

June 23rd, 2023

Notice Of Meeting

You are requested to attend the meeting to be held on **Monday, 26th June 2023 at 7:00 pm** in **Hybrid - Church Street, Newtownards & via Zoom.**

Agenda

Virtual Meeting Guidance

📎 *Guidance for virtual Council meetings.pdf*

Not included

Agenda

📎 *AC 26.06.2023 Agenda.pdf*

Page 1

- 1. Apologies**
- 2. Chairman's Remarks**
- 3. Declarations of Interest**
- 4. Matters Arising from Previous Meetings**
- 4a. Committee Minutes from March 2023**

Minutes attached

📎 *Item 4a - AC 20.03.2023 Minutes.pdf*

Not included

📎 *AC 20.03.2023 MinutesPM.pdf*

Page 3

4b. Follow-up Actions from previous meetings

Report attached

📎 *Item 4b - Follow up Actions from Previous Meetingv2.pdf*

Page 12

5. Internal Audit

5a. Internal Audit Progress Report 2022/23

Cyber Security Review - Report attached

📎 *Item 5a - Internal Audit Committee Progress Report (v2).pdf*

Page 14

📎 *Item 5ai - Internal Audit Progress Report Cyber Security Review.pdf*

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5b. Annual Audit Plan

Report attached

[!\[\]\(c507f772dba2b921f86777f01218e570_img.jpg\) *Item 5b - Annual Audit Plan 2023-24 - Final draft for Audit Committee.pdf*](#)

Page 90

5c. Annual Assurance Statement

Report attached

[!\[\]\(cbe2492b119e39e02a1dab2af4a4b296_img.jpg\) *Item 5c - Annual Assurance Statement 2022-23 - final for AC.pdf*](#)

Page 106

5d. Internal Audit Charter

Report attached

[!\[\]\(870f5d5e9c0d57485634be3ecf52f3ca_img.jpg\) *Item 5d - Internal Audit Charter June 2023 - Draft \(for issue\).pdf*](#)

Page 115

6. Corporate Governance

6a. Statement of Assurance – End of Year Report

Report attached

[!\[\]\(2bae76de5ebbd5c4d7d47162f1673734_img.jpg\) *Item 6a - Statement of Assurance Year End Report - June 2023.pdf*](#)

Page 124

6b. Governance Statement

Report attached

[!\[\]\(5d954b3e270654ad8ab0d5913161c03c_img.jpg\) *Item 6b - Governanance Statement.pdf*](#)

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6c. Terms of Reference Review

Report attached

[!\[\]\(4c9516d2c24d0d513bc9f84c2e013d65_img.jpg\) *Item 6c - Terms of Reference Review.pdf*](#)

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7. Any Other Notified Business

*****ITEMS 8-11 IN CONFIDENCE*****

8. Single Tender Actions Update

Report attached

[!\[\]\(fed825e7856867ee486f6761f9a89d91_img.jpg\) *Item 8 - Quarterly Single Tender Action Report for Quarter 1 v2.pdf*](#)

Not included

9. Draft Financial Statements

Report attached

📎 *Item 9 - Covering Report.pdf*

Not included

📎 *Item 9 - ANDBC Accounts 2022-23.pdf*

Not included

10. Fraud, Whistleblowing and Data-protection matters

Verbal Update

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

ARDS AND NORTH DOWN BOROUGH COUNCIL

16 June 2023

Dear Sir/Madam

You are hereby invited to attend a hybrid meeting (in person and via Zoom) of the Audit Committee of Ards and North Down Borough in the Council Chamber, 2 Church Street, Newtownards, on **Monday 26 June 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 March 2023 (report attached)
 - b) Follow-up Actions from previous meetings (report attached)
 5. Internal Audit
 - a) Internal Audit Progress Report 2022/23 (report attached)
 - i. Cyber Security Review
 - b) Annual Audit Plan (report attached)
 - c) Annual Assurance Statement (report attached)
 - d) Internal Audit Charter (report attached)
 6. Corporate Governance
 - a) Statement of Assurance – End of Year Report (report attached)
 - b) Governance Statement (report attached)
 - c) Terms of Reference Review (report attached)
 7. Any Other Notified Business
- ITEMS 8 – 11 ***IN CONFIDENCE*****
8. Single Tender Actions Update (report attached)
 9. Draft Financial Statements (report attached)

10. Fraud, Whistleblowing and Data-protection matters (verbal update)

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

MEMBERSHIP OF AUDIT COMMITTEE (11 MEMBERS)

Alderman Armstrong-Cotter (Vice Chair)	Councillor McCollum
Alderman McAlpine	Councillor McKee
Councillor Ashe	Councillor McLaren (Chair)
Councillor Cochrane	Councillor MacArthur
Councillor Hollywood	Councillor Wray
Mr P Cummings	

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 Monday 20 March 2023 at 7.00pm.

PRESENT:-

In the Chair: Councillor Gilmour

Via Zoom:
Alderman Armstrong-Cotter

Councillors Greer McAlpine
Irwin Thompson

Independent Member Mr P Cummings

In Attendance: ASM (via Zoom) - C Hagan
Deloitte (via Zoom) - C McDermott
Deloitte (via Zoom) – D Kinsella

Officers: Chief Executive (S Reid), Director of Corporate Services (M Steele), Head of Finance (S Grieve) and Democratic Services Officer (H Loebnau)

1. APOLOGIES

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

Apologies were received from Councillor McClean and Councillor McRandal.

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. She also welcomed the independent Member Mr Paul Cummings who was present in the Chamber.

NOTED.

3. DECLARATIONS OF INTEREST

The Chairman asked for any Declarations of Interest and none were noted.

NOTED.

4. MATTERS ARISING FROM PREVIOUS MEETINGS

(a) Committee Minutes from December 2022 (Appendix I)

PREVIOUSLY CIRCULATED:- Copy of the above minutes.

Proposed by Councillor McAlpine, seconded by Councillor Greer, that the minutes be noted.

Mr P Cummings, referring to a line in the minutes, made it clear to the Chief Executive who had not been at the last meeting that he was not disappointed in him but rather disappointed that the Committee were not able to explore the follow up audits and that hopefully there would be an opportunity to do that later in this meeting.

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

(b) Follow Up Actions

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

RECOMMENDED that the Council notes the report.

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

5. EXTERNAL AUDIT

(a) Draft Audit Strategy (Appendix II)

PREVIOUSLY CIRCULATED:- Report from the Northern Ireland Audit Office.

The Chair invited the external auditor to speak to the report and Ms Hagen (ASM) outlined the above report to Members, highlighting the findings and recommendations within in it.

Members had no questions it was proposed by Alderman Armstrong-Cotter, seconded by Councillor Irwin, that the Draft Audit Strategy be noted.

At this point Ms Hagen drew Members attention to page three of the Draft Audit Strategy, Actions for the Audit Committee, asking them to indicate whether they had knowledge of any actual, suspected or alleged fraud affecting the Council or knew of instances of non-compliance with laws and regulations that could be expected to have a fundamental effect on the operations of the Council. None of the Members made a declaration.

AGREED, on the proposal of Alderman Armstrong-Cotter, seconded by Councillor Irvine, that the information be noted.

6. INTERNAL AUDIT

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

PREVIOUSLY CIRCULATED:- Report from Deloitte summarising the internal audit progress.

The Chair invited the internal auditors Ms McDermott and Mr Kinsella (Deloitte) to speak to the report and highlight the findings and recommendations within in it and to outline the reports below.

AGREED, on the proposal of Councillor Thompson, seconded by Alderman Armstrong-Cotter, that the Internal Audit Progress Report 2022/23 be noted.

(i) Environmental Health Service Review (Appendix IV)

PREVIOUSLY CIRCULATED:- Copy of the above report.

AGREED, that the report be noted.

(ii) Strategic Environmental Planning Review (Appendix V)

PREVIOUSLY CIRCULATED:- Copy of the above report.

AGREED, that the report be noted.

(iii) Waste Management Review (Appendix VI)

PREVIOUSLY CIRCULATED:- Copy of the above report.

AGREED, that the report be noted.

(iv) Labour Market Partnership (Appendix VII)

PREVIOUSLY CIRCULATED:- Copy of the above report.

AGREED, that the report be noted.

(v) Procurement Review (Appendix VIII)

PREVIOUSLY CIRCULATED:- Copy of the above report.

