AND Leisure Facebook • Visit Strangford Lough Facebook </p>	<p>L. Social media strategy and KPIs (either as a stand-alone document or as part of the annual Service Plan) should be developed for the following channels: <ul style="list-style-type: none"> - AND Leisure Facebook - Visit Strangford Lough Facebook </p>	2	<p>A strategic review of the Visit Strangford Lough Channel commenced in June 2021 to consider its fit with the wider social media strategy. The review will include a monthly engagement report to head of service during that period in the same format as current reporting for VisitAND channels. The strategic review is due for completion in September 2021 and will include recommendations for the long-term future of the channel and any relevant KPIs agreed as required. As this channel was set up jointly with Newry Mourne and Down, a strategic discussion is scheduled in June with Newry Mourne and Down DC key stakeholders to determine their position with regards to the channel.</p>	01/09/2021	<p>Head of Service advised "Update January 2023. Audit of this channel and overall brand is underway, with an end date of Summer 2023."</p> <p>Updated target date of implementation; 31/08/2023 31/10/2023 28/02/2023</p>
13	Travel and Subsistence	<p>The Council is currently operating under legacy policies and two different methods of processing claims, one is manual, and the other is an electronic system called Transfare. Audit was advised that there is currently a paper in draft format which continues to be developed. This paper will form the basis for a single Ards and North Down Travel & Subsistence policy once it is completed and has been reviewed by the necessary departments and committees. Audit was also advised that a new online system "Core 2" is being implemented for processing all claims which is to be in place for 01/04/2019.</p>	<p>ANDBC should finalise a single Travel & Subsistence policy as soon as possible and implement a single method of processing claim submissions, either electronically or manually.</p>	2	<p>A first draft of the key issues for decisions in relation to a new Travel & Subsistence policy has been drawn up for discussion with CLT, HoST and SUMS. Once this has been reviewed and instruction given a clearer path for the policy will become evident. It is hoped the draft policy will proceed through the necessary stages to be implemented for 31/03/2019.</p>	31/03/2019	<p>The Head of Service advised "Joint Finance & HR consultation with new Director of Corporate Services to take place before end of February 2023"</p> <p>Updated target date of implementation; 01/10/2023 31/03/2023</p>

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14	Travel and Subsistence	A review has not been carried out within the new Council to determine whether staff are classified correctly as either casual car users or essential car users. Audit found that the Head of Finance is currently gathering information and statistics on travel and subsistence (as part of the paper referred to in Issue 1.) and that as a result any issues revealed (including inaccuracies relating to essential/non-essential car users) will be addressed.	Consideration should be given to prioritising the update of essential car user status to ensure eligibility is being correctly applied given changes that may have occurred in staff roles and locations of work.	2	Establishing the criteria that should be used to determine whether a post is essential user is one of the key issues to be decided upon in establishing the new policy. The review of the key issues draft document by CLT, HoST and SUMS will give clear direction regarding the essential user issue.	31/03/2019	The Head of Service advised "Joint Finance & HR consultation with new Director of Corporate Services to take place before end of February 2023" Updated target date of implementation; 01/10/2023 31/03/2023
15	Risk Management	Audit was advised that service level risk registers are now to be included with Annual Service Plans. Audit acknowledges that Heads of Service (HoS) have been provided with training on the service plan and the risk registers; however, this was several years ago and would have pre-dated the current version of the service plans which now include the risk registers. Audit met with 5 HoS and was advised by 2 of the HoS find that they find current risk register format difficult to understand and not user-friendly. As several years have passed since the last training was provided, new staff may be in post and updates to the service plans have also taken place. There is therefore an increased risk that service plans and risk registers may not be completed in a consistent manner and to the required standard which may lead to inadequate risk registers in place at the service level.	As part of the exercise to update the Risk Strategy HoS should be consulted on the format of the risk register and the need for any additional risk management guidance for developing and scoring risk registers. As soon as the Risk Strategy is updated; management should provide updated training and guidance to all HoS and relevant staff on the development and scoring of risk registers.	2	Accepted. Consultation to take place in advance of the Strategy being agreed, in line with the normal policy/strategy development process. This will include HoS.	31/08/2019	The Head of Service advised "Training scheduled for February 2023" Updated target date of implementation; 31/03/2023 31/03/2023

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#	Report Date	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
16	Risk Management	<p>Audit reviewed the minutes of CLT meetings and Audit Committee meetings; and evidence of workshops relating to the Corporate Risk Register and can confirm that the Corporate Risk Register is regularly discussed, reviewed and updated. The Risk Strategy (2015) contains guidance on risk register monitoring at the Directorate level. Audit met with 5 Heads of Service and audit was advised by 3, that regular service level risk register reviews are not taking place throughout the year due to time constraints. We confirmed that the relevant service level risk register is completed at the start of the year and reviewed at the end of the year. Audit also noted that there is currently no specific detailed guidance or procedure to guide HoS on how to distinguish any risks within their service level risk register which may need to be escalated to the Corporate risk register, due to its cross-cutting nature or its significance. Audit's review of 9 minutes/notes of CLT meetings revealed that the brief notes mostly refer to the Corporate Risk Register; with very little reference to Service Level Risk Register monitoring. If reviews of service level risk registers are not being carried out at regular intervals throughout the year there is a risk that actions identified to minimise risk are not being appropriately monitored. In addition, emerging risks may not be documented at the service level and/or significant or cross-cutting risks which they identify may not be escalated to the corporate risk register in a timely manner.</p>	<p>The Risk Strategy should be updated as soon as possible and include clear guidance on, and possibly templates to support, regular and documented review of service level risk registers. The Risk Strategy should also clarify in detail the difference between Corporate and Service Level risks and provide guidance on how to escalate any risks at the service level which should be incorporated within the Corporate level risk register. The refresher training on risk management mentioned in Recommendation 2; must include in year monitoring of the service level risk register and the escalation of significant or cross-cutting risks from the service level to the Corporate Risk Register. Details of the review of progress of Service level risk registers should be discussed and recorded in detail at CLT at least once during the year (mid-way through the year) and also at the year end.</p>	2	<p>Training will be provided once Strategy is agreed. Recommendations will be included in the Training design. Training will be given to HoS in the first instance.</p>	31/10/2019	<p>The Head of Service advised "Training scheduled for February 2023"</p> <p>Updated target date of implementation; 31/03/2023 31/09/2023</p>

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#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
17	Overtime, Flexi & TOIL	<p>Budget Setting Overtime budgets for Council Services are set annually. During the budget setting process considerations include: historical data, expenditure YTD on each budget component from the previous year's budget and events planned for the upcoming year which would impact the Service's spending. We noted that from the sample of four Services selected for testing, 23 business units did not budget for overtime. Of these, 12 business units reported an adverse overtime expenditure YTD as at June 2019 against an overtime budget of £0 for 2019/20, with variances ranging from £135 to £10,094. We noted that for some of these they had overtime expenditure in the previous year (e.g. the unit with a YTD adverse variance of £10,094 similarly had an overtime budget of £0 in the previous year and an adverse outturn of £12,192. We were advised that it can be difficult for management to budget for ad hoc events or events which arise from Council decisions during the year. We were also advised that other factors, such as time to recruit replacement or agency staff, can impact the levels of overtime within a Service.</p> <p>Budget Monitoring Budgets are monitored through monthly Manager Detail reports which are which are sent to all Services in order to explain any variances which may have occurred. Monthly Significant Issues reports also act as a summary of significant issues raised across all Service budgets which require an explanation from budget holders/management (i.e. variances against the budgets). We noted there is no formal variance reporting threshold for overtime budgets whereby once a set variance has been reached, managers are automatically required to report back to Finance to explain the variance. We were advised that there is informal threshold of 5% of the budget line, or £5,000 but that this has not been formalised.</p>	<ol style="list-style-type: none"> 1. Services which historically have overtime expenditure should consider setting overtime budgets to reduce the level of budget re-profiling that may be required in year. Additionally, Finance should review how to assist management, at the annual budget setting stage, to improve their understanding and calculation of cost drivers which impact overtime expenditure, and challenge Services which show a zero overtime budget to understand the rationale if they had overtime expenditure in the previous year. 2. A formal adverse variance threshold should be set by Finance against which formal responses are required from Heads of Service to Finance when overtime expenditure exceeds the threshold. 	2	<ol style="list-style-type: none"> 1. Finance will work with service unit managers to agree appropriate detailed breakdown overtime budgets (including hours, rates, employer costs etc). 2. Consideration will be given to setting a formal variance threshold when drafting the Budgeting policy and procedure. 	31/01/2020	<p>The Head of Service advised "Policy Development paper will be issued for consultation by 31st March 2023"</p> <p>Updated target date of implementation; 01/09/2023 28/02/2022</p>

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#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
18	Overtime, Flexi & TOL	We were advised that there is no formal mechanism to monitor hours worked (core hours and overtime) by Council employees against the Working Time Directive (48 hours per week average across a rolling 17 weeks).	The Council should review how to monitor hours worked (e.g. potential for reporting in Core) to ensure that, unless staff have formally opted out, there is compliance with the Working Time Directive.	2	Management will endeavour to configure a reporting routine in the new integrated HR/Employee Payments system currently being implemented.	31/03/2020	<p>The Head of Service advised "Core system now in place, need to put a system in place to record this information"</p> <p>Updated target date of implementation; 30/06/2023 01/12/2022</p>
19	Governance Framework	We selected a sample of 15 members of staff (13 of whom had been employed in 2018) and obtained the last complete year's annual declaration of interest submission and the current year to date's submissions. We found that four of the 13 staff who had been employed in 2018 had not submitted a declaration of interest form in 2018. The submission deadline for the current year was April 2019. At the time of the audit fieldwork (August 2019) only four from our sample of 15 had submitted the annual declaration of interest. We note that from our sample of employees that: one employee joined in June 2019, one in April 2019, one was on secondment until July 2019 and one has been on a career break since October 2018. We further note that the Declaration of Interest Policy and Procedure (Employees) was marked for review, and update if required, in April 2019. At the date of fieldwork (August 2019) no review had been carried out.	We recommend that the Declaration of Interest Policy and Procedure be reviewed and updated as required.	2	Review of declaration of interest policy and procedure.	31/03/2020	<p>The Head of Service advised "Further work required to complete review of the Declaration of Interest Policy"</p> <p>Previous target date of implementation; 30/09/2023 31/12/2022 30/09/2022</p>

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#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
20	Procurement	We completed an analysis of individual invoices under £30,000 during the previous 12 months and identified 121 suppliers where the cumulative procurement for a similar service during the year exceeded the £30,000 tender threshold. Among the top 60 of these suppliers by spend, there were four suppliers identified where a competitively tendered contract was not in place. The spend for these 4 suppliers was £105k, £80k, £66k and £62k. We noted that the Procurement Handbook specifies an annual frequency of review by the Procurement Service Unit of cumulative spend to identify areas where competitive tenders should be obtained, but that this was in practice an ad-hoc review due to staff capacity and had not been documented or resulted in a formal report in the previous year.	To support value for money and efficiency in procurement, an analysis of spend should be produced and documented by Procurement on an annual basis, with input sought from budget holders on the feasibility of obtaining corporate contracts / putting out to tender for areas where similar goods or services are obtained.	2	<p>1. The Procurement Handbook outlines an approach for review of spend with responsibility primarily with respective Services, with the Handbook advising for Procurement to be contacted where there are potential tendering opportunities. Corporately, spend is reviewed by the Procurement Manager when resources permit. It's accepted that there would be value in more frequent, formalised and wholesale reviews though the ability to achieve this will be dependent upon resource availability.</p> <p>A previous audit recommended that "Management should consider supporting the current Procurement Unit to allow the issue of corporate contracts to be addressed, potentially leading to ANDBC to make significant savings". A business case was submitted to this end though is not currently provided for in the draft 2020/21 budget due to competing pressures. It is likely this will continue to restrict the ability to realise the full potential of corporate spend reviews. The business case will be reviewed again for the 2021/22 budget process, if not prior to this under the Council's Strategic Transformation and Efficiency Programme, launching in 2020.</p> <p>2. In addition to the above, any corporate reviews that are carried out on an ad hoc basis during 2020/21 will be documented</p>	01/12/2020	<p>The Head of Service advised "There was no formal review of spend since the last update due to limited PSU resources and additional Capital Projects work. There is still not a full PSU team in place due to unsuccessful recruitment campaigns. A new recruitment campaign for one additional team member is underway and it is hoped this will be completed by April 2023."</p> <p>Updated target date of implementation; 30/04/2023 30/04/2023</p>

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21	Procurement	The Council's Ordering and Payments Guidance notes an intention dating from 2015 to obtain an electronic procurement system to replace the current system of paper Purchase Order and Goods Received Notes. As of the date of our fieldwork, there had not been a decision taken to progress this intention. The current paper-based system is reliant upon manual checks by finance of procurement authorisation levels and that invoice details match purchase orders. Physical signatures and handwritten dates are used to document approval. We identified in a sample of 25 items of below-threshold procurement in the year, three instances where authorisation was dated after the invoice date for the procurement, and one instance where the value of procurement on a purchase order (£3,999) exceeded the staff member's authorisation level (£3,000).	The Council should revisit its original intention to implement an electronic procurement system and determine whether to proceed in order to strengthen controls over authorisation levels and provide increased efficiency in the procurement process. In the meantime, staff should be reminded: <ul style="list-style-type: none"> • that authorisation of Purchase Orders must take place prior to the order of the good or service; and • to ensure that they obtain the correct authorisation per the delegated authorisation levels for all purchase orders. 	2	1. The Council already has an electronic procurement system for tenders. The project to introduce an electronic purchasing system was put on hold largely due to the current finance system provider withdrawing from that market. As a result, it is more appropriate to progress a new Finance system to include electronic purchasing as part of this scope. The potential for this will be reviewed as part of a Strategic Transformation and Efficiency Programme with progression of this subject to prioritisation of competing transformation projects.	01/03/2021	The Head of Service advised "Business case recommended for approval as part of current budgeting cycle." Updated target date of implementation; 01/10/2024 04/12/2022

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#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
22	HR: Recruitment & Retention	<p>The Council does not have a formal workforce strategy. A number of councils in the United Kingdom produce and publish formal workforce strategy documents setting high-level objectives for recruitment, retention and training of staff, along with analysis of workforce composition, demographic factors, turnover and anticipated future hiring aspirations (e.g. based on transformation projects or key initiatives in the corporate plan). These exercises can provide increased clarity over recruitment and workforce development in a whole-council context and drive improvements through facilitation of forward planning for recruitment and retention projects. Whilst a formal workforce strategy is not in place, HR has drafted a proposal for moving to external advertisement of all posts. During the Council's transformation phase following the merger of North Down Borough Council and Ards Borough Council in 2015, there was an agreed process to allow recruitment via internal trawl in the first instance, to facilitate redeployment of staff within the new structure. For reference, this phase is complete for the majority of Service Units, though we noted that some Service Units have not yet completed the transformation phase and continue to recruit roles internally.</p>	<p>The Council should consider developing a formal workforce strategy which sets out its current status and objectives for recruitment, retention, training and development of staff. This strategy should align with the new Corporate Plan being developed. This could include measures and targets as appropriate for vacancy rates, turnover rates, time to fill positions, sickness absence and workforce composition and high-level structure, and long-term strategy for addressing demands in relation to staffing and talent needs.</p>	2	<p>The Council already has largely set out this information within a variety of documents i.e. Learning and Development Plan, Organisational Development Strategy, Filling of Vacant posts guidelines and HR and OD Service Plan. There is also a draft succession planning document which requires some further scoping out and consultation with trade unions and staff. However, all this information could be brought together into one formal Workforce Strategy. It is proposed that the development of such a Strategy is included in the service plan for 2020/21.</p> <p>1. Develop a formal workforce strategy which sets out its formal current status and objectives for recruitment, retention, training and development of staff. This will align with the new Corporate Plan. Measures and targets as appropriate will be included as appropriate as outlined in the recommendation.</p>	01/04/2021	<p>Previously, the Head of Service advised "Considerable consultation has taken place involving focus groups and various work streams, draft policy to be presented to trade unions in the near future"</p> <p>Updated target date of implementation : 30/09/2023 01/04/2022</p>
23	Service Review – Regulatory Services	<p>Performance Reports are presented by the Head of each Service and reviewed by the relevant Council Committee on a quarterly basis. Performance Reports include a status for each KPI, using a RAG traffic light system (Red, Amber, Green), and Heads of Service must also provide a narrative update on performance in the headings of:</p> <ul style="list-style-type: none"> • Key points to note; • Key achievements; • Emerging issues; and • Actions to be taken. <p>We identified from review of Council Committee minutes evidence of discussion of Service KPIs and could see that explanations for variances against the target were provided and discussed. Whilst there is evidence of discussion of KPIs which are below target, we noted that there are no formalised action plans agreed, for example with responsible owners or target dates.</p> <p>This finding is consistent across all Service Reviews undertaken to date by Internal Audit, as part of both the 2019 Internal Audit Plan (Leisure & Amenities and Regeneration Services) and 2020 Internal Audit Plan (Regulatory Services and Tourism Services).</p>	<p>Services should consider implementing formal action plans where KPI performance is below target, including the use of target dates and assigned responsible owners for delivering identified actions and the reporting back on plans. Updates on actions agreed should then be provided to the relevant Committees as and when actions are due.</p>	2	<p>Management will consider reviewing the Service Plan reporting template as part of its review of the PERFORM handbook.</p>	30/09/2021	<p>The Head of Service advised, "The PMS is currently being reviewed and this recommendation will be implemented when the review is finalised."</p> <p>Updated target date of implementation: 30/09/2023 01/12/2022</p>