Councillor McAlpine asked if the auditors had been concerned about any of the procurement practices that the Council had carried out. In response Ms McDermott indicated that where a procurement process involved a payment over £30,000 from a provider in the framework auditors would like to see an analysis on why the supplier was chosen. It was accepted that in some instances there were limited suppliers available in specialist areas, but no concern was being raised by the Procurement Review and the Council had not shown tendencies towards preferred suppliers.

AGREED, that the report be noted.

(vi) Follow-Up Review (Appendix IX)

PREVIOUSLY CIRCULATED:- Copy of the above report.

Deloitte had undertaken the review and highlighted that 78 issues remained open and of those 66 were overdue and that was viewed as significant. The Council should consider finishing those in a timelier manner.

Councillor McAlpine asked the reason for that and in response the Chief Executive stated that while some progress had been made the number remained unacceptability high and that it was important that further progress was made. There were a number of issues such as the challenge of staff resources and additional funding had been put in place to address the matter. The biggest issue was the need to take responsibility for that across the Council and it was not a matter for the finance section alone to address. The Council's Corporate Leadership Team would be working with the Heads of Service to continue to give full attention to the matter and provide the resources to do that.

The Director of Corporate Services echoed those comments and hoped that a fresh perspective would re-energise management's attention to addressing recommendations. He was aware that action was being undertaken to improve the situation and that was not reflected in the current figures. Going forward the matter would be placed high on the agenda of Council Directors and Heads of Service.

AGREED, on the proposal of Councillor Irwin, seconded by Councillor McAlpine, that the report be noted.

(b) Annual Assurance Statement (Appendix X)

PREVIOUSLY CIRCULATED:- Copy of the above report.

Mr Kinsella, Deloitte, gave a summary of the Annual Assurance Statement and referred to the Council's satisfactory level of assurance.

Independent Member, Mr Cummings, commented on the warning within the letter indicating twelve months to get the 'house in order' and he hoped that the figures referred to would come down significantly.

RECOMMENDED, that the report be noted.

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

(c) Contract Update

PREVIOUSLY CIRCULATED:- Report from the Director of Corporate Services detailing that as Members were aware the current internal audit contract was due to 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 that recent award, planning for the next four-year strategic plan and the first annual plan had only recently commenced and was 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 was 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 will continue as only half of the Council’s services has been reviewed to date.
Service review 2 – to be determined	
Policing and Community Safety Partnership Labour Market Partnership	Undertaken each year as required by funders.

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

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

7. CORPORATE GOVERNANCE

(a) Corporate Risk Register (Appendix XI)

PREVIOUSLY CIRCULATED:- Report from the Director of Corporate Services detailing that as Members would be aware, the Corporate Risk Register (CRR) was a live document which was amended as required to reflect new or changing risk factors. The following detailed deletions and key amendments.

Risks removed from the Register

Three risks had been removed.

CR11, Impact of Brexit on Council. That risk had been removed as the level of risk was no longer viewed as having the potential for a high impact on the Council. Any significant residual risk would be reflected in service plans and risk registers.

CR14, Covid-19 Response and Recovery, had been removed entirely as had references to Covid (where they involved arrangements) had also been removed. Covid-19 was still a cause for concern and remained monitored by the Risk Management Service Unit. At the current level of risk, with Covid measures still in place where appropriate, any residual risk would be managed at Service level in line with existing Health and Safety policies and procedures.

CR16, the integration of former North Down leisure facilities had been recorded as a potential risk (noted in the previous report to Committee as being under consideration as a significant risk). It had now been removed following the Council Decision to extend the existing management contract with NCLT.

Changes to remaining Risks

Minor updates to reflect progress or changes to Current Controls had been made across the CRR however this report did not seek to report on each change.

CR1 The Community Plan implementation risk had been significantly updated to reflect progress and further actions.

CR2 Service delivery, staff morale and well-being risk. Priority recommendations from the December 2023 IIP Audit had been Implemented and the New Ways of Working Group was reviewing and looking at ways to further embed the Behaviour Charter.

CR4 Business Continuity and Emergency Planning risks, identified Martyn's Law as potentially having significant impacts on the Council and those using its premises or land. That was currently a draft bill, to be published in spring, which was aimed at forcing venues to draw up plans to prevent terrorist attacks and ensure public safety. Whilst it would have a layered approach to the extent of considerations and arrangements according to the numbers attending it was not known at this time whether the provisions would extend to facilities such as leisure centres for their normal operation or whether the focus would remain on events. The potential significant business continuity risk of industrial action impacting on Waste and Cleansing had been removed following the outcome of payment negotiations. Cloud based systems and the implementation of the Core 2 system had built on the resilience required whilst also facilitating hybrid working arrangements. Whilst that risk control was reflected in CR4 it was also considered to have a positive impact on service delivery (CR2).

CR10 Local Development Plan, identified the need to seek Counsel opinion in relation to the requirement for Sustainability Appraisals under the draft Local Development Plan.

CR15 Impact of Inflation, was a new risk recognising the potential high impact of excessive inflation on Council operations. Financial measures had been

implemented and planned which complemented the current financial arrangements and controls in CR3. In addition, a Vacancy Control Policy was in place.

Future Actions

Risk Strategy training, incorporating the Corporate Risk Register and Assurance Statements was ongoing with two more sessions in March facilitated by Deloitte. If required additional sessions would be facilitated by the Risk Manager in the first quarter of the new financial year. Following training the planned update to the CRR, to bring it in line with the revised Risk Strategy and facilitate improved reporting on risks and progress, would be progressed.

RECOMMENDED that the Council note the report.

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

(b) Anti-Fraud, Bribery and Corruption Policy (Appendix XII)

PREVIOUSLY CIRCULATED:- Report from the Director of Corporate Services detailing that in line with good practice, the Anti-fraud, Bribery and Corruption Policy had been reviewed by Finance management. There had 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 had been consulted on the proposed changes.

RECOMMENDED that the Council approves the version 3 of the Anti-fraud, Bribery and Corruption Policy.

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

8. MEETING SCHEDULE AND WORK PLAN 2023/24

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

Meeting Date	Agenda Items
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

Meeting Date	Agenda Items
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
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 were standing items on the agenda:

- Declarations of Interest
- Follow-up actions from previous committee meetings
- Outstanding Audit Recommendations Follow-up
- Performance Improvement Progress
- Internal Audit Update
- Single Tender Action Update
- Fraud, whistleblowing and data breaches update

RECOMMENDED that the Council approves the work plan for the 2023/24 financial year.

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

9. 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 Alderman Armstrong-Cotter, seconded by Councillor Thompson, that the public/press be excluded during the discussion of the undernoted items of confidential business.

10. QUARTERLY SINGLE TENDER ACTIONS REPORT Q4

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)

11. 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)

12. MEETING WITH NI AUDIT OFFICE AND INTERNAL AUDIT SERVICE IN THE ABSENCE OF MANAGEMENT

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)

RE-ADMITTANCE OF PUBLIC AND PRESS

AGREED TO RECOMMEND, on the proposal of Alderman Armstrong-Cotter, seconded by Councillor Irwin, that the public/press be readmitted to the meeting.

TERMINATION OF MEETING

The meeting terminated at 8.03 pm.

Unclassified

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

Report Classification	Unclassified
Council/Committee	Audit Committee
Date of Meeting	26 June 2023
Responsible Director	Director of Corporate Services
Responsible Head of Service	Head of Finance
Date of Report	08 June 2023
File Reference	AUD02
Legislation	Local Government (Accounts and Audit) Regulations 2015
Section 75 Compliant	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Other <input type="checkbox"/> If other, please add comment below:
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 was one item from the previous committee which has now been actioned.

RECOMMENDATION

It is recommended that Committee notes the report.