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#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
24	Asset Management	<p>Unoccupied Properties When a Council property becomes unoccupied, a request is raised by the Compliance Team for the Assets and Properties team to disconnect the utilities and activate the alarms within the property. Unoccupied properties are recorded on the AssetHQ system operated by the Council that generates a job every week for all five unoccupied properties to be inspected by the allocated inspector. We noted that physical inspections have still been carried out during the COVID-19 pandemic. We reviewed a report run from AssetHQ which documents the due date, completion date and details of the inspector for the routine weekly checks. However, the AssetHQ job does not detail the checks that are to be completed at each property.</p> <p>Land Each member of the Parks and Cemeteries team are assigned an area for which they are responsible for carrying out inspections to check for any issues, such as encroachment or unauthorised camping. The frequency of inspections is dependent on factors such as whether it is open to the public or not, and can be daily, weekly or monthly. We identified that breaches and issues identified by the Lands Team during inspections are reported to the Compliance team, however we could not evidence recording of inspections where no issues were identified.</p>	The Council should ensure that all land inspections are recorded, including those where no issues are identified by the Lands Team.	2	The Council will implement a paper based system for recording inspections on managed land.	30/09/2021	<p>Head of Service advised "Software package (PPS Live - currently in read only mode). A business case has been submitted to our Estimates Committee to purchase full version software with planned roll out across all sites by Sept 2023."</p> <p>Updated target date of implementation; 30/09/2023 31/03/2023</p>
25	Asset Management	<p>The Council have a single insurance policy which covers all Council owned buildings. Buildings which are valued at over £1m are specified within a separate schedule within the policy. Through our sample testing, we identified the following:</p> <ul style="list-style-type: none"> • We were advised by the Risk Manager that there is no formal Council guidance in place which determines the frequency of property valuation required in order to maintain the accuracy of reinstatement valuations for the insurance policy. • The Risk Manager also advised that there is no documented procedure for notifying the Risk Manager of acquisitions, disposals and transfers of land and property, to ensure the insurance cover is adequately maintained. 	The Council should document a formal procedure for notifying the Risk Manager of any changes in land and property, including acquisitions, transfers and disposals. This should be communicated to all relevant staff.	2	Process for notifying Risk Manager will be incorporated into a revised Land and Property Policy	30/09/2021	<p>The Head of Service advised "Lands works closely with risk and notifies of such changes, but will be formalised through land policy review which is currently ongoing"</p> <p>Updated target date of implementation; 31/03/2023</p>

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Table showing details of all open overdue Priority 1 and Priority 2 recommendations:

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
26	Fixed Assets	<p>1. Lack of Asset Management Strategy Currently there is no Asset Management Strategy in place which outlines the asset management procedural framework in use across the Council. This would include procedures in relation to the safeguarding of fixed assets, asset tagging, asset verification exercises, as well financial processes for fixed assets, such as write-offs. Management advised that the Council are at present in the process of creating a comprehensive Asset Management Strategy. We were advised that an Asset Management working group has been put in place to create this Strategy. The Strategy itself will be compiled when direction regarding the scope of the Strategy is finalised.</p> <p>2. Lack of documented fixed asset management procedures We identified that while the following practices are being carried out, they are not formally documented in the form of a policy or within the Fixed Asset Management Procedures document:</p> <ul style="list-style-type: none"> ⊗ Protocols related to safeguarding of fixed assets, for example asset tagging and mechanisms for the physical security of assets such as CCTV, periodic checks and alarms. We were able to evidence that asset safeguarding processes are occurring in all areas we sample tested (Arts and Heritage, and Business Technology); ⊗ Process of identifying and recording a write off; ⊗ Exercise for performing asset tagging. We identified that sample areas we looked at, Arts and Heritage and Business Technology, have their own asset tagging procedures. We were advised that the Council have purchased a WASP system (stock control software) for trial purposes for Council Leisure centres. This will allow the Council to tag assets through barcoding. The trial of the WASP system was intended to finish 2021 but is expected to be delayed due to COVID; and ⊗ Annual physical asset count conducted by Finance. <p>We were advised that these will be documented within the Asset Management Strategy once this has been completed and finalised. The Replacement and Utilisation Strategy was last updated in December 2019. It does not include a document control table to indicate the date of next review.</p>	<ol style="list-style-type: none"> 1. The Council should finalise the scope of the Strategy to allow the Asset Management working group to formulate and finalise the Asset Management Strategy. A clear timeframe should be set for the completion of this work. 2. The Council should consider updating the Fixed Asset Management procedures to incorporate the highlighted gaps. 	2	<ol style="list-style-type: none"> 1. Council will re-establish the Asset Management Working Group with a view to finalising a strategy. 2. The Fixed Asset Management procedures will be updated in line with extant policy. 	30/09/2022	<p>The Head of Service advised "Consultation on draft policy closes 27th January. Plan to send to Committee on 14th February."</p> <p>Updated target date of implementation; 01/06/2023</p>

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Table showing details of all open overdue Priority 1 and Priority 2 recommendations:

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
26	Fixed Assets	<p>3. Enhancements to the Vehicle Replacement Strategy We completed a review of the Vehicle Replacement Strategy, and noted the following issues:</p> <ul style="list-style-type: none"> ❑ The policy implementation date was recorded as May 2016 and next review date was recorded as November 2016. However, the review has not been completed to date; ❑ Page 9 includes a 'Replacement Vehicle Request Form' which is used in advance of making a replacement purchase. Per practice, an Asset Disposal Form is then used once the Council decide on the disposal method. <p>We noted that the Vehicle Replacement Strategy makes no reference to the requirement to raise an Asset Disposal Form and does not include the Asset Disposal Form within the Appendix of the Strategy.</p> <p>We noted that the practice is for Finance to email the Asset Disposal Form and guidance notes to Service Units upon request.</p> <p>Page 6-7 states that the Service Unit Manager "will be asked to complete a Replacement Vehicle Request form," and that the purpose of this form is to "challenge all requests...to ensure that vehicles are only replaced when a clear need can be demonstrated."</p> <p>We identified that it is not specified who should provide this challenge and sign off the replacement request.</p> <p>4. Enhancements required in the Replacement Vehicle Request form We identified that the Replacement Vehicle Request form (Appendix 2 of the Vehicle Replacement Strategy) does not require sufficient detail in order to document a full demonstration of clear need for replacement. We noted that amongst other elements, it does not require the user to provide the following:</p> <ul style="list-style-type: none"> o Value of the vehicle being replaced; o Value of the replacement type of vehicle <ul style="list-style-type: none"> ❑ We also identified that there is no section on the Vehicle Replacement Request form to record appropriate sign off by the relevant approving party (as in point 3 of this finding - this does not seem to have been adequately defined in the Vehicle Replacement Strategy). ❑ We were advised by Finance that while they require the use of the Replacement Vehicle Request form and the Asset Transfer / Disposal form, these are not yet widely used across the organisation to inform Finance of fixed asset disposals. <p>5. Lack of version control table in the Replacement and Utilisation Strategy The Replacement and Utilisation Strategy was last updated in December 2019. It does not include a document control table to indicate the date of next review.</p>					

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Table showing details of all open overdue Priority 1 and Priority 2 recommendations:

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
27	PCSP	<p>1. We reviewed and tested the controls around payments for a sample of two out of a total of five 2019/20 grant applications, and noted the following:</p> <p>Project 1:</p> <ul style="list-style-type: none"> In the Q1 Expenditure claim, the 'total payable' amount was left blank on the Project Invoice Summary. We also noted that the Invoice Summary was not signed or dated to signify that the documents had been reviewed and approved by the PCSP although the document had been stamped 'PCSP Received 5th November 2019.' <p>Project 2:</p> <ul style="list-style-type: none"> We noted that the 'Completed by Project Manager' and 'Authorised by Project Finance Officer' sections on the Q4 project invoice summary had not been completed. We also noted that the 'Authorised by Project Finance Officer' section on the Q3 project invoice summary had not been completed. <p>2. We also noted that while payments to projects were within the grant allocation, and that there were no overspends, the project budget profiles we reviewed for both the projects were not progressed as originally planned, and that the frequency/amounts of the payments differed to what had been planned on the project budget profiles as outlined below:</p> <p>Project 1:</p> <ul style="list-style-type: none"> This project was scheduled to have payments as per the project budget profile as follows; £1,280.86 (in Q2), £1,407.60 (in Q3) and £2,325.64 (in Q4). The project actually received payments as follows; £1,280.86 (in Q2) and £3,713.14 (in Q4). <p>Project 2:</p> <ul style="list-style-type: none"> This project was scheduled to have payments as per the project budget profile as follows; £1,832 (in Q2), £620.50 (in Q3) and £1,043.50 (in Q4). The project actually received payments as follows; £2,800 (advance payment in Q2) and £191.03 (in Q4). 	<p>1. The PCSP should ensure that the Invoice Summary is signed and dated to evidence review and approval.</p> <p>2. The PCSP should remind projects of the importance of completing in full and signing off expenditure claim documentation to ensure that approval can be clearly evidenced. The PCSP should also clearly communicate to projects what the expenditure claim process will be in a remote working situation, where it is not possible for projects to return original signed copies of expenditure claims in a timely manner.</p> <p>3. The PCSP should consider introducing a sign off control to the budget profile where expenditure has not progressed as planned, to evidence approval that updated expenditure profile has been reviewed, agreed and is in line with approved grant eligibility and conditions.</p>	2	The PCSP will ensure that the Invoice Summary is signed and dated to evidence review and approval.	28/02/2021	<p>The Head of Service advised "Invoice summaries now signed and dated to evidence review and approval. Remote working practices will be updated for June 2023"</p> <p>Updated target date of implementation; 30/06/2023 30/11/2022</p>

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Table showing details of all open overdue Priority 1 and Priority 2 recommendations:

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
28	Business Continuity Planning	<p>1. A BCP Policy is in place. The Policy is dated April 2016 and the next review date is recorded as April 2017; we were advised that this review has not taken place.</p> <p>2. Within the BCP Policy, it states that "Performance monitoring will be co-ordinated by the Risk Manager" and that "Training and exercises will be coordinated by the Risk Manager and will prepare key staff for crisis conditions through training and desktop/scenario exercises." We were advised that the Risk Manager was not aware of this responsibility.</p> <p>3. Training has not yet been provided to Council staff with key roles in the execution of the overarching, draft BCP as the document has not yet been finalised. Training has not been provided to Council staff with key roles in the execution of the Pandemic BCP. We acknowledge that the Pandemic BCP was approved in March 2020 by the Corporate Leadership Team as the Covid-19 pandemic hit, therefore there was not sufficient time for a formal training programme to be developed and implemented for the Pandemic BCP before it went live.</p>	<p>1. The Council should update the BCP Policy to reflect current BCP processes and roles and responsibilities. BCP roles and responsibilities should be clearly communicated to relevant staff.</p> <p>2. We recommend that a training programme is developed and implemented for both the draft Council BCP (when this is finalised), and the Pandemic BCP as soon as this is practical.</p> <p>2. The above recommendation should also be considered in respect of the draft overarching BCP. In addition, up to date BIA processes should be undertaken when finalising the draft BCP.</p>	2	Once the updated BCP is finalised the Policy and Procedures will be revised and submitted to Corporate Committee for approval.	31/03/2022	<p>The Head of Service advised "This recommendation will be progressed once the BCP has been approved</p> <p>Updated target date of implementation; 30/09/2023 31/01/2023</p>

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Table showing details of all open overdue Priority 1 and Priority 2 recommendations:

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
29	Review of IT controls in place to support remote working	<p>During the review, we identified the following regarding access management across Windows AD:</p> <p>Leavers Process A total of 34 active leavers were identified as part of our testing for the period 01/06/2020 to 30/04/2021. Through further enquiry with management it was identified that:</p> <ul style="list-style-type: none"> • One of three accounts was re-enabled in order to transfer the accounts access to a new employee filling the position. • One of three accounts was re-enabled to retrieve a file that was managed by the leaver. • The final account we were unable to determine at the time of testing the reason as to why this account was reactivated as the employee's manager is out on long term leave. <p>User Access Review There are no documented user access reviews performed across any of the in-scope applications.</p>	<p>2. Management should implement a documented user access review on a periodic basis (monthly, quarterly, yearly) to ensure all users have the appropriate level of access to perform their daily job functions.</p>	2	2. Previously identified in Cyber Security Audit, this will be included in updated ICT Policy.	31/12/2021	<p>Head of Service advised "Policy has been reviewed by Third Party consultancy and will be progress when a new Business Technology Manager is in post".</p> <p>Updated target date of implementation 31/03/2023</p>

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Table showing details of all open overdue Priority 1 and Priority 2 recommendations:

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
30	Lease Management	<p>Good practice denotes that a formal lease management policy and procedure document is in place and communicated to staff involved in the lease management activities. Further, the policy and procedure document should be reviewed and approved at the appropriate level on a periodic basis. A Land and Property policy - April 2016 is in place and Section E "Rental" of the Land and Property covers the procedures around leasing; however, we noted that it does not include the following:</p> <ul style="list-style-type: none"> • Types of properties owned by the Council; • Requirement for review and approval of a lease application by the Corporate Services Committee; • Requirement for signing of a lease by the CEO on behalf of the Council; • Roles and responsibilities of those involved in the lease process; • A timeframe to provide guidance on when the Compliance Manager should contact the lessee to confirm whether they want to renew their lease, in advance of the lease expiry date; • Maintenance of a Lease Licence Register including periodic reviews and approvals; and • Monitoring and tracking compliance with the lease requirements including inspections. <p>We further noted that the policy has not been reviewed and updated since April 2016. The finding regarding the need for periodic review of the Land and Property policy was raised in the Internal Audit of Asset Management (Land & Property) report issued in March 2021.</p>	<p>Management should update the existing Land and Property policy section on Rental to include the following:</p> <ul style="list-style-type: none"> • Types of properties owned by the Council; • Requirement for review and approval of a lease application by the Corporate Services Committee; • Requirement for signing of a lease by the CEO on behalf of the Council; • Roles and responsibilities of those involved in lease management; • A timeframe to provide guidance on when the Compliance Manager should contact the lessee to confirm whether they want to renew their lease, in advance of the A timeframe from the lease expiry date:: • Maintenance of a Lease Licence Register including periodic reviews and approvals; and • Monitoring and tracking compliance with the lease requirements including inspections. • Refer to recommendation section 2.4 of the Internal Audit of Asset Management (Land & Property) report - March 2021 regarding the recommendation on review of the Land & Property policy. 	2	<p>Management will update the existing Land and Property policy section on Rental to include the following:</p> <ul style="list-style-type: none"> • Types of properties owned by the Council; • Requirement of review and approval of a lease application by the Corporate Services Committee; • Requirement of the signing of a lease by the CEO on behalf of the Council; • Roles and responsibilities of those involved in lease management; • A timeframe from the lease expiry date, before which the Compliance Manager contacts the lessee to check whether they want to renew the lease; • Maintenance of a Lease Licence Register including periodic reviews and approvals; and • Monitoring and tracking compliance with the lease requirements including inspection 	31/12/2021	<p>The Head of Service advised "Land policy review is ongoing"</p> <p>Updated target date of implementation; 31/03/2023</p>

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Table showing details of all open overdue Priority 1 and Priority 2 recommendations:

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
31	Lease Management	<p>During the period covered by our audit one lease was agreed upon. We selected this lease as part of our walkthrough and noted the following:</p> <ul style="list-style-type: none"> The application for a lease request by the lessee is reviewed by the CLT, however we noted that the evidence of the review was not maintained on file. As per the Land & Property policy - April 2016: 'The Council's Valuer will be used to determine the consideration, except where the land has been marketed for rent via public auction.' As per the lease agreement, a rent of £500 per annum is charged. However, we noted that the evidence of the valuation of rent of £500 per annum by the Council's Valuer was not maintained on the file. As per the Land & Property policy - April 2016: 'Legal advice will be sought on the most appropriate form of agreement to be entered into, taking into account all relevant factors including Business Tenancy Rights.' <p>We noted that evidence of Legal advice received was not maintained on the file.</p>	<p>Management should ensure that the requirements of the Land and Property policy are followed for every new lease and evidence of all the required steps are maintained on file including below:</p> <ul style="list-style-type: none"> Review of lease applications by the CLT; Valuation by the Council's Valuer; and Legal advice received prior to entering the lease. 	2	<p>Management will ensure that the requirements of the Land and Property policy are followed for every new lease and evidence of all the required steps are maintained on file including below:</p> <ul style="list-style-type: none"> Review of lease applications by the CLT; Valuation by the Council's Valuer; and Legal advice received prior to entering the lease. 	01/01/2022	<p>The Head of Service advised "Land policy review is ongoing"</p> <p>Updated target date of implementation; 31/03/2023</p>

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Table showing details of all open overdue Priority 1 and Priority 2 recommendations:

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
32	Lease Management	<p>Good practice denotes that a mechanism is in place for monitoring and tracking compliance with lease agreements such as monitoring maintenance of the property, verifying that the property is not sublet and that the purpose for which the property was leased is met. Further, good practice is for inspections of the leased property to take place on a periodic basis, particularly at the commencement, renewal or termination stage of the lease.</p> <p>A building surveyor within the Asset and Property team carries out periodic surveys of leased properties.</p> <p>We selected a sample of two leases expired during the period under our review and noted that a formal inspection was not completed at the lease expiry date. We noted that a survey was carried out at these properties every three years to establish the works schedule and the last survey was carried out in 2017 for both properties. Management advised that they are also in the process of renewing these two leases.</p> <p>One lease commenced during the period under our review for Cook Street Jetty. We noted that an inspection of the leased property was not completed at the lease commencement stage. Management advised that a survey was not considered necessary as this site did not have any built property located there (lease was for land).</p> <p>We noted therefore that a process is not in place to monitor and track compliance with the requirements of a lease agreement. We further noted that the Compliance Manager is not aware of the surveys that are being carried out. We were advised by Management that three-yearly surveys are carried out by the Asset and Property Team, however we were unable to obtain evidence of the completion of these surveys during the period of the audit.</p>	<p>A process should be developed and implemented for monitoring and tracking compliance with lease agreements. This should be completed by carrying out inspections of the leased property on a periodic basis, particularly at the commencement and renewal or termination stage of the lease, to verify that the responsibilities of the lessee are being complied with and to identify any damage to the property.</p> <p>Further, the Compliance Manager should liaise with the Asset and Property team to ensure that inspections carried out are included and updated within the lease licence register.</p>	2	<ol style="list-style-type: none"> 1. A process will be developed and implemented for monitoring and tracking compliance with lease agreements. This will be completed by carrying out inspections of the leased property on a periodic basis, particularly at the commencement and renewal or termination stage of the lease, to verify that the responsibilities of the lessee are being complied with and to identify any damage to the property. 2. The Compliance Manager will liaise with the Asset and Property team to ensure that inspections carried out are included and updated within the lease licence register. 	31/03/2023	<p>The Head of Service advised "Land policy review is ongoing"</p> <p>Updated target date of implementation; 31/03/2023</p>

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Table showing details of all open overdue Priority 1 and Priority 2 recommendations:

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
33	Lease Management	<p>A lease licence register is in place that includes the details of leases and licences where the Council is the lessor. There were 45 leases included in the lease licence register.</p> <p>During our review, we noted the following:</p> <ul style="list-style-type: none"> The lease licence register is not formally reviewed and approved on a periodic basis. The lease licence register does not include the details of the two operating agreements. We acknowledge that the details of these two agreements were included in a separate register maintained by the Development Projects Manager. The lease licence register does not capture terms and conditions of the lessor and lessee; and inspection carried out at the leased property. The lease licence register is not kept updated and we noted that fields were not populated <p>Further, we noted that the scanned copy of all the leases is not maintained on file. Management advised that they are in the process of scanning the hard copy of leases and saving them to the file. For tracking purposes, an additional column "Scanned" has been included within the lease licence register and updated to say "yes" for each lease agreement that was scanned and saved on file. As per the lease licence register, we noted that a copy of eight out of 45 lease agreements have not been scanned and saved on the file. Management advised that they have been facing issues in locating the hard copy of lease agreements during the scanning process. We also noted that the Finance team is in the process of scanning lease agreements into the Finance system for their reference; however, the Compliance Manager does not have access to the system.</p>	<ol style="list-style-type: none"> The lease licence register should be reviewed and approved at an appropriate level on a periodic basis. <p>Further, management should update the lease licence register and consider including, but not limited to, the following:</p> <ul style="list-style-type: none"> Details of the operating leases maintained in a separate register; Terms and conditions of the lessor and the lessee; and Inspection carried out at the leased property. <ol style="list-style-type: none"> Management should ensure that the lease licence register captures all the required details. All the lease agreements should be scanned and retained on the file. The Council should consider where best to store the scanned copies to prevent multiple versions being made and provide a central access for required users of the information. 	2	<ol style="list-style-type: none"> The lease licence register will be reviewed and approved at an appropriate level on a periodic basis. Management will update the lease licence register and consider including, but not limited to, the following: <ul style="list-style-type: none"> Details of the operating leases maintained in a separate register ; Terms and conditions of the lessor and the lessee; and Inspection carried out at the leased property. Management will ensure that the lease licence register captures all the required details. All the lease agreements will be scanned and retained on the file. The Council will consider where best to store the scanned copies to prevent multiple versions being made and provide a central access for required users of the information. 	31/03/2023	<p>The Head of Service advised "Lease licence register to be reviewed and updated to include recommended information"</p> <p>Updated target date of implementation: 31/03/2023</p>

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Table showing details of all open overdue Priority 1 and Priority 2 recommendations:

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
34	Health, Safety and Wellbeing	<p>We identified that currently there is no Health and Safety Risk Register in place which outlines identified Council-wide Health and Safety risks, as well as consideration of employee wellbeing related risks.</p> <p>We were advised that the management of health and safety risks are outlined within the Health and Safety policy, and that management of these risks occurs through incident reporting, inspections, training. The management of health and safety-related risks are the responsibility of each Service unit.</p> <p>Additionally, assurance mapping is not in place for the management of health, safety and wellbeing risks, which would map sources of assurance (such as inspection reports, training reports) for each of the key health, safety and wellbeing key risks.</p>	<p>The Council should develop a Health and Safety Risk Register which identifies and documents health safety and wellbeing risks across the organisation, as well as the mitigating controls in place to manage these risks.</p> <p>The Council should complete an assurance mapping process against identified Council-wide health, safety and wellbeing risks to determine and document sources of assurance for each risk, to provide the Council with assurance over the adequacy of the controls in place to manage the identified risks.</p>	2	<p>Health and Safety Compliance Officer to develop a Health and Safety Risk Register which identifies and documents health, safety and wellbeing risks across the organisation, as well as the mitigating controls in place to manage these risks. Risk Manager will review before finalising.</p> <p>The Council will implement an assurance mapping process against identified Council-wide health, safety and wellbeing risks to determine and document sources of assurance for each risk, to provide the Council with assurance over the adequacy of the controls in place to manage the identified risks.</p>	31/06/2022	<p>The Head of Service advised "A new member of staff has been appointed and tasked with completion of this. To be completed prior to the end of March 2023."</p> <p>Updated target date of implementation; 31/03/2023</p>

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Table showing details of all open overdue Priority 1 and Priority 2 recommendations:

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
35	Supplier Payments	<p>New Suppliers We noted that suppliers are added to the system for the purpose of invoice processing using a 'New Supplier Detail Form' and includes information including Company details, Bank account details, VAT information, HM Revenue & Customs (HMRC) details, etc.</p> <p>On review of the process of adding new suppliers to the system it was noted that:</p> <p>a) There is no control in the system to highlight where multiple suppliers have the same bank account number. We noted that there are currently manual controls in place, however as they are not documented they could not be tested;</p> <p>b) Bank account number field is not mandatory while creating a new supplier record: 193 active suppliers noted without bank details. However, management advised that in some cases bank details will not be held, such as for online website purchases;</p> <p>c) Absence of duplication control for supplier name and email. We were advised that there are currently manual controls in place, however as they are not documented they could not be tested.</p> <p>During the review 665 such exceptions which highlighted various levels of duplication in suppliers were noted. A review of 15 sample cases was completed and it was identified in all 15 cases that the suppliers either had multiple addresses or different entity names, but the same bank account number.</p> <p>During sample review of suppliers without bank details, it was noted that payments were made to some suppliers prior to pandemic through cheque or banking online platforms.</p>	<p>iii. An alert should be set up on the system to notify users when they are setting up a new supplier, and bank details have not been entered. The alert should ask the user to confirm that bank details are not required for the supplier (e.g. online suppliers); an</p>	2	<p>iii. An alert should be set up on the system to notify users when they are setting up a new supplier, and bank details have not been entered. The alert should ask the user to confirm that bank details are not required for the supplier (e.g. online suppliers)</p>	31/12/2022	<p>The Head of Service advised "A Business Case will be recommended for approval as part of current budgeting cycle."</p> <p>Updated target date of implementation; 01/10/2024</p>

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Table showing details of all open overdue Priority 1 and Priority 2 recommendations:

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
35	Supplier Payments	<p>Supplier Amendments For any amendment to the existing bank accounts of suppliers the 'Supplier Change of Bank Details' form is completed by the suppliers. The finance team confirms the change through a phone call using known contact details from the accounts system or supplier website and complete a 'Supplier Amendment' form documenting the details of the confirmed changes into the system. The same form is also used to document any other supplier amendments.</p> <p>Changes to bank details are processed by Team Leader - Supplier payments or a Grade 5 in the finance team. As part of the weekly supplier payment process, the master audit file is reviewed by the Assistant Capital Accountant, the Capital Accountant or Head of Service, including review of bank detail changes. The master audit file includes details of the bank detail changes, who made the change and when the change was made. This check is completed prior to the payment run, and therefore any unauthorised changes should be identified before payment.</p> <p>The process to document the phone calls made to suppliers regarding amendment to bank details records that a check was made, but does not include the date on which the check was made, who completed the check or the contact number used.</p>		2			

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Table showing details of all open overdue Priority 1 and Priority 2 recommendations:

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
36	Supplier Payments	<p>For a sample of 40 supplier payments made in the past 12 months, we identified the following:</p> <ul style="list-style-type: none"> • Seven payments did not have a corresponding purchase order or payment request (where applicable) completed; • One payment had a purchase order in place; however, the cost had not been included. • Three payments where there was a mismatch in cost centre as recorded on the PO and as per payment report; • Six instances where the cost centre was not included on the PO; • One instance with missing goods receipt note, where we would expect this to have been received and retained; and • One instance where the invoice date was prior to the payment request date (22 days). <p>For 41 instances out of all supplier invoices processed during the review period, we noted the invoice date recorded on the system was prior to the actual invoice date. However, on further review of five sample cases it was noted that they were data entry errors.</p>	<p>ii. Provide refresher training and guidance to ensure all staff members responsible for purchasing are clear of their responsibilities in terms of raising purchase orders prior to ordering and receiving any goods/services.</p> <p>Additionally, in relation to the previous advisory review of supplier payments in July 2020, management should implement the following recommendations:</p> <p>iii. Management should evaluate if there is merit in implementing a purchase to pay system to automate the procurement and supplier payment process (three-way check driven by system).</p>	2	<p>ii. Training will be provided following the issue of the updated guidance.</p> <p>iii. Council is planning to change its financial system within the next few years.</p>	31/12/2022	<p>The Head of Service advised "</p> <p>2. Guidance is ready for review.</p> <p>3. Business case recommended for approval as part of current budgeting cycle."</p> <p>Updated target date of implementation; 01/10/2024</p>

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Table showing details of all open overdue Priority 1 and Priority 2 recommendations:

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
37	Lease Management	<p>The lease agreement includes the role and responsibilities of the lessor and lessee including property maintenance.</p> <p>During the course of our review, we noted the following:</p> <ul style="list-style-type: none"> The Council's Asset and Property team are responsible for carrying out the maintenance of the leased property on the lessee's request, where it is noted as the Council's responsibility within the lease agreement. We noted that there is no process in place to review the lease agreement to verify which party is responsible for the completion of maintenance works for the leased property (i.e. the Council or the Lessee) prior to the Council completing the maintenance works. Management advised that some of the lease agreements allow the Council to partially recoup expenses from the lessee that are incurred by the Asset and Property team in carrying out the maintenance service of leased properties. However, we noted that a process is not in place to identify such expenses and then recoup them from the lessee. From the list of maintenance expenses incurred during the period under our review, we selected a sample of two maintenance expenses and noted the following: <ul style="list-style-type: none"> a. As per the lease agreement of Bregenz House, 'by way of a further rent a sum equal to 60% of the annual expenditure which the lessor shall from time to time incur in providing the services set out in the fourth schedule hereto which said further sum shall be payable in arrear on the first day of May and First day of November in every year the first such payment to be in respect of expenditure incurred by the Lessor from the date hereo until the 1st day of May 1992 and thereafter every six months as it falls due (hereinafter called "Service Charge")'. 	<ol style="list-style-type: none"> A process should be developed and implemented to confirm whether the Council has the responsibility for the maintenance of the leased property before providing the maintenance services to the leased property on the lessee's request. A process should be developed and implemented for partial recoupment of maintenance expenses incurred by the Council from the lessee as required by the lease agreement. Further, management should perform an exercise to identify where maintenance expenses incurred by the Council should be charged back to the lessee and update the licence register to record this. Where it is found that maintenance expenses have not historically been charged back when they should have been per the lease agreement, a decision should be taken and documented as to how to approach this with the lessees. Management should ensure that the roles and responsibilities for maintenance within the lease agreements are clearly documented. A separate code should be set up within the Finance System for leases to support financial monitoring of charges. 	2	<ol style="list-style-type: none"> A process will be developed and implemented to confirm whether the Council has the responsibility for the maintenance of the leased property before providing the maintenance services to the leased property on the lessee's request. A process will be developed and implemented to recoup the part of maintenance expenses incurred by the Council from the lessee as required by the lease agreement. Management will perform an exercise to identify where maintenance expenses incurred by the Council should be charged back to the lessee and update the licence register to record this. Where it is found that maintenance expenses have not historically been charged back when they should have been per the lease agreement, a decision will be taken and documented as to how to approach this with the lessees. Management will ensure that the roles and responsibilities for maintenance within the lease agreements are clearly documented. A separate code will be set up within the Finance System for leases to support financial monitoring of charges. 	31/12/2022	<p>The Head of Service advised "Land policy review ongoing."</p> <p>Updated target date of implementation; 31/03/2023</p>

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Table showing details of all open overdue Priority 1 and Priority 2 recommendations:

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
37	Lease Management	<p>The Fourth Schedule specifies the services to be provided by the lessor such as repair maintenance building or replacing of the exterior or structure of the building. Our understanding of this wording therefore is that the lessee should be liable to pay 60% of the annual expenditure incurred by the lessor in providing maintenance and repair services provided by the Council as specified in the Fourth Schedule of the lease agreement.</p> <p>We observed that a total expense of £3,249.98 was incurred by the Council in providing maintenance services of the leased property during the period under our review; however, we noted that the 60% of expense incurred was not charged back to the lessee.</p> <p>b. Sub-section 5.A 'Repair' of section 5 'Tenant Covenant' within the lease agreement of Cook Street Jetty states the responsibilities of the lessee: 'To repair and maintain the premises and keep same repaired and maintained in good and substantial order repair and condition and free from weeds and to the satisfaction of the Landlord.'</p> <p>We observed that a total expense of £3,444.76 was incurred by the Council in providing maintenance services of the leased property during the period under our review; according to the lease agreement above, the lessee is responsible for maintenance not the Council.</p>					

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Table showing details of all open overdue Priority 1 and Priority 2 recommendations:

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
37	Lease Management	<p>• We selected a sample of five leases from the lease licence register and obtained a copy of the relevant lease agreement. From the review of the lease agreement and discussion with management, we noted one instance where the terms and conditions in relation to the maintenance and repair within the lease agreement were not clearly set out. This was a lease for Donaldson Park, Donaghadee commencing in 1980. As a result, the Council is facing an ongoing issue with the lessee regarding who has the responsibility for the expenses of €30k (approx.) in fixing the roof and related expenses.</p> <p>We note that the Director of Community and Wellbeing and Director Regeneration, Development & Planning were made aware of this issue and advice is being sought from the Council Solicitor.</p> <p>• We noted that a separate code in the Finance System has not been set up for all the leases.</p> <p>We requested a list of maintenance expenses incurred during the period under our review for each of the leases and noted in 26 instances where maintenance expenses for a lease could not be easily identified because a separate code in the Finance System was not set up for these leases and maintenance costs may have been charged to minor works. As a result, we were not able to identify the full value of maintenance expenses incurred during the period under our review. Management advised that they would have to review individual invoices to identify the relevant maintenance costs for these leases</p>					

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Table showing details of all open overdue Priority 1 and Priority 2 recommendations:

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
38	Grant Funding	<p>We reviewed the processes in place to monitor grant expenditure and performance and noted the following:</p> <p>1) Beneficiaries complete period end evaluation questionnaires, however, the evaluation questionnaire is not in line with the reporting template included in Appendix Seven of the Grants Policy to monitor project progress. We reviewed the grant evaluation reports completed by six sampled beneficiaries at the end of the grant term and noted the following issues:</p> <ul style="list-style-type: none"> • Sample 1: Question 1 the evaluation form which related to how the grant funding was spent by the Organisation was not completed by the beneficiary however we note that it was made clear how the money was spent in answer 2 which provided an overview of the items purchased with the money. • Sample 2: Question 5 'Total number of people impacted directly following this investment' was missing from the evaluation form. <p>2) The Community Halls and Bases funding stream assessment criteria notes that successful applicants are required to submit a monthly monitoring return for DfC, however we noted the absence of monitoring returns for any of the three sampled projects within the Community grants - Halls and Bases grant.</p>	<p>The Council should consider the following:</p> <ol style="list-style-type: none"> 1) Update the Grants Policy in line with any updates to the reporting processes (i.e. completion of evaluation forms), or ensure that reporting processes outlined within the current version of the Grants Policy is adhered to. 2) Ensure that post grant term evaluation questions are consistent with monitoring questions outlined within the SLA. 3) Ensure beneficiaries are submitting monitoring returns to the Council in compliance with the monitoring arrangements outlined in the LoQ/SLA. 4) Where evaluation forms are completed by beneficiaries, the Council should ensure that all questions are included in the form and fully answered 5) In addition, where changes are made to the frequency and/or format of monitoring processes i.e., similar to those changes made during Covid 19, advice notes should be issued to organisations to outline the processes to be adhered to during the period. 	2	<ol style="list-style-type: none"> 1. The Grants Policy will be updated as recommended. 2. Monitoring requirements will be updated to ensure they are consistent with those outlined in the SLA. 3. Beneficiaries' will be required to submit monitoring requirements as set out in their SLA. 4. Beneficiaries will be required to complete their monitoring forms in full. 5. Where changes to monitoring requirements are made these will be communicated to beneficiaries. 	31/12/2022	<p>The Head of Service advised "The Grants Policy will be updated as noted above. The monitoring and evaluation templates attached are there for guidance purposes. It should be noted that some grants i.e. those funded or matched funded by other Gov Departments or third parties will have their own monitoring and evaluation requirements as set out in a LoD or MOU and these will have to be followed. Monitoring and evaluation requirements for each grant scheme are reviewed annually in line with the LoQ, MOU or SLA."</p> <p>Updated target date of implementation; 31/03/2023</p>

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Table showing details of all open overdue Priority 1 and Priority 2 recommendations:

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
38	Grant Funding	<p>3) Section four of the 'Sample 3' Programme SLA documents the requirement for the beneficiary to document a response to pre-determined monitoring questions monthly, however documented responses have not been obtained by the Council. In addition, we noted that the evaluation questions completed at the end of the SLA period for 'Sample 3' differed to the monitoring questions documented within the SLA.</p> <p>4) We note that the Council was administering and monitoring these grants during the Covid 19 pandemic and were advised by Management that monthly monitoring returns would be an onerous task to place on organisations during this time. We were unable to obtain evidence of advice notes or similar communications being issued by the Council to verify that monthly monitoring returns were not required during this time.</p>					

Appendix 2

Overview of Sample Confirmation Exercise

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We undertook a confirmation exercise to assess the accuracy of the status of Internal Audit Actions reported by management for a sample of actions based on evidence made available.

Our work focused on a sample of five recommendations (nine actions) which had been given a Priority 2 rating in the original Internal Audit report, and five recommendations (five actions) which had been given a Priority 3 rating in the original Internal Audit report. We focused on management status updates that were reported as “Implemented” and we did not consider any actions which are still “Open within due date” or “Beyond due date and not fully implemented”. No priority 1 recommendations had been implemented for testing at the date the confirmation exercise was carried out.

In order to complete this exercise, our approach included:

- Discussions with the relevant Heads of Service, who provided audit evidence for the sample of Internal Audit actions selected, in order to assess the level of implementation against that which was previously reported;
- Review of supporting documentation made available to verify the level of implementation for each of the samples selected; and
- Provision of a report outlining our assessment of the status of each action based on information provided by management.

Results of Sample Confirmation Exercise

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Review Area details	Finding	Original Recommendation	Priority	Agreed Management Response	Status reported by management as at February 2023	Internal Audit's Status of Follow-up as at February 2023
Customer Service March 2022	<p>Logging of Complaints</p> <p>We tested a sample of 15 complaints received by the Council throughout 2021 and noted the following:</p> <ul style="list-style-type: none"> •12/15 complaints were not recorded on the TASCOMI system. For the 3/15 complaints that were logged on TASCOMI, not all the Complaint supporting documentation had been uploaded to TASCOMI. •For 1/15 complaints, the relevant Service Area had not informed the Customer Service Team of the complaint upon receipt, meaning that the Customer Service Team were not made aware of the complaint until the Stage 1 response was issued to the Complainant. •For 1/15 complaints, the Stage 1 complaint response was provided by the Service Area Director. Stage 1 responses should be provided by the relevant Service Unit Manager / Head of Service, as per the Customer Compliments, Comments and Complaints Guide, and only escalated to the Director if the complaint is escalated to Stage 2. •For 1/15 complaints we were unable to obtain evidence that an acknowledgment communication was issued to the Complainant to confirm receipt of the complaint, as per the Customer Service Complaints Checklist. We were advised by Management that the complaint was acknowledged and responded to verbally. As no system is used to log complaint actions, we were unable to verify that this occurred. 	<p>1)All Service Areas should be granted access to the Te-Care module of TASCOMI, and all complaints received throughout the Council should be logged on Te-Care to allow the Customer Service Team to have oversight of complaints.”</p> <p>2) All Service Areas should be provided with training to ensure relevant staff members understand the process of uploading supporting documentation to TASCOMI. The Customer Service Team should carry out periodic checks throughout the roll out of the system to ensure that Service Areas are correctly recording complaints and supporting documentation.</p> <p>3) All complaint responses should document the date the response was issued.</p> <p>4) The Council should ensure the automatic reminder feature is implemented into the Te-Care module and used when logging complaints to set a deadline for complaint responses (in line with KPIs) and ensure staff are issued with a reminder to respond to the complaint within the KPI.</p>	2	<p>1)All Service Areas will be granted access to the Te-Care which is part of TASCOMI, and all formal complaints received throughout the Council will be logged on Te-Care to allow the Customer Service Team to have oversight of complaints.”</p> <p>2)Complaint training will be rolled out to all departments and services within the council. A new Complaints E learning will form part of the Mandatory training going forward.</p> <p>3/4) Complaint's responses will include the date the response was issued, and timescales set for resolution. Reminders will be set to ensure compliance with timelines.</p>	Implemented	<p>Partially Implemented</p> <p>1) We reviewed a sample of three complaints received by the Council throughout 2022-2023 and noted the following:</p> <ul style="list-style-type: none"> • 1/3 complaints were not recorded on the TASCOMI system. The complaint related to the Planning Department who are not yet on Te-Care. We were advised the Administration Department retains all responses and manually review these on a monthly basis. Administration advised that there have been discussions with HOS around finding away to move the Planning Department to Te-Care. • 1/3 complaints did not have the Stage 1 Response saved onto Te-Care but Administration have retained a copy of the response. <p>We noted the Planning Department is not yet on Te-Care so this recommendation has not been implemented across the whole of Council.</p>

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March 2023 of all recommendations included in sample confirmation exercise:

Review Area details	Finding	Original Recommendation	Priority	Agreed Management Response	Status reported by management as at February 2023	Status of Follow-up as at February 2023
Customer Service March 2022	<p>Key Performance Indicators (KPIs) The Customer Compliments, Comments and Complaints Guide documents KPIs for complaint responses throughout each stage of the complaint process. As not all complaints are currently recorded on the Te-Care system, automatic reminders cannot be applied to remind relevant staff to respond to the complaint in compliance with KPIs.</p> <p>From our sample 15 complaints we noted the following in relation to compliance with KPIs:</p> <ul style="list-style-type: none"> For 1/15 complaints the Stage 2 response was provided 18 working days following receipt of the request, as opposed to the KPI of 10 working days. For 1/15 complaints the Stage 1 response was provided 14 working days following the date the complaint was received by the Council, as opposed to the KPI of 10 working days. For 1/15 complaints, the Stage 1 response letter did not record the date the letter was prepared/sent. Therefore, we were unable to determine whether the Stage 1 KPI had been met. <p>We note that from January 2022 a Customer Service shared drive has been implemented to retain complaint documentation in soft copy. However only the Customer Service team have access to this shared drive, and individual Service Areas cannot save supporting documentation into this drive.</p>					<p>2) A Customer Service Group has been set up and training has taken place. We reviewed the PowerPoint Complaints training which was presented in 2022, which covers what a complaint is and the complaints process. We also reviewed a screenshot of the MS Teams invite for the training session.</p> <p>3) We noted complaints handling is now overseen by Customer Service Manager. Letters now detail timeframe and procedure for appeal.</p> <p>We reviewed screenshots showing the Millisle Beach complaint logged onto Tascomi and also correspondence with the complainant.</p> <p>4) We received and reviewed evidence of automatic reminders set up.</p>

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Table showing details of all recommendations included in sample confirmation exercise:

Review Area details	Finding	Original Recommendation	Priority	Agreed Management Response	Status reported by management as at February 2023	Status of Follow-up as at February 2023
Customer Service March 2022	We acknowledge that since the fieldwork has been carried out, the Council has been working with the TASOCMI service provider to improve the current features of the system, including the addition of an automatic reminder feature to improve compliance with KPIs, and increasing access to the system to ensure all Service Areas can upload complaints to the system					

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Table showing details of all recommendations included in sample confirmation exercise:

Review Area details	Finding	Original Recommendation	Priority	Agreed Management Response	Status reported by management as at February 2023	Status of Follow-up as at February 2023
Grant Funding March 2022	<p>The Council Grants Policy states that applicants are required to provide the following supporting documentation and upload this to the Government Funding Database (GFD):</p> <ul style="list-style-type: none"> • Constitution/Memorandum of Association, • List of Office Bearers/Board of Governors, • Annual Accounts/Financial Statement. <p>We noted that the above documentation had not been provided to the Council for one out of three sampled groups from the Community grants Halls and Bases funding stream (Girlguiding Ulster) which was administered through an open call process.</p>	The Council should ensure that key supporting documentation relating to the organisation (as outlined in the bullet points within the finding) is provided to the Council.	2	The Council will ensure the necessary support documentation is provided to the Council along with all grant applications.	Implemented	<p>Implemented</p> <p>We sampled one group from the Community Development Grant Assessment (Portaferry and Strangford Trust) and one group from the Community Festival Funding 2022-23 (Donaghadee Community Development Association) and noted both groups had provided the following supporting documentation and uploaded this to the Government Funding Database:</p> <ul style="list-style-type: none"> • Constitution/Memorandum of Association, • List of Office Bearers/Board of Governors, • Annual Accounts/Financial Statement.

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Table showing details of all recommendations included in sample confirmation exercise:

Review Area details	Finding	Original Recommendation	Priority	Agreed Management Response	Status reported by management as at February 2023	Status of Follow-up as at February 2023
Supplier Payments March 2022	<p>"For a sample of 40 supplier payments made in the past 12 months, we identified the following:</p> <ul style="list-style-type: none"> • Seven payments did not have a corresponding purchase order or payment request (where applicable) completed; • One payment had a purchase order in place; however, the cost had not been included. • Three payments where there was a mismatch in cost centre as recorded on the PO and as per payment report; • Six instances where the cost centre was not included on the PO; • One instance with missing goods receipt note, where we would expect this to have been received and retained; and • One instance where the invoice date was prior to the payment request date (22 days). For 41 instances out of all supplier invoices processed during the review period, we noted the invoice date recorded on the system was prior to the actual invoice date. However, on further review of five sample cases it was noted that they were data entry errors." 	"Management should ensure that purchase orders or payment requests (where applicable) are completed in advance for each proposed expenditure."	2	Managers will be reminded at the beginning of the new financial year of the need to complete purchase orders and payment requests fully."	Implemented	<p>Partially Implemented</p> <p>We reviewed a sample of three supplier payments and reviewed the purchase order for each. We noted:</p> <ul style="list-style-type: none"> - For one payment we noted the cost centre was not included on the PO

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Table showing details of all open overdue Priority 1 and Priority 2 recommendations:

Review Area details	Finding	Original Recommendation	Priority	Agreed Management Response	Status reported by management as at February 2023	Status of Follow-up as at February 2023
Review of IT controls in place to support remote working June 2021	<p>"During the review, we identified the following regarding access management across Windows AD:</p> <p>Leavers Process</p> <p>A total of 34 active leavers were identified as part of our testing for the period 01/06/2020 to 30/04/2021. Through further enquiry with management it was identified that:</p> <ul style="list-style-type: none"> • One of three accounts was re-enabled in order to transfer the accounts access to a new employee filling the position. • One of three accounts was re-enabled to retrieve a file that was managed by the leaver. • The final account we were unable to determine at the time of testing the reason as to why this account was reactivated as the employee's manager is out on long term leave. <p>User Access Review</p> <p>There are no documented user access reviews performed across any of the in-scope applications."</p>	Management should ensure access to systems is removed or disabled for any user who no longer requires access in a timely manner.	2	Process will be reviewed to ensure it is fit for purpose and any changes included in updated ICT Policy	Implemented	<p>Partially Implemented</p> <p>We reviewed a sample of three leavers during 2022 and noted that all were removed/disabled from system in a timely manner.</p> <p>We reviewed the ICT Policy and noted it was dated 30 June 2016 with next review date June 2017. No further review has been documented since. We have been advised this policy is currently under review.</p>

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Table showing details of all open overdue Priority 1 and Priority 2 recommendations:

Review Area details	Finding	Original Recommendation	Priority	Agreed Management Response	Status reported by management as at February 2023	Status of Follow-up as at February 2023
Income Management December 2021	<p>(i) Trade Waste We identified there is a lack of segregation of duties in the Trade Waste service unit with the preparation and authorisation of credit notes. We identified for a sample of 10 credit notes in the sample period August 2020 - August 2021 that all 10 had been requested and approved (on the Request to Raise Credit Note form) by the same staff member. We were advised that this is due to the administrative member of the Trade Waste service unit team retiring, therefore the remaining staff member has been completing both parts in lieu of another staff member.</p> <p>(ii) Building Control A Sales Ledger Request form is prepared by the Building Control Administrative Officer to raise an invoice or credit note, which is reviewed and approved by the Building Controls Services Manager, before an invoice or credit note can be generated on Total by Finance or on Tascomi by Building Control. We reviewed a total sample of 15 Council credit notes raised between August 2020 and August 2021. For five building control credit notes we identified that, while the Sales Ledger Request forms had all been signed and approved by the Building Control Services Manager, they had not been signed as prepared by the Building Control Administrative Officer.</p> <p>Potential Impact; i) Failure to enforce segregation of duties between credit note/invoice preparation and review may lead to an increased risk that credit notes and invoices could be raised for amounts which do not relate to approved, issued invoices, which could lead to financial loss for the Council from erroneous or fraudulent activity.</p> <p>(ii) Failure to complete preparer sign off will make it difficult for Building Control to evidence segregation of duties within the invoicing and credit note processes."</p>	<p>1.Waste Services management should implement an additional mitigating control for the preparation and approval of credit notes, such as review of credit notes by the relevant Waste Services Service Unit Manager, to ensure segregation of duties are established and maintained.</p> <p>2. Building Control management should ensure that all Sales Ledger Request forms are completed in full, including preparer signature, to ensure segregation of duties can be evidenced.</p>	2	<p>i) This issue was raised by our Income Team leader in July 2021 to the waste management officer responsible for the task and highlighted to the Waste Collection Services Manager for action. The documentation has been presented to the Waste Collection Services Manager for sign off from the beginning of August 2021. The Waste Collection Services Manager will also have an Administration Officer backing filling a vacant post in January 2022 which will further address this issue.</p> <p>(ii) The Building Control section have been using the current approach since requested to change by Finance as they were the authorisers (previously both BC admin and BC management signed). Building Control are happy to implement signature by the Admin officer and authorisation by the manager with immediate effect.</p> <p>(iii) Waste Services will ensure that all credit note forms are authorised by the Waste Collection Service Unit Manager before issue.</p> <p>(iv) Building Control are happy to implement signature by the Admin officer and authorisation by the manager with immediate effect.</p>	Implemented	<p>Implemented</p> <p>1) We reviewed a sample of two credit notes raised since implementation of control and noted both had been approved by the Waste Collection Service Unit Manager before issue. . The credit notes show who they were requested by, however the template provides space for preparer sign off and this has not been completed for both samples.</p> <p>2) We reviewed a sample of three Sales Ledger Request forms and noted these included preparer signature and approver signature.</p>