Unclassified

Appendix 1

Item	Title	Action	Officer	Status
March 2023				
6a(vi)	Internal Audit Recommendations Follow-up	<ul style="list-style-type: none"> The Council should consider completing those in a timelier manner 	Chief Executive	In Progress



Ards and North Down Borough Council

Audit Committee Progress Report

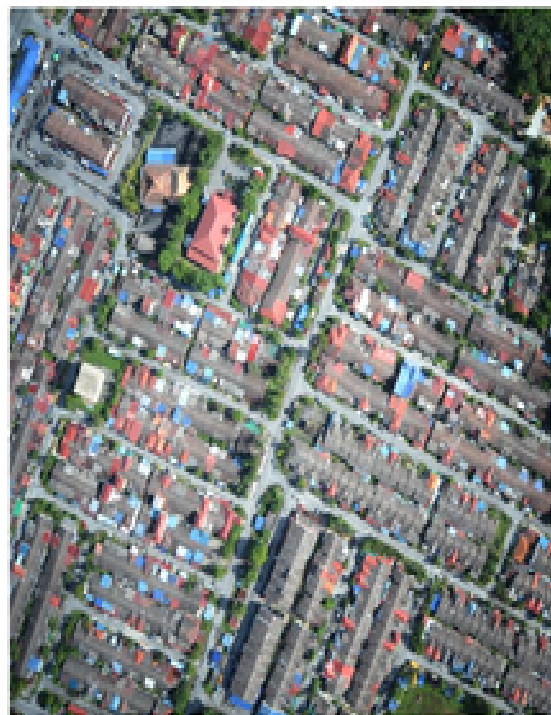
June 2023



**MAKING AN
IMPACT THAT
MATTERS**
since 1645

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 - Cyber Security 6
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- Appendix III : Statement of Responsibility 57



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. An overview of our progress on the 2022/23 Plan (as at 12 June 2023) is set out below:

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

Since the March Audit Committee meeting we have:

- Issued the final report for Cyber Security

Further detail on reviews is provided in Appendix I.

Final Reports

Summary of Findings Identified

Final Report

Cyber Security

Background

This assurance review was undertaken as part of the 2022/23 Internal Audit Operational Plan to assess the status of implementation of the recommendations made in the Advisory Cyber Security review in 2019/2020.

Overview of Approach

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

- Meeting with key stakeholders including the Head of Strategic Transformation and the Performance Improvement Manager (in absence of the Business Technology Manager) to gain an understanding of progress made towards implementation of recommendations raised as part of the Deloitte Cyber Security review 2019/2020.
- Reviewed supporting documentation to assess the implementation status of recommendations from the Deloitte Cyber Security review 2019/20.
- Assessed the implementation status of each internal audit recommendation as open, in progress or closed.
- Held a close out meeting with relevant stakeholders to discuss any review outcomes.
- Prepared a draft report outlining the assessed status of each internal audit recommendation.
- Prepared a final report.

	Closed	In Progress	Open	Total
High	2	5	10	17
Medium	2	3	24	29
Low	0	1	10	11
Total	4	9	44	57

Overall Opinion

As a result of our audit a **Limited** assurance was provided. The Council's overall cyber maturity level was determined to be **repeatable** (2 out of 5 on a cyber security maturity scale). The score has not changed from the Cyber Security Review 2019/2020. There are a number of good practices noted in the initial review that remain in place or have been implemented in the past few years, however, there is a significant amount of work to be completed before the Council's desired level of maturity, **defined** (3 out of 5 on a cyber maturity scale) is achieved.

Findings

There were 17 **High Priority** recommendations open from the previous review. At the time of fieldwork, we determined that 2 findings were closed, 5 were in progress and 10 were open.

There were 29 **Medium Priority** recommendations open from the previous review. At the time of fieldwork, we determined that 2 findings were closed, 3 were in progress and 24 were open.

There were 11 **Low Priority** recommendations open from the previous review. At the time of fieldwork, we determined that no findings were closed, 1 were in progress and 10 were open.

Appendix I

Progress to Date

Progress to Date

Update on Annual Internal Audit Plan – 2022/23

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In this section we have provided an overview of our progress regarding the 2022/23 Internal Audit Plan as at 12/06/2023.

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 Report	Satisfactory	14/11/2022	14/11/2022	Complete
ANDBC 22/23 - 03	Waste Management	Head of Waste Services	10	10	Final Report	Satisfactory	21/11/2022	21/11/2022	Complete
Quarter 4									
ANDBC 22/23 – 08	Labour Market Partnership	Head of Economic Development	10	10	Final Report	Satisfactory	09/01/2023	09/01/2023	Complete
ANDBC 22/23 – 09	Strategic environmental planning	Head of Administration	10	10	Final Report	n/a - Advisory	09/01/2023	09/01/2023	Complete
ANDBC 22/23 - 10	Service Review – Environmental Health	Head of Environmental Health Protection and Development	15	15	Final Report	Satisfactory	23/01/2023	23/01/2023	Complete
ANDBC 22/23 - 11	Cyber Security	Business Technology Manager	15	15	Final Draft Report for Audit Committee	Limited	09/01/2023	09/01/2023	Final Report issued 12/05/2023

Changes to the Internal Audit Plan and AOB

Amendments and AOB to be noted by the Audit Committee

23

We are presenting our draft Strategy and Annual Plan 2023/24 for approval at the June Audit Committee meeting, alongside this report.

As agreed by the Audit Committee at the March meeting, we have commenced the cyclical Service Reviews. The Service Review – Asset and Property Services commenced fieldwork on 15/05/2023 and the Service Review – Finance is scheduled to commence 26/06/2023. We are also reporting on the first of our quarterly Follow-Up updates.

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

Outstanding Recommendations Update



Internal Audit have compiled a database of Internal Audit recommendations and seek management updates quarterly, 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 first quarter update for 2023/24 will be now reported to the Audit Committee.

Outstanding Recommendations

Management Update as at 12/06/2023

26

	Priority 1	Priority 2	Priority 3	Total
Total Open Issues as at the previous Audit Committee Meeting	4	42	32	78
Items added to tracker since the previous Audit Committee Meeting*	-	1	12	13
Issues closed/superseded since the previous Audit Committee Meeting	(1)	(4)	(13)	(18)
Issues remaining Open	3	39	31	73
Total Overdue Issues	2	35	25	62
Total issues with target date of implementation within three months	-	4	5	9
Total issues with target date of implementation within six months	2	25	16	43
Total issues with target date of implementation within one year	1	7	8	16
Total issues with target date of implementation greater than one year	-	3	2	5

* These recommendations were not followed up with during the previous exercise as reports were finalised after the completion of fieldwork.

Quarterly Follow-Ups Update

June 2023

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	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: 1. 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. 2. Communication components are not documented. 3. There is no DRP in place detailing all the procedures in place in the case of a Disaster Recovery (DR). 4. There is no specific listing of key systems and their corresponding order of priority. 5. Recovery point objectives, recovery time objectives and maximum tolerable outages have not been defined. 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><i>See next slide for remainder of finding.</i></p>	<p>1. Management should document an IT DRP. This should cover the following, but not be limited to: • 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: ⊗ 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). 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. The IT DRP should be documented in alignment with the BCP.</p> <p>2. We recommend the following test controls: • 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> <p><i>See next slide for remainder of recommendation.</i></p>	1	<p>1. Management will document an IT DRP which will include the recommendations outlined above.</p> <p>2. The IT DRP will conduct annual testing using a range of threats/scenarios and this will include post-test reviews.</p> <p><i>See next slide for remainder of management response.</i></p>	31/03/2022	<p>A workstream has been established comprised of the DSM and 4 x BTOs with assistance from the PIC. The project has 4 phases:</p> <ul style="list-style-type: none"> • Planning • Enacting • Exercise and Test • Ongoing changes and Maintenance <p>The actions completed in the Planning phase are:</p> <ul style="list-style-type: none"> • IT inventory has been undertaken is being verified • Key suppliers and contacts have been identified and recorded • Software and Applications estate has been identified and recorded • Backup and restore schedules have been identified and recorded

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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	Business Continuity Planning	<p>3. Lack of training on IT DRP</p> <p>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>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	<p>3. Once the IT DRP has been approved Council will consider incorporating periodic training into its annual training programme.</p>	31/03/2022	<p>Actions to be completed</p> <ul style="list-style-type: none"> Review Organisation BIAs Review DS Risk Register Draft Policy Identify RPOs, RTOs and MTOs <p>The stages of the Enacting phase are:</p> <ul style="list-style-type: none"> Design and implement mitigation strategies Agree activation plans <p>The Exercise and Test phase will include agreeing with service users</p> <ul style="list-style-type: none"> Test scenarios Documentation and KPIs <p>Ongoing changes and maintenance phase will include:</p> <ul style="list-style-type: none"> Planning test exercises Documenting exercises and lessons learned Maintaining the IT DRP in line with the organisational Business Continuity Plan <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
2	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:</p> <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). 	<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>Draft BCP has been completed and is under review and will be sent to CLT/HoST/SUMs for consultation. Consultation period will run until 31 August 2023 Reporting final draft plan to CLT September 2023 for Committee Approval.</p> <p>Updated target date of implementation: 31/10/2023 20/09/2023 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
2	Business Continuity Planning	<ul style="list-style-type: none"> • 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. • 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). • 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>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>	See previous slide.	1	See previous slide.	31/03/2022	See previous slide.