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Table showing details of all recommendations included in sample confirmation exercise:

Review Area details	Finding	Original Recommendation	Priority	Agreed Management Response	Status reported by management as at February 2023	Status of Follow-up as at February 2023
Information Governance and Data Protection March 2019	Archived material is stored at two sites; Balloo Road, Bangor, storage facility and the Council Depot at Newtownards. A Retention and Disposal Schedule is in place and includes procedure for archiving and a template for Archiving of Records. Each operational area is responsible for their own document retention management. Audit reviewed the process and documents used to archive finance documents and found that an appropriate process in place for archiving.	It is recommended that a central record is created for all Archiving activities going forward. This should be reviewed annually to ensure documents are destroyed when a retention period expires. We also recommend that Council investigate if the Lotus system may be used to create a report for files due for destruction.	3	The Council's Lotus Notes system does not have the capability of producing reports. Further, as a result of its age, the developer no longer supports it and this feature cannot be added. The need for replacement systems will, however, be assessed as part of the Electronic Document and Records Management System project. A review will be conducted of operational practices concerning the storage of material at the Council's file store with requirements for file and box information required and recorded on the Lotus system. The introduction of this system will be supported by the roll out of training for administrative staff in each Service Unit.	Implemented	<p>Implemented</p> <p>We reviewed the ANDBC Retention and Disposal Schedule (dated January 2016) and noted the document contains information on the processes and timeframes for review, retention and disposal of files. We reviewed a screenshot of the Lotus system which shows the status of files (i.e. Filed, On Loan, Destroyed, To Be Reviewed, Permanent retention, Requested) and reviewed screenshot of Lotus system which shows total files in each category.</p> <p>Management advised new starts are required to complete a development plan. We reviewed one sample of development plans and noted it contains the development objective to gain full understanding of central record system.</p> <p>We reviewed the Administration Booklet which includes the process for central file retention using Lotus system.</p>

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Table showing details of all recommendations included in sample confirmation exercise:

Review Area details	Finding	Original Recommendation	Priority	Agreed Management Response	Status reported by management as at February 2023	Status of Follow-up as at February 2023
Fixed Assets February 2021	<p>In line with the Vehicle Replacement Strategy, all Services are required to formally document demonstration of need for vehicle replacement using the Replacement Vehicle Request form. We reviewed a sample of 15 capital expenditure acquisitions from the 2019/20 financial year to determine whether acquisitions had been appropriately justified and approved prior to expenditure.</p> <p>We identified for two instances where a Replacement Vehicle Request form had not been completed and procurement had been carried out in the absence of the form. Details of instances are as follows:</p> <ul style="list-style-type: none"> ⊗ Asset 14498 (BMM 90 CuYd Compactor Trailer 5); ⊗ Asset 14501 (BMM 90 CuYd Compactor Trailer 8) <p>We were advised by management that in both instances a follow-up was performed by the finance team to request that the forms be provided (not provided to date). As noted in finding 2.1 the Replacement Vehicle Form also does not include sufficient format to record replacement approval from the business unit managers (see recommendation 2.1).</p>	<p>The Council should remind all Services of the importance of documenting the rationale and need for replacement of a vehicle using the Replacement Vehicle Request form (Appendix 2 of the Vehicle Replacement Strategy). Forms should be returned #to Finance in a timely manner to ensure that the Fixed Asset Register can be updated.</p>	3	<p>The Vehicle Request form will be revised and a process put in place to submit completed forms to Capital Accounting.</p>	Implemented	<p>Implemented</p> <p>We reviewed the Vehicle Replacement Policy and noted it contains Appendix 2 – Vehicle Replacement Form which requires the rationale to be documented. The Vehicle Request Form also states that it should be uploaded to SharePoint.</p> <p>We were advised Vehicle Request forms were being emailed to Capital Accountants but they were not being received. Forms are now submitted to Finance via SharePoint.</p>

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Table showing details of all recommendations included in sample confirmation exercise:

Review Area details	Finding	Original Recommendation	Priority	Agreed Management Response	Status reported by management as at February 2023	Status of Follow-up as at February 2023
Grant Funding March 2022	<p>The Memorandum of Understanding (MoU) between Department for Communities (DFC) and the Council which covers both Tranche 2 and the Covid 19 Food Partnership Fund, includes a requirement for the Council to submit two reports at three-monthly intervals.</p> <p>We obtained and reviewed a copy of the Tranche 2 report issued to DFC in May 2021, as well as the Covid 19 Food Partnership Fund report issued to DFC in June 2021 and confirmed that each funding stream was discussed including the amount and purpose/impact the funding had. However, we noted that the Council only provided one report to DFC for the Tranche 2 and Covid 19 Food Partnership Fund, as opposed to two reports as per the requirements of the MoU.</p> <p>We were advised by Management that the Council provided one report following receipt of the end of grant term monitoring forms as the report consisted of the collation of the information within the forms. However, we were unable to verify that DFC were content with one final report as opposed to two reports at three-monthly intervals, as per the MoU.</p>	The Council should ensure that reports are submitted to DFC in line with the reporting frequency outlined within the MoU, or that there is documented approval for any changes to the frequency.	3	Reports will be submitted to the Department in line with the conditions of grant.	Implemented	<p>Implemented</p> <p>Through discussions with management, we noted the Covid Grants are closed off now. Grants from DFC are now awarded on the basis of a Letter of Offer, the only grant that the Council receive which has an accompanying MoU is for the establishment of a Social Supermarket (SSM). The Council have made only one return to the Department in this financial year, in November 2022, for the SSM and are working with the recipient on a second return. We reviewed the report issued to DFC in November 2022 and confirmed that each funding stream was discussed including the amount and purpose/impact the funding had.</p>

Bi-Annual Follow-Ups Update – Sample Confirmation Exercise

March 2023

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Table showing details of all recommendations included in sample confirmation exercise:

Review Area details	Finding	Original Recommendation	Priority	Agreed Management Response	Status reported by management as at February 2023	Status of Follow-up as at February 2023
Finance March 2022	<p>As noted in Section 1.2 of the report, the 'Rates Pack' Spreadsheet is used by the Finance Team to form the estimates and forecasts across the Council for the following 10-year period, for consideration by the CS Committee.</p> <p>The latest version of the Rates Pack Spreadsheet (February 2022) contains a 'Checks' table within the '10 Year Plan' tab which verifies that a number of values match to the source value, for example Net Expenditure, District Rate Increase, and Estimated Penny Product (EPP).</p> <p>However, we noted that the Rates Pack spreadsheet does not include controls to protect the integrity of the spreadsheet, such as locking cells which do not require editing (formula cells or otherwise).</p>	The Council should ensure integrity controls are implemented into the Rates Pack, such as locking cells which do not require editing (formula cells or otherwise).	3	Current Rates Pack will be updated with additional controls.	Implemented	<p>Partially Implemented</p> <p>We reviewed the most recent version of the 'Rates Pack' Spreadsheet and noted one tab has been locked for editing but 31 other tabs have no additional controls.</p>

Bi-Annual Follow-Ups Update – Sample Confirmation Exercise

March 2023

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Table showing details of all recommendations included in sample confirmation exercise:

Review Area details	Finding	Original Recommendation	Priority	Agreed Management Response	Status reported by management as at February 2023	Status of Follow-up as at February 2023
Service Review – Waste March 2022	"We reviewed a sample of two quarterly Environment Committee meeting minutes to determine the level and adequacy of discussion of Waste Service's performance against the budget. We identified that budget performance was not discussed and is not currently one of the standing agenda items at the Environment Committee meetings. Therefore, there is currently a lack of oversight of how the Service is performing throughout the year. We verified that this was previously a standing item on the Environment Committee agenda for discussion, however, was removed since Committee Meetings were disrupted due to Covid-19 (after March 2020)."	The Council should ensure that Waste Services Service performance against the Service budget is a standing item on the Environment Committee agenda to ensure adequate oversight.	3	Director of Environment to discuss with Director of Finance regarding reinstatement to provide adequate oversight	Implemented	Implemented We reviewed a sample of two quarterly Environment Committee meeting minutes (November 2022 and February 2023) and noted the Environment Directorate Budget Control Report had been attached and included on the meeting agenda. Within this report, an explanation for the overall variance against budget for the Waste & Cleansing Service is included.

Appendix 3

Statement of Responsibility



Statement of Responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below. The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. This report is not based on an attest engagement. We have relied on information provided by Ards and North Down Borough Council's management and we do not accept responsibility for such information and have not performed any substantiation or external confirmation procedures to establish its accuracy or completeness.

Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by us should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

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Deloitte
Belfast

March 2023



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Internal Audit Annual Report 2022/23

Ards and North Down Borough Council

March 2023

Draft

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1. Executive summary

1.1 Introduction

This report provides our statement on the overall adequacy and effectiveness of Ards and North Down Borough Council's framework of governance, risk management and internal control as it operated during the year to 31 March 2023 (FY2022/23). Our approach to this Annual Assurance report is consistent with the Public Sector Internal Audit Standards.

The statement is based on the Internal Audit programme of work performed during the year designed to focus on areas of risk identified by management. The planned Internal Audit programme was reviewed and approved by the Audit Committee at its meeting in March 2022. Results of Internal Audit work, including action taken by management to address issues included in prior year internal audit reports, have been regularly reported to management and the Audit Committee.

Our statement has not been limited by any shortfall in resources, absence of skills, or any significant limitation of scope of internal audit activity which would adversely affect our ability to form a view.

1.2 Role of Internal Audit

The role of Internal Audit is to provide an independent and objective view to the Audit Committee in relation to risk management, control, and governance. The work of Internal Audit is an element of the control framework that the Audit Committee and the Chief Executive need to inform the completion of the annual Governance Statement. Other elements include the system of monitoring, the risk management framework, and reports from managers. No view or assurance can ever be absolute and is by definition, an extrapolation only of the evidence available. The work of Internal Audit does not supersede management's responsibility for risk, control, and governance. Our statement of responsibility is set out at **Section 4**.

1.3 Acknowledgement

We would like to take this opportunity to thank the management and staff of Ards and North Down Borough Council for their assistance and the cooperation received in completing internal audits within this period.

2. Annual Summary

In line with good practice and the requirements of the Public Sector Internal Audit Standards, we provided an overall classification for each assurance review completed during the period. In accordance with the requirements of DAO (DoF) 07/16, there are three categories by which we classify Internal Audit assurance over the systems we examine, being:

- Satisfactory;
- Limited; and
- Unacceptable.

We have provided details of assurance ratings for the eleven assurance reviews completed under the 2022/23 Internal Audit Plan. Ratings are not provided for advisory reviews completed (two in 2022/23). For a full definition of each assurance rating, refer to **Appendix 1**.

Our reporting process ensures that all issues identified as part of our assurance Internal Audits are categorised as being either a Priority 1, 2, or 3, in accordance with the requirements of DAO (DoF) 07/16 and are dependent on the associated significance of the finding and risk to be mitigated. Advisory recommendations are not assigned a priority rating. Full definitions for each of the priority ratings can be found at **Appendix 1**.

Internal Audit Area	Priority 1	Priority 2	Priority 3	Assurance Level
Policing and Community Safety Partnership (PCSP)	-	1	1	Satisfactory
Strategic Financial Planning	-	3	2	Satisfactory
Treasury Management	-	1	2	Satisfactory
Procurement	-	1	5	Satisfactory
Strategic Capital Development – Service Review	-	-	2	Satisfactory
Environmental Health – Service Review	-	-	2	Satisfactory
Waste Management	-	1	1	Satisfactory
Labour Market Partnership	-	-	3	Satisfactory
Cyber Security*	TBC	TBC	TBC	TBC
Strategic Environmental Planning	-	-	-	Advisory Review
Planning for New Ways of Working	-	-	-	Advisory Review
TOTAL	0	7	18	

* The fieldwork for this audit is complete and the report being drafted. The final report will be presented to the next Audit Committee

During the 2022/23 year, we continued to follow-up on Internal Audit recommendations. Under our approach, Internal Audit set up and maintains the database of Internal Audit recommendations and seeks bi-annual management updates for all open recommendations (including all from previous years which remain open) as follows:

- Priority 1 findings - Internal Audit will conduct a site visit to test the implementation of the recommendation if management reports it as closed

- Priority 2 findings – Internal Audit will seek documentary evidence of the closure of the recommendation
- Priority 3 findings – Internal Audit will take management representation as to the closure of the recommendation and will not conduct any testing

We sought management updates in October 2022 and February 2023. A report on the first half-yearly status of recommendations was presented to the December 2022 Audit Committee meeting and a report on the second half-yearly status update was presented to the March 2023 Audit Committee. In addition, at the end of the year in February 2023 we carried out an annual exercise to test a sample of recommendations (Priority 2-3) that have been reported as closed to confirm the implementation and the operational effectiveness of the implemented action.

The table below presents a summary of the status of Internal Audit recommendations per the second-half yearly status update in February 2023:

	Priority 1	Priority 2	Priority 3	Total
Total open issues as at last Audit Committee report	4	41	33	78
Items added to the tracker since the last Audit Committee meeting	-	5	5	10
Issues closed / superseded since the last Audit Committee meeting	-	4	6	10
Issues remaining open	4	42	32	78
Total overdue issues	3	35	28	66
Total overdue issues outstanding greater than 3 months	3	31	26	60

3. Statement of Annual Assurance

As defined in the Public Sector Internal Audit Standards the prime responsibility of the Internal Audit service is to provide the Audit Committee, the Chief Executive as Chief Financial Officer and the other managers of the Council assurance on the adequacy and effectiveness of risk management, control, and governance arrangements. In assessing the arrangements in place, we take into account:

- All Internal Audits undertaken between 1 April 2022 and 13 March 2023;
- Whether recommendations have been accepted by management and where they have not, the consequent risks;
- The actions agreed in response to our audit recommendations and an assumption that management will implement the agreed action;
- Follow-up review of the status of implementation of prior Internal Audit recommendations performed within this period; and
- Whether or not any limitations have been placed on the scope of Internal Audit.

During the course of delivery of our 2022/23 Internal Audit Plan, where notified by management and where applicable, we have familiarised ourselves with the work completed by other assurance providers. Whilst we cannot place reliance on their work, we have considered any findings in forming our overall opinion.

Based on the conclusions of our work during the year 1 April 2022 to 14 March 2023, we can provide the Chief Executive as Ards and North Down Borough Council's Chief Financial Officer with a satisfactory level of assurance in relation to the Council's arrangements for governance, risk management and control.

We note however that there remain a significant number of Internal Recommendations that have to be fully implemented. The volume and ageing of these recommendations could present a risk to the Council that the Corporate Leadership Team should review and seek to close as soon as practicable. Additionally, the Chief Executive and Director of Corporate Services should consider the impact these outstanding recommendations have on the effectiveness of the Council's control environment.

Internal Control

Our 2022/23 Internal Audit Plan provided assurance to Ards and North Down Borough Council around the Council's system of internal control. Our work focused on a range of key risk areas such as treasury management, procurement and waste management, and a review of the implementation of advisory recommendations made in relation to cyber security.

Risk and Governance

The Council's Corporate Risk Register is a key driver of Internal Audit coverage. Our Service reviews considered processes for risk management and performance monitoring. Our work also included a review of the governance framework with regards to the Labour Market Partnership and the PCSP.

4. Statement of Responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below. The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. This report is not based on an attest engagement. We have relied on information provided by Ards and North Down Borough Council's management and we do not accept responsibility for such information and have not performed any substantiation or external confirmation procedures to establish its accuracy or completeness.