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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>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 Directorate 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>	See previous slide.	1	See previous slide.	31/03/2022	See previous slide.

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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	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 undergoing Finance consultation. Due for wider consultation by 30th June." Updated target date of implementation; 30/09/2023 31/03/2023
4	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 "Draft Policy consultation with HoST and SUMs closed on 10/05/2023." Updated target date of implementation; 06/07/2023 01/06/2023 31/03/2023
5	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 31/12/2023 30/06/2023

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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
6	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 "Draft Policy consultation with HoST and SUMs closed on 10/05/2023" Updated target date of implementation; 06/07/2023 01/06/2023 01/12/2023

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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
7	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 "Draft to be completed for September."</p> <p>Updated target date of implementation; 30/09/2023 01/01/2023 18/02/2023</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
7	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	See previous slide.

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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
8	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>i. 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 31/12/2022 30/03/2023</p>
9	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 "Policy Development Paper to be issued by July 2023"</p> <p>Updated target date of implementation; 31/03/2024 01/10/2023 31/03/2022</p>

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

#	Report Date	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
1 0	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 "Policy Development Paper to be issued by July 2023." Updated target date of implementation; 31/03/2024 04/10/2023 31/03/2023

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

#	Report Date	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
1	Risk Management	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.	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.	2	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.	31/10/2019	The Head of Service advised "A workshop, delivered by Deloitte, to define the organisation's Risk Appetite for types of risk and develop the understanding of Risk Appetite and the escalation process is planned for Autumn 2023. In addition a workshop (delivered by Deloitte) is planned to assist in a fundamental review of the CRR, and further development of the Service Risk Registers, with support from Risk Management." Updated target date of implementation; 30/11/2023 31/03/2023 31/03/2022

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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
1 2	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>	<p>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.</p> <p>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.</p>	2	<p>1. Finance will work with service unit managers to agree appropriate detailed breakdown overtime budgets (including hours, rates, employer costs etc).</p> <p>2. Consideration will be given to setting a formal variance threshold when drafting the Budgeting policy and procedure.</p>	31/01/2020	<p>The Head of Service advised "Policy Development Paper undergoing Finance consultation. Due for wider consultation by 30th June."</p> <p>Updated target date of implementation: 01/10/2023 01/09/2023 28/03/2023</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
13	Overtime, Flexi & TOIL	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	The Head of Service advised "Not yet complete." Updated target date of implementation; 31/03/2024 30/06/2023 01/12/2023
14	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	The Head of Service advised "Further work required to complete review of the Declaration of Interest Policy" Previous target date of implementation; 31/12/2023 30/09/2023

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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
1 5	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 £52k. 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 "Review business case."</p> <p>Updated target date of implementation: 31/11/2023 30/04/2023 30/04/2023</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
1 6	Procurement	<p>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.</p> <p>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).</p>	<p>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.</p> <p>In the meantime, staff should be reminded:</p> <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	<p>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.</p>	01/03/2021	<p>The Head of Service advised "Business Approved February. Spec and procurement to be completed March 2024. Implementation to be completed March 2025."</p> <p>Updated target date of implementation; 31/03/2025 01/10/2024 01/10/2023</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
17	HR: Recruitment & Retention	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.	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.	2	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. 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.	01/04/2021	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". Update as at June 2023 "Not yet complete." Updated target date of implementation : 30/09/2023 01/04/2022
18	Service Review – Regulatory Services	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: <ul style="list-style-type: none"> • Key points to note; • Key achievements; • Emerging issues; and • Actions to be taken. 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. 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).	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.	2	Management will consider reviewing the Service Plan reporting template as part of its review of the PERFORM handbook.	30/09/2021	The Head of Service advised, "The Service Plan reporting process is currently being reviewed by the Head of Service." Updated target date of implementation: 30/09/2023 31/12/2022

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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
19	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.</p> <p>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 role out across all sites by Sept 2023."</p> <p>Updated target date of implementation; 30/09/2023 31/03/2023</p>
20	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.</p> <p>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 policy in development currently. Consultation on draft will be commenced by June 2023 with final policy to be ratified in September 2023."</p> <p>Updated target date of implementation; 30/09/2023 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
21	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
22	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.</p> <p>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 "Lands policy in development currently. Consultation on draft will be commenced by June 2023 with final policy to be ratified in September 2023."</p> <p>Updated target date of implementation; 30/09/2023 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
23	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 "Lands policy in development currently. Consultation on draft will be commenced by June 2023 with final policy to be ratified in September 2023."</p> <p>Updated target date of implementation; 30/09/2023 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
24	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 "Lands policy in development currently. Consultation on draft will be commenced by June 2023 with final policy to be ratified in September 2023."</p> <p>Updated target date of implementation; 30/09/2023 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
24	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 5.4 '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>	See previous slide.	See previous slide.	See previous slide.	See previous slide.	See previous slide.

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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
24	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>	See previous slide.	See previous slide.	See previous slide.	See previous slide.	See previous slide.

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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
25	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. 	31/03/2022	<p>The Head of Service advised "Lands policy in development currently. Consultation on draft will be commenced by June 2023 with final policy to be ratified in September 2023."</p> <p>Updated target date of implementation; 30/09/2023 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	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. 	31/03/2022	<p>The Head of Service advised "Lease licence has been reviewed and updated to include recommended info , with exception of inspections regime. Work ongoing."</p> <p>Updated target date of implementation; 30/09/2023 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
27	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 "Draft H&S risk register to be provided to Corp H&S Committee on 5 June. Assurance mapping identified as an action under the draft H&S Risk Register."</p> <p>Updated target date of implementation; 30/09/2023 31/09/2023</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
28	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 "Business Approved February. Spec and procurement to be completed March 2024. Implementation to be completed March 2025"</p> <p>Updated target date of implementation; 31/03/2025</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	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>	See previous slide.	2	See previous slide.	See previous slide.	See previous slide.

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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	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 " Business Approved February. Spec and procurement to be completed March 2024. Implementation to be completed March 2025"</p> <p>Updated target date of implementation; 31/03/2025</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	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 "New HOS will review as soon as possible."</p> <p>Updated target date of implementation; 30/09/2023 31/09/2023</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	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>	See previous slide.	2	See previous slide.	See previous slide	See previous slide.

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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	Grant Funding	<p>A Grants Policy is in place across the Council which outlines the processes for awarding grant funding through an open call process. This policy does not apply to grants administered through SLAs and we were advised that there is currently no documented policy to provide guidance over the processes to be followed in the administration of grants through SLAs.</p> <p>Due to an absence of documented policy, we identified the following in relation to grants administered via SLAs:</p> <p>1) Reconciliation of SLA Expenditure O SLA expenditure incurred by beneficiaries is not reconciled to supporting receipts and/or bank statement extracts and therefore there is no way of ensuring funds were spent in line with the SLA conditions.</p> <p>O We noted that the Service Level Agreement (SLA) states that charges payable by the Council will be reviewed after the initial three-month SLA period. However, we were unable to obtain evidence of a review of SLA charges.</p> <p>O In addition, we were unable to evidence a breakdown of spend within the final monitoring form submitted by any of the three sampled SLA administered grants.</p>	<p>The Council should ensure that a policy is developed to outline the processes to be followed when administering financial contributions via SLAs including the following:</p> <p>1) The process to ensure that all SLA financial contribution claims are summarised and reconciled to original receipts, invoices, and bank statements to ensure funds are spent in line with grant conditions.</p> <p>2) Guidance on administering advance payments through SLAs, including guidance on the amount to be distributed and any supporting documentation to be obtained.</p>	2	<p>1) A financial assistance policy will be developed for approval by Council.</p> <p>2) The award was not a grant but a financial contribution. Going forward details of how advance payments will be made will be included in the financial assistance policy and in the SLA.</p>	31/03/2023	<p>Head of Service advised "New Head of Service will review this as soon as possible."</p> <p>Updated target date of implementation; 30/09/2023 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	Grant Funding	<p>Z) Advance Payment Guidance</p> <ul style="list-style-type: none"> o There is currently no guidance in relation to the payment and administration of advance payments for grants managed through SLAs, including guidance on percentage payment thresholds and documentation requirements for advance payments. For example, the Council Grants Policy outlines that written requests and supporting documentation (e.g., an up-to-date bank statement) should be submitted by beneficiaries when requesting advances, and documents guidance on the maximum advance percentages to be administered. o In addition, we noted that there is no agreed percentage of advance noted in the SLA, with the two SLAs for the Covid-19 Food Partnership Fund receiving different advance percentages. o We were advised by Management that written requests are not obtained for SLA administered funds as the Council agreed with the organisations that they would be paid a percentage upon signing the SLA and the remaining balance when they submitted their report. We were further advised that advance payments were negotiated with SLA organisations. However, we were unable to obtain a documented process to be followed to verify that the correct process had been adhered to. 	See previous slide	2	See previous slide	See previous slide	See previous slide