Recommendations for improvements should be assessed by you (Ards and North Down Borough Council) for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by us should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

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Partner
For and on behalf of

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Date: 07 March 2023

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Appendix 1: Classification of Levels of Assurance

These assurance levels reflect the latest requirements of the Department of Finance (DAO (DoF) 07/16).

Assurance Level	Evaluating and Testing Conclusion
Satisfactory	Overall there is a satisfactory system of governance, risk management and control. While there may be some residual risk identified, this should not significantly impact on the achievement of system objectives.
Limited	There are significant weaknesses within the governance, risk management and control framework which, if not addressed, could lead to the system objectives not being achieved.
Unacceptable	The system of governance, risk management and control has failed or there is a real and substantial risk that the system will fail to meet its objectives.

Recommendation Priorities	
Priority 1	Failure to implement the recommendation is likely to result in a major failure of a key organisational objective, significant damage to the reputation of the organisation or the misuse of public funds.
Priority 2	Failure to implement the recommendation could result in the failure of an important organisational objective or could have some impact on a key organisational objective.
Priority 3	Failure to implement the recommendation could lead to an increased risk exposure.

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Unclassified

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ITEM 6c**Ards and North Down Borough Council**

Report Classification	Unclassified
Council/Committee	Audit Committee
Date of Meeting	20 March 2023
Responsible Director	Director of Corporate Services
Responsible Head of Service	
Date of Report	03 March 2023
File Reference	AUD02
Legislation	Local Government (Accounts and Audit) Regulations (NI) 2015
Section 75 Compliant	Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/>
Subject	Contract Update
Attachments	

Background

As Members are aware the current internal audit contract is due expire at the end of this month. An invitation to tender was issued in December 2022. A number of submissions were received, and an award report was approved at the Corporate Services Committee in February. Following due process an award notice was recently issued to Deloitte in line with the Council decision and the agreement of acceptable terms.

As a result of this recent award, planning for the next four-year strategic plan and the first annual plan has only recently commenced and is scheduled to be reported to the June meeting of this Committee for approval.

However, in order to allow for steady progress to be made during the full financial year it is requested that the Council approve the commencement of a number of audit reviews in advance of approval for the whole year as follows:

Audit Area	Reason for early start
Service review 1 – Finance	Two reviews carried out each year focussing on governance. This approach

Unclassified

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Service review 2 – to be determined	will continue as only half of the Council's services has been reviewed to date.
Policing and Community Safety Partnership	Undertaken each year as required by funders.
Labour Market Partnership	

RECOMMENDATION

It is recommended that Council notes the appointment of Deloitte and approves commencement of work in the areas noted in the report.

Ref	Risk Description	Gross Risk			Current Controls	Residual Risk			Risk Status Tolerate / Action	Optimal Target Risk	Further Action Required
		I	L	R		I	L	R			
CR1	Ineffective implementation of the Community Plan, leading to failure to deliver on the outcomes identified	5	3	15	Community plan published March 2017 followed by Delivery Plans in December 2017 and the Big Plan Part III in March 2022	4	2	8	Action		
					Review of Community Plan started in November 2019 and completed in 2020. Publication delayed until 2022 due to Covid						Work with planning to ensure spatial aspects of the Big Plan are reflected in the Local Development Plan
					Refined list of 10 priorities identified based on evidence and potential for collaboration.						Work with Department for Communities to influence official reporting requirements on Community Planning implementation
					2 SCPP meetings per annum plus 1 workshop						Involvement in other regional groups to increase the need for and use of Community Planning e.g. IC-S
					Governance arrangements updated and agreed at November 2022 SCPP						3rd Statement of Progress planned for November 2023
					5th Progress Report focusing on refined list of 10 priorities and workstreams presented to Strategic Partnership in November 2022						6th Performance Update Report written for November 2023
					ANDBC's Corporate Plan aligned with community plan outcomes all Council activities therefore contribute to the outcomes set out in the Community Plan.						
					Assessment of Wellbeing Completed and used to assess local need across Ards and North Down						Work with DfC and other community planning partners to create a reliable evidence base
					Workstream groups established to deliver against priorities and action plans developed						Review of workstreams without workstream groups and actions in progress
					Integrated Tourism, Regeneration and Development Strategy and the Arts and Heritage Strategy demonstrate how they will help achieve the outcomes of the Big Plan						
					Key policies and procedures in place, fair and consistent and non discriminatory					Continue review of all HR policies for best fit	
					Service Plans are in place.					Further HR&OD Policy development and training for all managers	
					Staff Consultative Committee established					Implementation of any remaining Service Transformation Models	
					AND Update produced on a monthly basis (currently on hold due to staff shortages, aimed to recommence September 2023)					Review and further steps to embed Behaviour Charter by New Ways of Working Group.	
					Focus groups ongoing for the new Our People Plan, to cover April 2022 – March 2023					Review Communication and Engagement methods with staff to address perceived lack of engagement. Continue with regular team meetings and better interdepartmental working procedures.	
					News and info staff bulletin produced fortnightly.					Focus needed to prioritise work and adjust staff levels to meet work load requirements – a growing issue across the organisations compounded by current difficulties with recruitment	
					Chief Executive Roadshow was delivered to over 50% of workforce in March 2023. Feedback being collated and further comms on reaction to feedback to be delivered.					Training programme recommenced but now at reduced level due to pandemic limitations	
					Positive feedback, customer comments, etc to staff. News and Info / ANDi						

CR2	Poor staff morale leading to ineffective service delivery and poor staff well-being	5	3	15		3	2	6	Action		Introduction of workforce planning (transformation initiative), including understanding of why staff leave the organisation (resigning or secondment)
											Ensure job descriptions are up to date.
											Continue regular meetings with staff.
											Persistent and Vexatious Customer Policy currently under development and due for internal consultation
											Prohibition of Access to council Facilities Policy - has been reviewed
											Model Complaints Handling Procedure is about to be implemented.
										CR3	Inadequate controls over financial management and resource planning resulting in poor service delivery and financial loss to the Council
	Development of other Finance policies (including Financial Assistance Policy)										
	Recruit additional qualified accountants to increase capacity and resilience.										
	Complete implementation of Core 2 system.										
	Further alignment of City Deal financing to realise full potential of projects against funding secured.										
	Business case for new financial management system approved. Consider dashboard style reporting across 'corporate' services. Review of service readiness for digitisation to be carried out Q1 2023/24.										
	Review user processing and file maintenance rights										
	Appropriately test Strategic Need and Economic Viability at an early stage for capital projects										

	<p>Financial loss to the Council</p>		<p>DAERA and DIC Plans agreed for 3rd party funding eg Rural Development and Urban Regeneration. Working with these agencies and DFI to obtain extension to current deadlines. Service Plans and Service Risk Registers developed in line with Corporate Plan. Annual Performance Improvement Plan in place Alignment of Service Planning and Budget Setting Estates Management Strategy and Estates Management Plan agreed City Deal – established internal and external work groups and project boards with OBCs under development in line with City Deal timeline Business Case training held and available on demand, new business case templates based on Department of Finance proformas Revised supplier payments guidance emphasising the importance of maintaining internal controls Vehicle, plant and machinery strategy now in place</p>				
<p>CR4</p>	<p>Lack of adequate and effective business continuity, disaster recovery and emergency planning processes leading to inability of the Council to deliver on its core functions.</p>	<p>5</p>	<p>3</p> <p>16</p> <p>Legacy Business Continuity plans ANDBC First Steps Document regularly reviewed and updated, refresher training with HOST/CLT carried out in January 2022, sessions with new managers in 2023. Revised Emergency Plan in place. Business Continuity training through the Emergency Planning College Coronavirus sub-groups set-up to assist with response Southern Emergency Preparedness Group established from January 2018 Other well established multi-agency, mutual aid groups Strong communications links and mutual aids arrangements in place via EPG Pt/Media WG Agreed communications plans and protocols for emergency and business continuity situations. On going review through Regional and National Emergency network of good practice and lessons learned. New Regional emergency planning arrangements in place. Emergency Planning Officer in place (part time) Emergency Planning Implementation Group established (internal) Multi-agency responses and debrief sessions following severe weather incidents Disaster Recovery/ICT Plan (ext./Cloud based) SAG training (EPC multi-agency SAG training delivered 2019 and 2023)</p>	<p>4</p>	<p>3</p>	<p>12</p> <p>Action</p>	<p>Monitor for potential impacts of Russia's invasion in Ukraine (the Ukraine Crisis) – consider supply chain checks and any other potential impacts. Give effect to any actions deemed necessary to maintain services following the monitoring and review of the Ukraine Crisis. Full roll out of development of Business Impact Analysis (BIA) for Business Continuity (commenced February 2022) Overarching Business Continuity Plan (in development) Review and update business continuity plans in line with new overarching plan / template. Review of Business Continuity Policy and Strategy. Further Community engagement with relevant interest/community Development of Policy to encourage volunteer civil contingency support Identify and address inhibitors to staff engagement in civil contingency response. Continue to carry out EP / BC Activation Exercises and systems testing Capacity Building Programme Identify Procurement Frameworks for Contractors for contingency use CCGNI Protocols are not in embedded within the region Updated protocols required Lobbying for appropriate legislation and clarity with regard to the role of Council in emergency response and recovery. Safety Advisory Group (SAG) for Major or significant Events to be extended to consider inclusion of Council and grant aided events meeting the threshold.</p>

			<p>SAG established for Major 3rd Party events on Council land.</p> <p>Insurance cover in place for main risks</p> <p>Regular Desktop EP Exercises carried out</p> <p>Elected Member training provided.</p> <p>Provision of sandbag containers by Rivers Agency at Groomsport, Ballywalter, Portavogie and Portaferry.</p> <p>Community Engagement with Street Pastors and other groups</p> <p>EMT and Control Room set up complete</p> <p>Resilience Direct resources and guidance and JESIP toolkits</p> <p>Business Continuity strategy and policy in place</p> <p>Regional EP awareness training for Elected Members provided by NIEPG</p> <p>Staff now able to process transactions at home provided there is VPN access.</p> <p>Business case for the acquisition of cloud based financial software approved.</p> <p>Cloud based HR and Employee payments system (Core2) completed.</p> <p>New Ways of Working Group established.</p> <p>Corporate Plan in place and shared with internal and external partners.</p> <p>Service specific strategies and plans in place to help inform and engage residents/ partners with key areas of the Council's work</p> <p>Regular update meetings with service areas to plan pro-active and reactive comms around service developments.</p> <p>Ongoing corporate and service level communications via traditional channels and online</p> <p>Proactive media relations management at a local and regional level</p> <p>Management of social media channels to share information, promote engagement and answer customer care queries</p> <p>The Big Conversation Panel</p> <p>Youth Voice established in partnership with Education Authority</p> <p>Residents Survey and focus groups</p> <p>Service consultation as required</p> <p>Stakeholder/partnership groups established</p> <p>Events Panel reintroduced (ceased during COVID)</p> <p>New Town Advisory Groups have been formed with elected members and social partners. Defined terms of reference in place for each group and appropriate administration.</p> <p>Internal and External Equality Screening Panel</p> <p>Complaints Procedure and Customer Care Standards</p> <p>Use of CRMS (TeCare) in some sections</p> <p>Positive Behaviour Training provided to staff</p> <p>Statement of Community Involvement for Planning</p>		<p>Multi-agency Regional Reservoir Safety Group to Meet (recently set up)</p> <p>Cloud based customer systems (Leisure)</p> <p>Consideration to cloud based EDRMS</p> <p>Review of remote working arrangements (HR, Business Technology).</p> <p>Review of Martyr's Law for implications on Council activities and others using facilities or lands. Draw up plans for implementation where appropriate.</p> <p>Digital Readiness work underway</p>				
CR5	Failure to effectively and consistently engage with residents, service users and partners leading to inability to meet expectations and reputational damage	4	3	12	3	3	9	Action	<p>Introduce greater consistency of service level customer satisfaction measures</p> <p>Roll out of TeCare across service units</p> <p>Ongoing management of agreed working groups to deliver ITRDS</p> <p>Review Council's approach to engagement including use of advanced digital channels and Big Data.</p> <p>Consult with communities on the Big Plan priorities identified by the review</p> <p>Customer Service Excellence Strategy to be created.</p> <p>Customer service / complaints training to be included in new start induction.</p> <p>Elearning module in under development (training module for all staff).</p>

				Residents encouraged to submit performance improvement ideas through Your Opinion Matters via multiple channels Elected Members' Charter Committee/ Council agenda/reports/minutes/audio available online (subject to change) Protocols agreed for communications team to identify and respond to identified critical issues out of hours New Intranet in place for internal knowledge sharing Development and introduction of Customer Service Excellence Strategy and Action Plan Consultative Panel reviews all new policies Disability Forum meet to discuss issues/policies. Annual Business Survey conducted and ongoing feedback from events					
CR6	Failure to protect the health, safety and welfare of employees and others affected by the Council's undertakings, leading to death or injury or poor well-being and resulting in claims against the Council and significant reputational damage to the Council.	5	4	20	5	3	15	Action	Service area review and update of risk assessments (rolling programme) Review of Contractor monitoring arrangements Ongoing audits & review meetings Formalisation of home and agile working arrangements (HR and Business Technology) Investigate introduction of mobile inspection software for reporting of defects
									Schemes of Delegation Code of Conduct – Officers and Members Report writing protocol Policies and procedures reviewed Strategies and action plans to meet statutory obligations
									Mandatory training on Council procurement Adhere to procurement/funding requirements of lead partner organisations Audit full implementation of GDPR requirements Consider upskilling of Key Staff via formal qualification Review of Information Security Systems, Contracts, Practices and Procedures and Associated Staff Training

CR7	Failure to comply with statutory obligations and good practice leading to financial penalties and damage to the Council's reputation.	4	4	16	Maintenance, training and audit programmes to ensure compliance with regulations (eg Fleet / Driver)	4	3	12	Action	Further process to scope out requirements for ED RMS
					Equality and Disability Action Plans					Report template to be reviewed to include whether subject matters is 'in plan' , 'in budget', has been screened and ensure accessibility
					GDPR Officer					Cyber Security Action Plan to be approved
					Information Assets Register compiled					DPO recruitment exercise initiated following current position holder departure. HOS assumed role during vacancy, agency position in meantime. Previous DPO on call as backup if required and will provide training to new DPO.
					GDPR statements developed according applicable to service needs					Review of training needs, eg screening.
					Agreed protocols for responding to requests for information under the FOIA, DPA or EIR					CCTV Policy reviewd to include new devices such as drones and body worn cameras.
					Policy on land and property, including strategy for Disposal of Surplus assets (under review)					Finalise the Lands Policy.
					Corporate Policies					Finalise the Information Access Policy - draft ready for internal consultation
					Corporate Returns					Finalise the Data and Retention Schedule.
					External Scrutiny by statutory bodies					
					Internal assurance processes					Check that contractors are on record as licensed waste carrier
					Governance and Scrutiny Group, with cross partnership representation established to review the outputs of the Community Planning Partnership					Confidential waste contract under review
					Baseline and timetable for Local Development Plan					
					Professional Officer Groups					
					Equality and Disability Training delivered across Council					
					Estimates and Financial reporting deadlines met					
					Checks on contractors to ensure that all waste is disposed of in accordance with legislation					
					Procurement/funding requirements of lead partner organisations defined					
					Data Sharing Agreements Database being populated					
					Data Sharing Agreements put in place as required					
Business case to be developed in relation to consideration of ED RMS. Now part of transformation programme										
Confidential waste contract										
CR8	The failure to transfer envisaged and future powers and budgets to Council impacting negatively on Council's ability to deliver its corporate plan and failure to deliver projects through lack of funding from Central	4	4	16	Lobbying of government	3	3	9	Action	Report to Committee a status report on all central Government funding sources and ensure Council is not spending money where there is a potential of it not ultimately receiving itself
					Working in partnership with relevant departments and agencies					Review projects to establish priority.
					Capital Programme list and Prioritisation process agreed					Investigate alternative funding streams Capital Programme list to be reviewed and Prioritisation process to be implemented in line with the Corporate Plan 2020-2024
					Strategic Finance and Policy Group established				Develop governance arrangement to produce and obtain commitment to medium to long term Strategic Capital Investment Plan	
					Officer recommendations				Develop medium to long term financial plans informed by Council appetite on affordability	
					Training needs analysis for members				Increase rigour to the challenge of proposals that are not budgeted for	