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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	Grant Funding	<p>We reviewed the processes in place to monitor grant expenditure and performance and noted the following:</p> <ol style="list-style-type: none"> 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: <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. 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>The Council should consider the following:</p> <ol style="list-style-type: none"> 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. Ensure that post grant term evaluation questions are consistent with monitoring questions outlined within the SLA. Ensure beneficiaries are submitting monitoring returns to the Council in compliance with the monitoring arrangements outlined in the LOG/SLA. Where evaluation forms are completed by beneficiaries, the Council should ensure that all questions are included in the form and fully answered. 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"> The Grants Policy will be updated as recommended. Monitoring requirements will be updated to ensure they are consistent with those outlined in the SLA. Beneficiaries' will be required to submit monitoring requirements as set out in their SLA Beneficiaries will be required to complete their monitoring forms in full. Where changes to monitoring requirements are made these will be communicated to beneficiaries. 	31/03/2023	<p>Head of Service advised "New Head of Service will review this as soon as possible."</p> <p>Updated target date of implementation; 30/09/2023 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	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>	See previous slide	2	See previous slide	See previous slide	See previous slide

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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	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 30/09/2023 31/03/2023 31/12/2021</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	Customer Service	<p>Logging of Complaints 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>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>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>	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>	31/03/2023	<p>Head of Service advised "Rollout still ongoing."</p> <p>Updated target date of implementation; 30/09/2023 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	Customer Service	<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>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.</p>	See previous slide	2	See previous slide	See previous slide	See previous slide

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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	Customer Service	<p>We reviewed a sample of the following management reports:</p> <ul style="list-style-type: none"> 2021 Annual Customer Service Management Report Monthly Customer Service Management Report Quarterly Service Plan KPI Reports <p>During our review we noted the following:</p> <p>Monitoring and Reporting of Compliance with KPIs</p> <ul style="list-style-type: none"> The Customer Service Management Reports (both monthly and annual reports) do not include a tick mark or similar measure to report on whether complaints were responded to in line with the KPIs outlined within the Complaints Guide. Quarterly Service Plan KPI reports are submitted to the Corporate Services Committee to provide an update on progress to meet Administration Service Plan KPIs. However, there is no specific Service Plan KPI in relation to complaints, for example percentage of complaint responses communicated in line with the KPIs outlined in the Complaints guide. <p>We acknowledge that since audit fieldwork the Council have begun work to implement KPIs relating to the tracking of compliance with complaint response KPIs as part of the 2022/23 Administration Service Plan.</p> <p>Monitoring of Complaint Trends</p> <ul style="list-style-type: none"> There is currently no complaint trend analysis performed to document, track and circulate actions to be implemented across the Council in response to complaints received, in order to prevent the complaint from re-occurring, identify any thematic trends and improve service delivery across the Council. 	<ol style="list-style-type: none"> Update Customer Service Management Reports (both monthly and annual reports) to report on compliance with Complaint Guide KPIs. Ensure KPIs relating to compliance with Complaint Guide KPIs are implemented into the 2022/23 Administration Service Plan, and report on performance against these KPIs through the Quarterly Service Plan KPI reports. Carry out trend analysis on a periodic basis to identify thematic trends from complaints received throughout the period, and document/track actions to be implemented across the Council to improve service delivery. The outcomes of the trend analysis should be reported to Corporate Services Committee through the year end (Q4) Administration Service Plan KPI Report. 	2	<ol style="list-style-type: none"> The Council will Update Customer Service Management Reports (both monthly and annual reports) to report on compliance with Complaint Guide KPIs. A service KPI has been introduced for complaint handling, this is in the Administration Service Plan for 22/23 as an internal improvement. The Customer Service Manager will carry out trend analysis on a periodic basis to identify thematic trends from complaints received throughout the period, and document/track actions to be implemented across the Council to improve service delivery. The outcomes of the trend analysis will be reported to Corporate Services Committee through the year end (Q4) Administration Service Plan KPI Report. 	31/03/2023	<p>Head of Service advised:</p> <ol style="list-style-type: none"> Now reported through performance report Q1 2023/24 due Sept 2023 Complaints being reported in line with NIPSO complaint handling procedure. First reporting deadline March 2024. Now reported through performance report Q1 2023/24 due Sept 2023. Implementing as part of rollout of new NIPSO complaint handling Procedure. Rollout Summer 2023 Implementing as part of rollout of new NIPSO complaint handling Procedure. Rollout Summer 2023." <p>Updated target date of implementation; 31/03/2024 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	Customer Service	<ul style="list-style-type: none"> 'Actions taken' were not documented for 21/30 of the closed complaints documented within the 'Formal Complaints Broken Down by Enquiry Type' section of the report, meaning it was unclear what action had been taken to close the complaint. Investigation was unclear. For 27/30 closed complaints within the 'Formal Complaints Broken Down by Enquiry Type' section of the report the complaint 'comment/ outcomes' row was incomplete, meaning the outcome of the complaint investigation was unclear. <p>Monthly Customer Service Management Report We reviewed the October 2021 and November 2021 Monthly Management Reports and noted that following:</p> <ul style="list-style-type: none"> October 2021 Report - for the 6 enquiries received during October 2021 the 'evidence of response' column and stage 1,2 and 3 columns had not been completed to document whether evidence of the response had been obtained, and to clarify whether the enquiry/complaint was escalated through the complaint stages. November 2021 Report - for 1/5 enquiries received during November 2021 the 'evidence of response' column and stage 1,2 and 3 columns had not been completed to document whether evidence of the response had been obtained, and to clarify whether the enquiry/complaint was escalated through the complaint stages. 	<p>4) Ensure that the Annual Customer Service Management Report is fully documented to outline the actions taken to close the complaint, along with any outcomes arising from the complaint.</p> <p>5) Ensure that monthly Customer Service Management Reports fully document whether evidence has been obtained to verify that a response have been issued to the Complainant through each stage of the complaint process. Where Complaints are resolved at Stage 1/2 the management reports should record the Stage 2 and/or Stage 3 response as non-applicable to clearly document that the complaint has been resolved.</p>	2	<p>4) The Customer Services manager will ensure that the Annual Customer Service Management Report is fully documented to outline the actions taken to close the complaint, along with any outcomes arising from the complaint.</p> <p>5) The Customer Services Manager will ensure that monthly Customer Service Management Reports fully document whether evidence has been obtained to verify that a response have been issued to the Complainant through each stage of the complaint process. Where Complaints are resolved at Stage 1/2 the management reports will record the Stage 2 and/or Stage 3 response as non-applicable to clearly document that the complaint has been resolved.</p>	See previous slide	See previous slide

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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	Service Review - HR and OD	<p>For a sample of eight budgetary control reports, we identified four instances where the reported variances in the Service budgetary control reports had not been highlighted by Finance as requiring further explanation from the budget holders. These were:</p> <p>(i) Resourcing budget report, October 2020: we identified that the largest variance was for 'Salaries & Wages - Basic Pay' of £12,699 against a budget of £362,200 (3.5% adverse variance) and that no explanation was requested or provided for this variance.</p> <p>(ii) Resourcing budget report, February 2021: we identified that the largest variance was for 'Salaries & Wages - Basic Pay' of £13,543 against a budget of £362,200 (3.7% adverse variance) and that no explanation was requested or provided for this variance.</p> <p>(iii) Employee Relations budget report, October 2020: we identified that the largest variance was for 'Consultancy Services' of £13,106 against a budget of £0 (adverse variance) and that no explanation was requested or provided for this variance.</p> <p>(iv) Employee Relations budget report, February 2021: we identified that the largest adverse variance was for 'Westfield Health' of £10,003 against a budget of £55,600 (18% adverse variance) and that no explanation was requested or provided for this variance.</p> <p>As per section 1.7 of this report we have raised an observation (which relates to a previously raised finding) around a lack of defined variance reporting threshold, which is further substantiated by this finding.</p>	<p>The Council should ensure that all significant variances are highlighted by Finance as requiring further investigation from budget holders, to ensure that normal budget reporting procedures are followed.</p> <p>The Council should also consider defining a variance threshold in the Budget Setting Procedure to ensure that issues such as this do not reoccur, as has been highlighted in section 1.7 of this report.</p>	2	Inclusion of a defined variance threshold in the Budget Setting Procedure will be considered as part of the budgeting policy and procedure document.	31/03/2023	<p>Head of Service advised "Policy Development Paper undergoing Finance consultation. Due for wider consultation by 30th June."</p> <p>Updated target date of implementation; 30/09/2023 24/03/2023</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	Service Review - HR and OD	<p>We were advised that Service management communicate any over or under expenditure versus the Service budget to Finance, which then allows for funds to be moved between Service Unit budgets or for release back to the overall Council budget. We were unable to obtain evidence from HR and OD Service Management of this process occurring recently, however were advised that this has occurred in previous financial years.</p> <p>We reviewed the Council's Budget Setting Procedure and identified that the process for moving funds between Service Units or releasing funds back to the Council budget has not been defined and documented within this procedure</p>	<p>The Council should ensure that the Budget Setting Procedure is updated to ensure that it reflects current budget practices and procedures, including the processes for moving funds between Service Units or releasing funds back to the Council budget.</p>	2	<p>Update of the Budget Setting Procedure to ensure that it reflects current budget practices and procedures, including the processes for moving funds between Service Units or releasing funds back to the Council budget will be considered as part of the budgeting policy and procedure document.</p>	31/03/2023	<p>Head of Service advised "Policy Development Paper undergoing Finance consultation. Due for wider consultation by 30th June."</p> <p>Updated target date of implementation; 30/09/2023 31/03/2023</p>

Appendix III

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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Ards and North Down Borough Council

Internal Audit Cyber Security Review

An assurance review to assess the status of implementation of recommendations made in our Advisory Cyber Security review in 2019/20.

May 2023



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1. Overview

The 2022/23 Annual Internal Audit Plan includes provision for an assurance review to assess the status of implementation of the recommendations made in the Advisory Cyber Security review in 2019/20.

At the request of Ards and North Down Borough Council (the Council), Deloitte performed a high-level Advisory Cyber Maturity Assessment of their corporate network and systems from their Head Office at Town Hall, The Castle, Bangor during September 2019. This review included assessment of the Council's cyber maturity level, which was deemed 'repeatable'. This assessment and the associated observations and recommendations aimed to highlight opportunities to improve the cyber security posture to meet the Council's desired maturity state, which was 'defined'. There are five cyber maturity assessment ratings, which range from 'initial', whereby very few cyber security controls have been implemented to protect an organisation's information assets, through 'repeatable', 'defined', 'managed' and right up to 'optimised' which is a military grade rating for cyber security controls.

1.1. Scope and Objectives

The objective of this internal audit was to assess the status of implementation of recommendations made in the Advisory Cyber security review in 2019/20.

The audit focused on the following areas:

Risk Area	Recommendations for Follow-Up
Cyber Security Domain (as per the Cyber Security 2019/20 review)	<ol style="list-style-type: none"> 1. Security Programme Management (two high and one medium priority recommendation). 2. Information Management and Protection (one high, two medium, and two low priority recommendations). 3. Security Awareness and Training (one high and three medium priority recommendations). 4. Third-Party Management (four medium and two low priority recommendations). 5. Assessment Management and Physical Security (two medium and one low priority recommendation). 6. Identity and Access Management (two medium priority recommendations). 7. Infrastructure Protection (three high, three medium and one low priority recommendation). 8. Threat Analytics (one high, two medium, and two low priority recommendations). 9. Vulnerability Management (two high and three medium priority recommendations). 10. Risk and Compliance Management (one high, one medium and one low priority recommendation). 11. Security Operations (two high, two medium and two low priority recommendations). 12. Crisis Management and Resilience (one high and two medium priority recommendations). 13. Incident Response and Forensics (three high and two medium priority recommendations).

Ards and North Down Borough Council – Internal Audit Cyber Security review

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This audit did not include testing of the control effectiveness of each of the 13 areas identified above and focused only on assessing the extent to which the recommendation has been implemented.

1.2. Approach

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

- Met with relevant stakeholders including the Head of Strategic Transformation and the Performance Improvement Manager (in absence of the Business Technology Manager) to gain an understanding of progress made towards implementation of recommendations raised as part of the Deloitte Cyber Security review 2019/20.
- Reviewed supporting documentation or to assess the implementation status of recommendations from the Deloitte Cyber Security review 2019/20.
- Assessed the implementation status of each internal audit recommendation as open, in progress or closed.
- Held a close out meeting with relevant stakeholders to discuss any review outcomes.
- Prepared a draft report outlining the assessed status of each internal audit recommendation.
- Prepared a final report.

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 January 2023 – February 2023.



1.3. Summary of findings

In **Section 2** we have set out our findings from the review of implementation of recommendations from the Cyber security review 2019/20.

There were 17 **High Priority** recommendations open from the previous review. At the time of our fieldwork for this report, we determined that 2 findings were closed, 5 were in progress, and 10 were open.

There were 29 **Medium Priority** recommendations open from the previous review. At the time of our fieldwork for this report, we determined that 2 findings were closed, 2 were in progress, and 24 were open.

There were 11 **Low Priority** recommendations open from the previous review. At the time of our fieldwork for this report, we determined that 0 were closed, 1 was in progress, and 10 were open.

	Closed	In Progress	Open	Total
High	2	5	10	17
Medium	2	3	24	29
Low	0	1	10	11
Total	4	9	44	57

Full details of the Closed and In Progress issues may be found in **Section 2** of this draft report. Findings from the 2019/20 security review that remain Open were not included in Section 2, as these recommendations are unchanged from the original report.

Details of priority ratings may be found in **Appendix II**.



1.4. Conclusion

The Council's overall cyber maturity level was determined to be **repeatable** (2 out of 5 on a cyber security maturity scale – **Appendix I**). This score has not changed from the Cyber Security Review 2019/20. There are a number of good practices noted in the initial review that remain in place or have been implemented in the past few years, however, there is a significant amount of work to be completed before the Council's desired level of maturity, **defined** (3 out of 5 on a cyber maturity scale), is achieved.

Areas of concern include Third-Party Management, Identity and Access Management, and Incident Response and Forensics. These are domains on which limited improvements have been made since the 2019 Cyber Security Review. In addition, there are a number of high and medium priority findings across the 13 domains in scope that have not been addressed.

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



2. Follow Up of Cyber Security Review Recommendations

2.1 High Priority

Original Finding Details	Original Recommendation	Original Priority Rating	Internal Audit work undertaken	Internal Audit assessment as of February 2023	Management Update/ Outstanding Actions
The organisation currently does not have a Data Protection Officer (DPO). The previous DPO left in September. It was noted that there is a job opening currently advertised.	It is recommended that the Council hire a new DPO for the organisation as soon as possible. In addition, it is recommended to provide adequate training and resources to the DPO to ensure that resources are available for current and future obligations.	High	The Council's organisational chart has been examined, showing that a DPO is in place as of September 2022.	Closed.	
There is no documented security awareness, training policy or training programme. It was noted that the Business Technology manager performs informal security training and awareness presentations. Additionally, awareness emails are circulated in relation to issues such as phishing attacks that have occurred in the past.	It is recommended that the Council should implement a formal security awareness and training programme that provides adequate security awareness training to all employees throughout the Council. This should be regularly reviewed and updated to account for emerging cyber threats.	High	While phishing campaigns are taking place regularly within the organisation, there is no other formal security awareness programme or training policy in place for employees. It has also been noted that discussions with Meta Compliance on providing elearnings and other training have occurred.	In progress.	See 2.2.3 - Cyber Security Awareness Managed Service. The ICT Policy will be updated to include ICT and Cyber Security Training. Updated Target Date: 30 September 2023
There is a lack of adequate endpoint protection software in place for the organisation. It was noted that Windows Defender is in use for anti-virus, however this is limited in its features.	It is recommended that the Council acquire and implement more comprehensive anti-virus software to ensure the protection of the organisation endpoint devices.	High	ESET endpoint anti-virus, by Integrity360, was implemented in 2022 on all endpoint devices. A Statement of Works between Integrity360 and the Council was provided evidencing this.	Closed.	