CR9	Decisions being made outside of the planning and budgeting process, leading to financial shortfall, inability to deliver the corporate plan and failure to meet stakeholder expectations	4	5	20	Party Leaders meetings	3	4	12	Action	Encourage consistent use of business cases on any significant expenditure
					Corporate Planning and Service Planning Process					Capital Investment Programme list to be reviewed and Prioritisation process to be implemented in line with the Corporate Plan 2020-2024
					Budgetary control process					Review the Report template to establish if greater clarity can be provided to highlight any financial or other corporate risk implications of the matters under consideration within the report.
					Corporate Projects Portfolio, plus governance (including CPP Board) and committee visibility of same					NOM template under development
					Business Cases processes in place					
					Capital Programme list and Prioritisation process agreed					
					Corporate Plan in place					
CR10	Inability to prepare and deliver the local development plan, leading to non-compliance with the Planning (Northern Ireland) Act 2011 and negative impact on development decisions	5	5	25	Legacy DOE development plans (notional end dates for plans exceeded)	4	3	12	Action	
					LDP workshops successfully undertaken with elected members, culminating in options being agreed for testing through Sustainability Appraisal in 2018.					
					Preferred Options Paper on the LDP published in March 2019					
					Engagement sessions with elected members and officers to consider planning policy review for Draft Plan Strategy commenced September 2019					
					Business Cases prepared for ad hoc studies required by regional planning policy i.e. Landscape Character Assessment, Retail Study, and Open Space Strategy					
					Inability to garner Member support for draft Plan Strategy to progress to Sustainability Appraisal regards specific topic areas					Counsel opinion to be sought and Members briefed on implications
CR10(a)	Failure of DfI to produce a Draft Belfast Metropolitan Transport Strategy in line with Council's timetable for publication of its Draft Plan Strategy, leading to the LDP being found unsound	5	5	25	Attendance of Head of Planning on BMTP Project Board and updates from DfI to SOLACE	4	4	16	Action	Seek clarification via DfI regarding status of 'Plan' once published, integrity of data and details regarding 'hosting' as evidence and confirmation that DfI will defend at Independent Examination
					DfI now terming as 'Plan' as opposed to 'Strategy'.					DfI to commission consultants to support delivery of the BMTP 2035 - an iterative draft to be prepared relative to AND containing detail on the local transport
					Revision of Draft Local Transport Studies					
					Retained as Risk on Strategic Planning Group Issues Log					
CR12	Failure of DfI to have implemented replacement of Planning Portal replacement within ANDBC by early 2022 with no secure contract to maintain/support existing Planning Portal system beyond 31 December 2021, leading to inability to deliver Planning Services	5	5	25	Ongoing engagement with DfI and DXC (service provider) through Planning Portal Governance Board	4	4	16	Action	Ongoing updates to SOLACE and Planning Portal Governance Board in respect of timetabling of implementation across councils
					Extension of current contract with minimum upgrades secured until end of December 2021					Investigating concerns over data security on portal is ongoing due to breaches.
					DfI business case on the Planning Portal and Council's contribution to same has been agreed by Council. Procurement timelines are on track					
					Next generation firewalls with web filtering					Cyber security action plan to integrate cyber security across the organisation in progress.

CR13	Breach of Cyber Security. Damage to systems, or theft, leading to a failure to deliver services, financial loss, legal action, or regulatory action due to non-compliance with information management legislation (including GDPR and Data Protection Act 2018).	5	5	25	Multi-factor authentication in place.	5	4	20	Review training and awareness sessions for staff following role out of ELearning module
					E-Mail filtering				Review processes to ensure sensitive data is accessible only to those who require it
					Anti-Malware				Testing / exercising for incidents and responses
					Anti-Spam				HR and Business Technology Services to implement and monitor security awareness initiatives
					Anti-Spoofing				Review potential sources of risk across the organisation, eg security of Point of Sale devices
					Advanced Threat Protection (safe links and attachments)				Review technical solutions and develop "play books" to manage incidents.
					Anti-Virus				Assess and mitigate risk potentially created with the implementation of agile working in the medium to long term (includes consideration of equipment provision).
					Mobile Device Management				Put program in place to remove remaining old/legacy servers running 2003/2008 and patch other vulnerable client software, in progress.
					VPN to facilitate working from home				
					Client Machines and Servers on new AND domain receive monthly security patches				
					Organisational and Data Breach Incident Management plan has been developed.				
					E-learning module rolled out to all staff				
					Protection Our Data working group set up				
CR13 (a)	Data Breach Response & Recovery Inadequate response (speed / statutory compliance / inadequate controls / process / risk mitigation & provision / reputation / resourcing)	5	5	25	As above	5	4	20	Development of a Critical Incident policy and process (generic document to deal with range of risks but including specific section on Data Breach)
					Internal data breach management team in place (to be reviewed according to incident - Protecting our Data group set up				Data breach section to include sections on Response and Recovery
					Staff Confidentiality Agreements in place				Development of risk register to identify and capture risk – perceived risk and risk assessment template for breach
					ICO notification process in place				Review of Cyber risks
					3 rd party specialist investigative and response provider				Review of current systems in place, including escalation (GDPR, Business Technology, Corporate Communications, Risk Management)
					PSNI notification				Staff training – minimising, identification of, and responding to potential incident. Response team – eg investigation and call handling
					Communications plan – notification to affected, media response and staff				Implementation of NCSC and Microsoft 'Good' recommendations to secure the Microsoft 365 environment
					Call handling plan / training				Planning Portal breaches under review - concerns over lack of contingency arrangements
					Review of systems to identify gaps				
CR15	Impact of excessive inflation on Council Operations leading to an inability of Council to perform it's functions	5	4	20	Increase funds and reserves held.	Action			Reserves Policy required to ensure financial resilience
					Medium term financial Plan and Capital Investment plan reviewed regularly.				Budgeting policy required to investigate multi-year budgets, and better ways to allocate savings requirements
									Vacancy Control Policy in place



Unclassified

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ITEM 7b**Ards and North Down Borough Council**

Report Classification	Unclassified
Council/Committee	Audit Committee
Date of Meeting	20 March 2023
Responsible Director	Director of Corporate Services
Responsible Head of Service	
Date of Report	03 March 2023
File Reference	AUD02
Legislation	Local Government (Accounts and Audit) Regulations (NI) 2015
Section 75 Compliant	Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/>
Subject	Policy Update
Attachments	Anti-fraud, bribery and corruption policy v3.0

In line with good practice, the Anti-fraud, bribery and corruption policy has been reviewed by Finance management. There have been limited changes to the previous version of the policy, largely around:

- aligning the principles of public life to those stated in the Nolan review
- updating terminology; and
- the introduction of a fraud notification form.

Both the Heads of Service Team and Corporate Leadership Teams have been consulted on the proposed changes.

RECOMMENDATION

It is recommended that Council approves the version 3 of the Anti-fraud, bribery and corruption policy.

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POLICY COVER SHEET

Policy Title	Anti-fraud, bribery and corruption
Policy/File Reference	FIN58
Version	3.0 (draft)
Policy Summary	The purpose of this document is to set the Council's policy in relation to anti-fraud, bribery and corruption for Members and employees and how to respond to any situations of suspected fraud, bribery or corruption to employees.
Responsible Officer(s)	Director of Corporate Service
Date of Equality Screening	18 January 2023 Policy No. 284
Date of consultation with Consultative Panel	-
Date of consultation with Unions	-
Date of Council approval	Targets: AC 20/3/23 Council 5/4/23
Implementation date	12 April 2023
Appendices attached	1. Measures to Minimise the Risk of Fraud etc. 2. Measures to Detect Fraud etc. 3. Fraud Response Plan 4. Associated Documents
Next review date	April 2025

Revision History:

Version	Changes made by	Date	Reason for change
1.0	Principal Finance Officer	March 2015	Document Initiated & Equality Screened
1.3	Head of Finance	March 2017	Finalised for Committee
2.0	Head of Finance	May 2020	Periodic review
3.0	Head of Finance	January 2023	Periodic Review

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Policy Statement

Introduction The Council and its employees have a duty to safeguard public funds and to have systems, controls & procedures that minimise the risk of fraud, bribery and corruption.

This Policy sets out the Council's management arrangements and framework in this regard.

Policy The Council has a zero-tolerance policy and will not accept any level of fraud, bribery or corruption. The Council is committed to creating an environment that:

- Minimises the risk of fraud, bribery or corruption;
 - Promotes its early detection;
 - Safeguards whistle-blowers; and
 - Effectively investigates and recovers, where appropriate, any financial loss suffered.
-

Definitions For the purposes of these procedures:

Fraud is generally used to describe the use of deception to deprive, to disadvantage or cause loss to another person or party. This can include abuse of position, false representation, theft, the misuse of funds or other resources or more complicated crimes such as false accounting and the supply of false information or failing to supply information.¹

Bribery is the offering of a promise of financial or other advantage to another person, to induce a person to perform improperly a function or activity or to reward a person for the improper performance of such a function or activity. The receipt of such a promise or reward also constitutes bribery.²

Corruption is the abuse of power or position to acquire a personal benefit.

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¹ A full definition of Fraud is given in Section 1 of the Fraud Act 2006

² A full definition of Bribery is given in chapter 3 and in Sections 1 & 2 of the Bribery Act 2010.

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Policy Statement, Continued

Examples

Examples of fraud include but are not limited to:

- Misappropriation of property, including cash, equipment and stock;
- Misuse of the purchase and payments systems for personal gain;
- False claims for wages, salary or expenses;
- Alteration or falsification of documents or records;
- Suppression of documents;
- Misuse of computers including unauthorised personal use of computer equipment or changes to equipment configuration and unauthorised deletion or alteration of files or data.
- Inflated service charge billing;
- Over statement of expenditure when submitting grant claims.

Examples of bribery include but are not limited to:

- Accepting bribes, gifts or undue hospitality from other parties in return for favourable treatment;
- Deliberate failure to follow Council standing orders regarding quotations and tenders to knowingly benefit a particular supplier.

Examples of corruption include abuse in the following areas:

- Awarding of contracts from which you may obtain personal gain;
- Settlement of contractor or supplier's accounts or claims without a valid business reason or outside your authority;
- Disposal of assets;
- Non-declaration of conflicts of interests by decision makers, such as pecuniary interests, secondary employment, hospitality or gifts.

Although not a fraud itself, money laundering is closely linked with fraud, as it is the mechanism by which the proceeds of crime are distributed.

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Appendix 1 – Minimising the Risk**Organisation
Culture**

The Council is committed to creating an environment that is based on the prevention of fraud, bribery and corruption and the protection of public money by promoting a culture of openness and honesty in all Council activities.

The Councillors and Employees are encouraged to raise concerns regarding suspected fraud, bribery or corruption, regardless of seniority, rank or status, in the knowledge that such concerns will wherever possible be treated in confidence.

The Seven Principles of Public Life (also known as the Nolan Principles) apply to anyone who works as a public office-holder. All public office-holders are both servants of the public and stewards of public resources.

Councillors are also bound by the statutory [Northern Ireland Local Government Code of Conduct for Councillors](#) and the twelve principles contained in it which incorporate the Nolan Principles. These same principles are contained in the [Code of Conduct for Local Government Employees](#). The Nolan Principles are all relevant to this procedure and are as follows:

Seven Nolan Principles of Public Life in Northern Ireland**Selflessness**

Holders of public office should act in the public interest at all times and should take decisions solely in terms of the public interest.

Integrity

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations which might reasonably be thought by others to influence them in the performance of their official duties. They must declare and resolve any interests and relationships.

Objectivity

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

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Appendix 1 – Minimising the Risk, Continued**Organisation
Culture,
continued****Accountability**

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

Honesty

Holders of public office should be truthful.

Leadership

Holders of public office should exhibit these principles in their own behaviour and treat others with respect. They should actively promote and robustly support the principles and challenge poor behaviour wherever it occurs.

Honesty

Holders of public office should act honestly. They have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising at once in a way that protects the public interest.

Controls and Checks

In order to minimise the risk of fraud, bribery or corruption the Council has in place a wide range of controls and checks. These include:

- Employment of suitably qualified staff who have a record of probity and integrity;
- Codes of Conduct for Councillors and Employees;
- Formally approved Policies & Procedures;
- Clear responsibilities & segregation of duties;
- Registers of interests
- Register of gifts & hospitality;
- Member and Staff Training;
- Internal Audit; and

Governance arrangements including periodic reporting to Council, Audit Committee & Corporate Leadership Team.

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Appendix 1 – Minimising the Risk, Continued**Employment Measures**

The Council recognises that a key preventative measure in the fight against fraud, bribery and corruption is to take effective steps at the recruitment stage to establish, as far as possible, the previous record of potential employees in terms of their propriety and integrity. Written references are obtained prior to appointing employees, including those employed on a fixed term or temporary basis. Where agency staff are employed, the Council places reliance on checks performed by the employment agency to confirm the suitability of the candidate and these agency checks are randomly audited by the Council.

The roles that staff are expected to play in maintaining the Council's internal control framework feature in managers' induction of new employees. In addition, adequate and relevant training is provided to all employees on an on-going basis.

Codes of Conduct**Councillors**

As elected representatives, all members of the Council have a duty to the residents of Ards and North Down to ensure that the Council uses its resources prudently and in accordance with the law. As such, Councillors are required to operate and adhere to:-

- Legislation;
- Standing Orders;
- Financial Regulations;
- Any other policies, codes of conduct and protocols adopted by the Council.

In addition, there is the Northern Ireland Local Government Code of Conduct for Councillors, which sets out best practice that individual Members must follow.

Employees

Every employee has a role to play in the prevention of fraud, bribery and corruption.

All employees must abide by the [Code of Conduct for Local Government Employees](#), which sets out the Council's requirement on personal conduct. These requirements are emphasised within the induction programme which is run for all new employees.

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Appendix 1 – Minimising the Risk, Continued**Policies &
Procedures**

The Council has in place a range of Policies and Procedures which detail specific measures and processes to be followed in the key areas where there is a potential risk of fraud. These are periodically reviewed in line with best practice and legislative requirements.

Management at all levels shall ensure that their staff are aware of these Policies and Procedures and that the requirements of each are being met.

The Council has a zero tolerance policy and will not tolerate any form of fraud, bribery or corruption. It is committed to protecting public funds by ensuring that Council resources are used for the purpose for which they are intended and by putting safeguards in place to encourage Council employees to perform their duties with honesty and integrity at all times.

In respect of financial statements and transactions, the Council has in place a number of procedures and processes to mitigate the risk of misappropriation of funds and the risk that financial statements may be materially misstated due to fraud. These include:

- Manager review and sign off of individual transactions;
- Systems processing controls including multi-level user access and authorisation rights across all financial systems;
- Segregation of duties in all key areas;
- Monthly reconciliation of key control accounts;
- Frequent budget reporting to highlight significant variances or unusual transactions for investigation.

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ARDS AND NORTH DOWN BOROUGH COUNCIL

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Appendix 1 – Minimising the Risk, Continued

Responsibilities & Segregation of Duties

Management is charged with taking all reasonable steps to limit the possibility of bribery, fraudulent or corrupt practices. This is set out in the Local Government (Accounts & Audit) Regulations (NI) 2015 which states that a Council's Chief Financial Officer (Chief Executive) puts in place :

"measures to ensure that the financial transactions of the local government body are recorded as soon as reasonably practicable and as accurately as reasonably possible, measures to enable the prevention and detection of inaccuracies and fraud, and the ability to reconstitute any lost records"

This requirement is a key control in the prevention of impropriety.

Management discharges this responsibility by:

- Developing and maintaining effective controls to prevent fraud, bribery or corruption;
- Developing and communicating policies and procedures at an appropriate level to all staff;
- Identifying the risks to which systems and procedures are exposed; and
- Ensuring that procedures are being complied with.

Employees are expected to abide by and follow all Council policies and procedures. Specific employee responsibilities are clearly defined in the Council's Policies and Procedures and where relevant, in individual job descriptions.

A fundamental control in the prevention of fraud is the segregation of duties, which reduces the risk of errors and inappropriate actions being taken. The Council ensures that segregation of duties exists in all key areas where there is a potential significant risk of fraud.

The primary responsibility for the prevention and detection of fraud, bribery and corruption rests with those charged with governance of the entity. Within the Council, the governance structure is such that those charged with governance at an operational level are Service Unit Managers and Heads of Service.

All staff are required to avoid activity that breaches this policy and all staff must:

- Ensure they read, understand and comply with this policy; and
- Raise concerns as soon as possible if they believe or suspect that a conflict with this policy has occurred

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Appendix 1 – Minimising the Risk, Continued

Registers of Interests

Councillors

Section 28(4) of the Local Government Act (Northern Ireland) 1972 requires that a register be kept in which Councillors record their pecuniary interests. These interests may be direct or indirect and may be in a contract or other matter.