Original Finding Details	Original Recommendation	Original Priority Rating	Internal Audit work undertaken	Internal Audit assessment as of February 2023	Management Update/ Outstanding Actions
<p>There are currently no hardening guidelines documented for infrastructure components (firewalls, servers etc.).</p>	<p>It is advised that the Council introduce formal minimum security baseline standards for all servers.</p>	<p>High</p>	<p>Council have consulted with IT Assist, provider of server infrastructure, around server updates and hardening, and communications between the parties were examined. However, there is no formal documentation in place for hardening of infrastructure components.</p>	<p>In progress.</p>	<p>IT Assist have advised as follows: 'From the patching perspective, we patch NDA servers along with all other servers hosted without our hosting environment. These are always patched the weekend after the 2nd Tuesday of each month.</p> <p>From a virtual perspective, our vm templates that we use to deploy virtual servers from are hardened to a certain extent. Most of the hardening on our domains is managed by group policies on the domains, these are used to manage local and remote access to servers, disabling unneeded services, renaming/disabling of local accounts (following best practice).</p> <p>This will be incorporated into the ICT Policy that is currently being updated together with a policy for on-premise servers.</p> <p>Updated Target Date: 30 September 2023</p>
<p>There is no documented penetration testing process in place. A third-party penetration test has been performed in 2019 and it was noted that there is a plan for a yearly penetration test by the third party. However, this has not been formalised and a report of the previous penetration test was not provided to Deloitte.</p>	<p>It is recommended that the Council implement a penetration testing process which outlines a schedule for conduction penetration tests internally and externally and that the output of the tests are tracked for completion/remediation.</p>	<p>High</p>	<p>Council have provided reports and results of external penetration tests from 2021 and 2022. However, internal penetration tests are not conducted, and there is no formal schedule or calendar in place for pen tests.</p>	<p>In progress.</p>	<p>We are currently seeking quotations to procure this service.</p> <p>Updated Target Date: 31 August 2023</p>



Original Finding Details	Original Recommendation	Original Priority Rating	Internal Audit work undertaken	Internal Audit assessment as of February 2023	Management Update/ Outstanding Actions
Active Directory logs are generated but are not reviewed unless an incident is identified and investigated.	It is advised that the Council actively monitors Active Directory logs.	High	Audit logs and reviews, including corresponding actions, were received and examined. Audit logs are checked by the Business Technology Officers weekly. Issues and corresponding actions are documented. There is no formally documented process in place to monitor AD logs.	In progress. Automation of this process should be considered to ensure consistency.	We are currently seeking quotations to procure this service. Updated Target Date: 31 July 2023
The current Business Continuity Plan (BCP) is not up-to-date or appropriate for the requirements of the organisation. It was noted that this was under review at the time of this assessment.	It is recommended that a Business Continuity Plan is formally documented to take into account the continuation of business processes in a disaster scenario, such as Business Technology processes.	High	A Business Continuity Plan is in progress. Working papers evidencing this were shared with a member of the Audit team. ESET Protect Cloud managed service is in place and also provides some business continuity management services to the Council.	In progress.	Good practice guidelines have been reviewed and an IT DRP is being drafted in accordance. Initial stages of compiling all IT Assets, identifying Key Suppliers, Applications, Backup and Restore details, will be completed by end May 2023. Reviewing BIAs, Defining RPO and RTO will be completed by end June, with the remaining stages of Enacting and Exercise being in place by end September 2023 Updated Target Date: 30 September 2023



2.2 Medium Priority

Original Finding Details	Original Recommendation	Original Priority Rating	Internal Audit work undertaken	Internal Audit assessment as of February 2023	Management Update/ Outstanding Actions
There is no documented process in place for developing in-house talent or providing information security specific training to Business Technology personnel.	It is recommended that the Council should review the current skillset and resources internally to manage security at an effective level. There may be a requirement to upskill current staff or increase the headcount of suitable resources to mitigate the risks due to staff turnover. It is also recommended that a suitable handover period take place in advance of any key resource leaving the organisation.	Medium	Staffing complement was increased in September 2021 with the hiring of a Business Technology Officer. The job description for the BTO was acquired to ensure sufficient skills, including security management, were being covered. However, it was not possible to determine whether the employee has the necessary skills, as laid out in the job description. As per the original recommendation, the Council should review the current skillset and resources around security management. With regard to a handover period, we were advised that, it is not Council policy to bring in a replacement ahead of an employee leaving.	In progress.	Management will review the current skillset of Business Technology Officers. Updated Target Date: 31 August 2023
Though cyber-attack simulations have been carried out in the past, they were done on an ad-hoc basis. Cyber-attack simulation exercises (i.e. phishing campaigns) are not performed regularly on all levels of staff. There have been no successful	It is advised that the Council considers performing more sophisticated and regular attack simulations to mimic cyber threats in order to educate employees across the organisation.	Medium	Phishing campaigns have taken place within the organisation on all departments and levels of staff approximately every six weeks since September 2022. Employee results are tracked for the campaigns.	Closed.	

Ards and North Down Borough Council – Internal Audit Cyber Security review

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Original Finding Details	Original Recommendation	Original Priority Rating	Internal Audit work undertaken	Internal Audit assessment as of February 2023	Management Update/ Outstanding Actions
phishing attacks on the organisation to date, however there is a growing concern driven by the increasing volume and complexity of these attacks.			Penetration testing has taken place annually since 2021.		
Metrics relating to employee completion of security awareness training are not recorded and reviewed. There is no central repository of training and awareness material for employees.	It is recommended that the Council should produce metrics to indicate compliance levels of employees with security awareness and training initiatives.	Medium	Phishing campaigns occur approximately every six weeks, and a detailed Phishing Audit report was provided to the Audit team. This report outlined the results and remediation actions undertaken by employees who have failed phishing campaigns. There is no evidence of a central repository of training and awareness material for employees.	In progress.	Council have procured a Managed Service from Cyber Security Awareness. CSA create a baseline through an initial phishing campaign (conducted April 2023) following the baseline report all computer users will be enrolled on mandatory Cyber Security Awareness Training. Monthly phishing campaigns will occur and where users who prove to be a security risk will be identified and provided with additional in-depth training. Updated Target Date: Commenced 28/04/2023.
There is a limited collaboration between Business Technology and HR in order to develop security awareness material.	It is recommended that there is more in-depth collaboration between HR and the Business Technology department to implement and monitor security awareness initiatives.	Medium	While discussions on providing elearnings and other training have occurred between the Business Technology team and Meta Compliance, no security awareness material has been developed. Additionally, HR were not involved in these discussions.	In progress.	Updated Target Date: See above.
There is no technology in place to assist with incident response scenarios (e.g. ticketing system, etc.).	It is advised that the Council assess potential platforms for the logging and tracking of incidents for appropriateness of enabling corrective planning.	Medium	Service Manager Console ticketing system was shown to be in place for logging and tracking incidents.	Closed.	



2.3 Low Priority

Original Finding Details	Original Recommendation	Original Priority Rating	Internal Audit work undertaken	Internal Audit assessment as of February 2023	Management Update/ Outstanding Actions
There is no documented process to monitor the Council's online presence from a cyber security perspective (i.e. information disclosure). There is no consideration for the organisation's external cyber threat profile.	It is advised that the Council consider conducting cyber security research for current cyber trends and emerging cyber threats that could target the Council.	Low	MyNCSC monitors for cyber trends and notifications of findings are sent to the Business Technology Officers. There is no consideration for the organisation's external cyber threat profile.	In progress.	Management is considering options for the use of Threat Profiles to better understand the threats the organisation faces. Updated Target Date: 30 November 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 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 Cyber Security review

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Appendix I: Cyber Maturity Assessment

Maturity Assessment

The below image depicts five levels of maturity. These levels are used throughout Deloitte's maturity framework to assess the Council's current level of maturity.