The register is kept by the Democratic Services Manager and is available for inspection at the City Hall, Bangor during normal working hours or on the Council's website [here](#).

The Act also provides that Councillors must disclose the nature of their pecuniary interest at a meeting of the Council or a Committee where a relevant matter is being discussed, and then withdraw from the meeting and that these facts are recorded in the minutes.

Councillors should also disclose any non-pecuniary interests, such as membership of a charity, voluntary body or other organisation formed for the public purpose. In this case Councillors may usually be permitted to speak and vote on issues concerning such bodies, unless they are a member of the managing committee or other governing body.

Any queries regarding pecuniary and non-pecuniary interests should be addressed to the Chief Executive.

Employees

Section 46(3) of the Local Government Act (Northern Ireland) 1972 requires that a register be kept to record the pecuniary interests of Council employees in contracts, proposed contracts or other matters.

The register is kept by Human Resources and employees are required to declare any interest in or association with any Council activity that could cause potential conflict. Staff may be required to complete a statement of assurance as part of the Council's risk management strategy.

Any queries regarding pecuniary and non-pecuniary interests should be addressed to the Director of Finance and Performance or Director of Organisational Development and Administration.

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Appendix 1 – Minimising the Risk, Continued

Register of
Gifts and
Hospitality**Councillors**

The *Northern Ireland Code of Local Government Conduct for Councillors* makes it clear that Councillors should “*not accept any offer, gift or favour*” made to them personally. There are, however, no hard and fast rules regarding the acceptance of hospitality or tokens of goodwill. The Code indicates that Councillors are “*personally responsible for all such decisions connected with the acceptance or offer of gifts or hospitality and for avoiding the risk of damage to public confidence in Local Government.*”

Members should notify any gifts or hospitality received to the Democratic Services Manager who will record such declarations in the Gifts and Hospitality register, which is available to view on the Council’s website [here](#).

Employees

The Gifts and Hospitality policy permits employees to receive gifts up to £30 without any need to register these, although there are exceptions particularly in regard to receiving of cash. The policy with the full details of what is and what is not acceptable and how gifts can be registered is available [here](#).

Internal Audit

Internal Audit plays an important role in the prevention of fraud, bribery and corruption by examining and evaluating the adequacy and effectiveness of the Council’s system of internal control.

In consultation with the Corporate Leadership Team, the Internal Audit team prepares and reviews a plan of work on an annual basis. The plan of work takes account of the Council’s exposure to risk and is designed to ensure that an area or function is reviewed on periodic basis commensurate with the risk involved.

Any weaknesses identified in internal controls are reported to management whose duty it is to ensure that corrective action is taken. In addition, internal control weaknesses that are significant in nature are reported to the Audit Committee on a periodic basis. However, Internal Audit should not be relied upon to identify **all** instances of fraud or irregularity.

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Appendix 1 – Minimising the Risk, Continued

Training The Council provides training to Members and employees both in a routine structured manner and on an ad hoc basis as the requirement becomes apparent. This training is focused on the role that each person fulfils within the organisation.

Governance Arrangements The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for. In discharging this responsibility, the Council has put in place arrangements for the proper governance of its affairs.

As part of the Council's governance arrangements, members of Corporate Leadership Team, Heads of Service and Service Unit Managers are required to prepare half yearly Statements of Assurance, which report on any areas of concern or irregularities that they may be aware of. These Statements of Assurance, together with the identification and reporting of risks on the Council's risk register ensure that measures are put in place to address and monitor any potential areas where fraud may occur.

Primary responsibility for overseeing the governance process is delegated to the Audit Committee. The role of this Committee extends to receiving reports from the Council's management, internal and external auditors to ensure that any issues raised are subject to due consideration and are dealt with by Corporate Leadership Team on a timely basis.

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Appendix 2 – Detection

Detection Methods

The detection of fraud, bribery or corruption is inextricably linked to prevention and it therefore follows that some of the key preventative measures that the Council has in place will assist in the detection of fraud, bribery and corruption. The key measure in the use of detection is:

- Management Review;

In addition to the above, suspicion of fraud or irregularity may be captured through a number of other means, including:

- Whistle-blowing;
- Chance or Tip-Offs;
- National Fraud Initiative

Management Review

As fraud, bribery and corruption flourishes where there are deficiencies in management control systems, a key responsibility lies with management to not only design systems which ensure that any opportunity is minimised, but to ensure that these systems and processes are reviewed regularly and sufficiently to detect potential fraud.

Management should ensure that irregularities which may provide an indicator of fraud are detected as early as possible through the following processes:

- Review and sign off all significant contractual and financial transactions;
- Supervision and checking of outputs;
- Periodic and Random checks;
- Review of audit trails.

Whistle-blowing

The ethical framework laid out in Appendix 1 requires Councillors and employees to report any concerns they may have regarding suspected fraud, bribery or corruption.

Ards and North Down Borough Council is committed to creating an environment where employees can raise concerns without worrying that they might be victimised. The Council's approach to this is set out in its Whistle-blowing policy and covers, the policy, safeguards, how to raise a concern and how the Council will respond.

Councillors and employees should refer to the Council's [Whistle-blowing policy](#) for further information.

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Appendix 2 – Detection, Continued**Chance or
Tip- Offs**

Despite the best efforts of managers, many frauds are discovered by chance or a tip-off from outside the Council organisation. It is often the alertness of the public that enables detection to occur. Reports from members of the public will be investigated appropriately in line with the Council's Whistle-blowing policy.

External Audit

Although the primary responsibility for the prevention and detection of fraud, bribery and corruption lies with management, other organisations have a role to play also:

- Northern Ireland Audit Office – The statutory audit is designed to provide reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. It may serve as a deterrent.
 - Grant awarding bodies – Such organisations frequently vouch grant claims to verify the transactions being claimed to ensure that they are free from error and fraud.
-

**National
Fraud
Initiative**

The Council is committed to working with other government agencies to enable the proactive detection of fraud. One such arrangement is a national data sharing exercise known as the National Fraud Initiative (NFI).

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Appendix 3 – Fraud Response Plan

Introduction The Council has prepared this **Fraud Response Plan** to act as a procedural guide and provide a checklist of the required actions, which **must** be followed, in the event of a fraud, attempted fraud or irregular activity being suspected. It covers:

- Notifying suspected fraud;
- The investigation process;
- Liaison with the police;
- Reporting process;
- Recovery of losses; and
- Initiation of resultant actions.

Adherence to the **Fraud Response Plan** will enable the Council to:

- Take timely and effective action to prevent further losses;
 - Establish and secure evidence necessary for possible criminal and disciplinary action;
 - Highlight areas of weakness in the operating systems to prevent future losses and make recommendations as appropriate; and
 - Help to recover losses.
-

Notifying Suspected Fraud

In the first instance concerns about any irregularity, be it financial or otherwise, shall be notified as a matter of urgency to your Line Manager. If this is not appropriate it should be notified to one of the following people:

- Service Unit Manager;
- Compliance Manager - Information (in respect of information security issues);
- Director or Head of Service; or
- Chief Executive.

All concerns must also be reported to the [Director of Corporate Services](#) and the [Head of Finance](#) prior to any investigations into any alleged incidents taking place, as the nature of a formal investigation and any subsequent proceedings may otherwise be placed in jeopardy.

Where the Chief Executive is suspected any concerns should be reported to the [Director of Corporate Services](#) in the first instance. In addition, concerns regarding the Chief Executive should be reported to the [Local Government Staff Commission](#) or its successor.

It is also important that the interests of the person who reports the alleged incident be protected as far as possible.

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Appendix 3 – Fraud Response Plan, Continued

**Notifying
Suspected
Fraud,
continued**

Prompt action must be taken to deal with employees under suspicion. The decision to suspend or dismiss an employee must be taken in conjunction with the Human Resources & Organisational Development Service. Employees under suspicion, who are allowed to remain at work, may require a change in duties.

The Northern Ireland Audit Office must be notified via the Head of Finance of any attempted, suspected or actual frauds.

If an allegation is made frivolously, in bad faith or for personal gain, disciplinary action may be taken against the person making the allegation.

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Appendix 3 – Fraud Response Plan, Continued**Investigation Process**

This section sets out the process to take in the event of suspected fraud; this starts with preliminary enquiries followed by a formal investigation if required.

Suspected fraud will be investigated in an independent, open-minded and professional manner, with the aim of protecting the interests of the Council, the suspected individual(s) and the whistle-blowing employee if relevant. It is also imperative that enquiries should not prejudice subsequent investigations or corrupt evidence.

Preliminary Enquiry

A discreet preliminary enquiry by Management, with staff or the examination of documents, should be carried out as speedily as possible after the suspicion being raised. The purpose of the initial fact-finding exercise is to determine the factors that gave rise to suspicion and to clarify whether a genuine mistake has been made or if it is likely that a fraud has been attempted or occurred. All original documentation from the preliminary enquiry should be preserved in a safe place for further investigation, if necessary.

If the preliminary enquiry shows that the suspicion is not well founded but internal controls were deficient, management should review their control systems with a view to ensuring they are adequate and effective. Internal Audit is available to offer advice and assistance on matters relating to internal control, if required.

Formal Investigation

If the preliminary enquiry indicates that the suspicion is well founded, management must undertake a formal investigation.

- If the suspicions involve an employee then this investigation should be carried out in line with the disciplinary policy and in conjunction with Employee Relations Service Unit to thoroughly evaluate all material evidence to establish the facts.
- If the suspicions involve anyone else then a member of Corporate Leadership Team will be 'Lead Investigating Officer' will manage each investigation.

In some instances the investigation may require the assistance of Internal Audit or other sources as deemed necessary.

This investigation will try to establish at an early stage whether it appears that a criminal offence has taken place. This will shape the manner in which the investigation is handled and determine whether the matter also requires to be referred to the Police.

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Appendix 3 – Fraud Response Plan, Continued**Investigation Process**
Continued

Internal action must not be delayed pending the results of any Police investigation. An internal investigation must:

- Identify all individuals involved;
- Gather information to establish the facts from those involved through conducting interviews;
- Ensure the findings of the investigation are supported by the production of all relevant evidence;
- Present the evidence in an appropriate form for any subsequent disciplinary proceedings.

The Lead Investigating Officer will ensure that a detailed record of the investigation is maintained. This should include recording details of all telephone conversations, discussions, meetings, interviews, documents reviewed and tests and analyses undertaken. All relevant evidence should be gathered and secured, ensuring from the outset that any evidence is not contaminated, lost or destroyed.

Liaison with Police

If at any point during the investigation it emerges that a criminal act has taken place, the Lead Investigating Officer will advise the Chief Executive that the matter should be referred to the Police, who will normally lead the investigation from this stage onwards.

All members of staff are expected to co-operate fully with any Police enquiries.

Where the Police are unable to progress a criminal prosecution, e.g. because the burden of proof is insufficient to convince the Crown Prosecution Service to proceed, the Council may consider civil action.

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Appendix 3 – Fraud Response Plan, Continued**Reporting Process**

The Audit Committee, Internal Audit and External Audit should be informed as early in the process as possible where it is suspected that a significant fraud has occurred. Progress reports should be provided in a timely fashion.

The Audit Committee receives a quarterly update from the Chief Executive of all suspected, attempted or successful frauds.

The reporting arrangements extend to other government bodies where fraud (proven or suspected) occurs in organisations and voluntary bodies which are supported with public funds and where the Council is acting as an intermediary. The Chief Executive will report such cases to the government funding body concerned. Care will be taken in making such reports that potential future legal proceedings are not jeopardised

Findings of the investigation will be reported by the Lead Investigating Officer initially to the Chief Executive and the Director of Corporate Services to determine what action should be taken, including disciplinary action, civil recovery proceedings and control improvements.

The Investigation Report will include information on the following:

- nature and circumstances of the fraud / corruption;
- date and means of discovery;
- identity of the perpetrator (whether internal or external to the organisation);
- amount involved and any amount recovered thus far;
- potential consequences of the fraud/corruption, financial and otherwise;
- period over which the fraud / corruption was committed;
- management actions taken on discovery of the fraud/corruption;
- action taken against the perpetrator; and,
- identification of control weaknesses and subsequent necessary improvements in control measures to counteract those weaknesses.

All managers are required to declare any frauds sustained in their semi-annual assurance statements completed as part of the Council's Governance arrangements.

The Audit Committee should receive a copy of the investigation report in a timely fashion.

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Appendix 3 – Fraud Response Plan, Continued**Resultant
Actions**

Findings of the investigation will determine what action(s) should be taken, including recovery of losses and disciplinary action.

The Council will take appropriate steps, including civil recovery proceedings if necessary, to recover any losses. This may include action against third parties involved in the fraud or whose negligent actions contributed to the fraud.

Preventing further loss and recovery of losses incurred are important elements of any fraud response plan. In all fraud investigations an attempt should be made to quantify losses where possible.

The Council will where possible seek repayment of losses. In instances where anyone under investigation offers money in settlement of losses, this should only be accepted:

- (i) without prejudice to any other action the Council may take
- (ii) in respect of losses identified to date, with the Council reserving the right to seek recovery of any other losses that come to light.

Where the loss is substantial, legal advice should be obtained for methods of recovery. Claims for loss due to fraud may be explored under the Councils Insurance arrangements.

Additionally, if an employee is suspected of involvement, the Lead Investigation Officer will consider the appropriate course of disciplinary action, in conjunction with Human Resources & Organisational Development Service.

Management should review relevant internal controls systems to ensure that any weaknesses or deficiencies in these systems are addressed so that the opportunity of fraud or loss is reduced.

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Appendix 4 – Associated Documents

Associated Documents

Documents associated with this policy are:

- Northern Ireland Local Government Code of Conduct for Councillors (available on the DfC website [here](#))
- Application of the Councillors' Code of Conduct with regard to planning matters – Summary of Do's and Don'ts (available on the Planning website [here](#)).
- Code of Conduct for Local Government Employees (available on the Council website [here](#))
- Local Government Employees and Councillors Protocol (available on the Council website [here](#))
- Whistle-blowing policy (available on the intranet [here](#))
- Gifts and Hospitality Policy (available on the intranet [here](#))
- Declaration of Interest Policy (available on the intranet [here](#))
- Disciplinary Policy (available on the intranet [here](#))
- Risk Management Strategy (available on the intranet [here](#))
- The National Fraud Initiative Northern Ireland 2022 (available on the NIAO website [here](#))



REFERRAL FORM FOR SUSPECTED FRAUD

Please e-mail the completed referral to

Director Of Corporate Services michael.steele@ardsandnorthdown.gov.uk
 Head of Finance Stephen.grieve@ardsandnorthdown.gov.uk

Details of Officer referring case:

Name:		Date	
Job Title			
Location:			
Telephone:			
Email:			

If the suspected fraud is thought to involve a member of Council staff, please provide the following staff information:

Name:	
Employee Number	
Grade:	
Location:	
Job Role:	

Is the referral as the result of allegations made by a Whistleblower? YES/NO

What is the background to the case? Please provide details of the allegation / irregularity.

Detail any hard copy documents / attachments to be forwarded in support of this referral

Unclassified

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

Report Classification	Unclassified
Council/Committee	Audit Committee
Date of Meeting	20 March 2023
Responsible Director	Director of Corporate Services
Responsible Head of Service	
Date of Report	03 March 2023
File Reference	AUD02
Legislation	Local Government (Accounts and Audit) Regulations (NI) 2015
Section 75 Compliant	Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/>
Subject	Meeting Schedule and Work plan 2023/24
Attachments	

Background

In order to assist the Committee with its oversight responsibilities a suggested meeting schedule and work plan has been prepared.

Meeting Date	Agenda Items
26 June 2023	<ul style="list-style-type: none"> • Draft Financial Statements Review • Governance Statement Review • Statements of Assurance Update • Review of Terms of Reference • Internal Audit Strategic and Annual Plan • Performance Improvement Progress
18 September 2023	<ul style="list-style-type: none"> • Audited Financial Statements Approval • Draft Report to those charged with Governance • Internal Audit Recommendations follow-up • Corporate Risk Register Review • Policy Status Review

Unclassified

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Meeting Date	Agenda Items
14 December 2023	<ul style="list-style-type: none"> • Final Report to Those charged with Governance • Final Audit Letter • Improvement Audit and Assessment Reports • Interim Statements of Assurance Update • Performance Improvement Progress
18 March 2024	<ul style="list-style-type: none"> • Annual Internal Audit Report • Draft Internal Audit Plan for 2023/24 • Review of Corporate Risk Register • Internal Audit Recommendations follow-up • Internal Audit Plan 2024/25 • Meeting Schedule and work plan 2024/25

In addition, there are 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

RECOMMENDATION

It is recommended that Council approves the work plan for the 2023/24 financial year.