	Process	People	Technology
Level 1 Initial	<ul style="list-style-type: none"> Processes are not defined Activities are performed inconsistently 	<ul style="list-style-type: none"> Training materials, roles and responsibilities are not documented or approved Knowledge is not shared Employees are given little or no training Little to no metrics are defined 	<ul style="list-style-type: none"> Basic technology in place to prevent and detect security incidents Third-party operations are not assessed Security logs are not monitored Basic tools are implemented to automate and support security operations
Level 2 Repeatable	<ul style="list-style-type: none"> Basic processes are defined Processes for measurement, enforcement and reporting of cyber security capability effectiveness are not defined 	<ul style="list-style-type: none"> Some roles and responsibilities have been introduced but all roles and responsibilities are not clearly defined Employees are given little security training Knowledge shared within the team Some metrics are defined 	<ul style="list-style-type: none"> Standard security technology is in place to detect and prevent security incidents Security logs are monitored but the process is not automatic Third parties report their activity to the organisation Some tools are in place to support and automate security operations
Level 3 Defined	<ul style="list-style-type: none"> Standard processes are defined and deployed Processes for measurement, enforcement and reporting of cyber security capability activities are documented 	<ul style="list-style-type: none"> Roles and responsibilities are clearly defined Employees are given security training Executives are responsible for security operations Training materials are documented Knowledge is shared on an ad hoc basis through security teams as needed to support the effort Some metrics and score card reporting is used 	<ul style="list-style-type: none"> Standard technology is implemented and updated but triggers multiple false positives Initiate automatic correlation to detect security incidents with a SIEM Third parties have been assessed Some tools/technology are in place to support and automate security operations
Level 4 Managed	<ul style="list-style-type: none"> Advanced processes are defined, continuously measured and improved Enforcement of processes (e.g. Incident response, Vulnerability management) is not regularly monitored and improved 	<ul style="list-style-type: none"> Responsibilities for operations are defined, measured and reported Continuous training and education delivered to security teams Knowledge is continuously shared and available through security teams 	<ul style="list-style-type: none"> Standard technology is in place and continuously refined to prevent attacks against assets SIEM solution is in place and advanced correlation implemented Third parties are regularly assessed Technologies/tools are implemented to automate and support cyber security operations.
Level 5 Optimised	<ul style="list-style-type: none"> Advanced processes are defined and continuously measured and improved Enforcement of processes (e.g. Incident response, Vulnerability management) is regularly monitored and improved 	<ul style="list-style-type: none"> Continuous training and education delivered to security teams Knowledge is continuously improved to proactively respond to a need Training materials, governance structure, metrics and reporting are continuously improved 	<ul style="list-style-type: none"> Advanced technology is in place to prevent and detect emerging threats SIEM solution is in place and continuously refined to prevent and detect security incidents Technologies to automate security operations are in place and the organisation continuously maintains them and acquires new technology

Ards and North Down Borough Council – Internal Audit Cyber Security review

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Appendix II: 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.



Appendix III: Priority Definitions

Recommendation Priorities	
High Priority	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.
Medium Priority	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.
Low Priority	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
Annual Audit Plan 2023/24- Draft
June 2023

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1. Introduction

In line with good practice, we have worked in partnership with Senior Management to prepare a four-year Internal Audit Strategic Plan and Annual Internal Audit Plan which is based on the current and emerging risks for the Council, in line with the Public Sector Internal Audit Standards (PSIAS) and the standards of the Chartered Institute of Internal Auditors.

1.1 The Role of Internal Audit

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Our role is to provide an independent opinion for the Audit Committee on risk management, internal control and corporate governance. In order to provide this opinion, we are required to review annually the risk management, internal control and governance processes within the Council.

1.2 The Internal Audit Strategy and Internal Audit Plan

The proposed Strategic Internal Audit Plan allows an organisational wide view of current and emerging risks for the Council over a four-year period. This will help ensure the most efficient and effective use of Internal Audit resources and enable us to focus on areas at greater risk.

In line with the PSIAS, on an annual basis we provide the Audit Committee and Senior Management with a risk based Internal Audit Plan. The Annual Internal Audit Plan enables Internal Audit to facilitate:

- The provision to the Audit Committee of an overall opinion each year on the Council's risk management, control and governance;
- Review of the Council's risk management, control, governance systems through periodic audit plans in a way which affords suitable priority to the organisation's objectives and risks;
- Provision to management of recommendations arising from Internal Audit work;
- The identification of audit resources required to deliver an Internal Audit service which meets required professional standards;
- Effective co-operation with External Auditors and other review bodies; and
- Provision of both assurance and advisory services by Internal Audit, to enhance and protect organisational value by delivering insight and assurance.

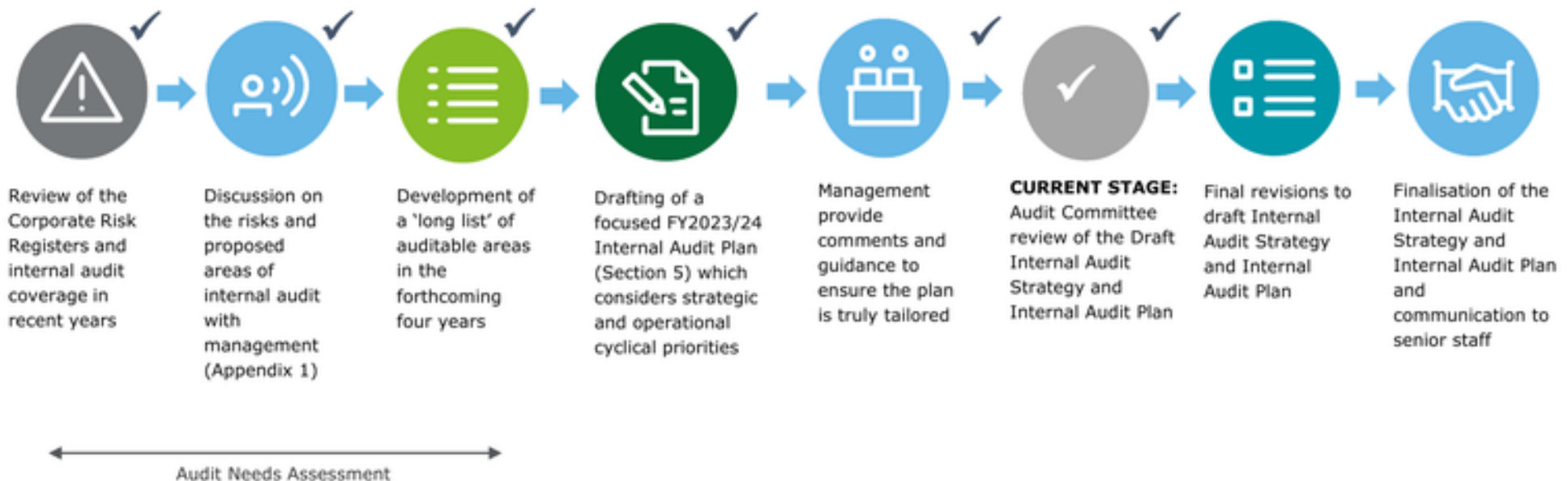
The Internal Audit Strategy and Internal Audit Plan are aligned to the Council's current risk profile, and will be updated at least annually. The Audit Committee is therefore requested to approve the Annual Internal Audit Plan 2023/24.

The work of Internal Audit fits within the framework of assurance already established within the Council. It will complement the ongoing risk management framework and other assurance mechanisms, and thus is not to be considered as the only source of assurance for the Audit Committee.

2. Approach

Approach

Our approach to the development and preparation of the Internal Audit Strategy and Internal Audit Plan is delivered through a tried and tested methodology and our understanding of the Council and the assurance requirements. This draft Internal Audit Strategy and 2023/24 Internal Audit Plan is presented to the Audit Committee for approval. A summary of the approach is outlined below:



3. Risk Universe




The diagram below sets out the Corporate risks impacting upon the Council. These risks have been used in developing the Internal Audit Strategy and Annual Plan. Risks in the diagram below have been taken from the Corporate Risk Register September 2022 (as provided to us in February 2023), and colour coded to reflect management's assessment of severity as documented in the risk register.





Corporate Risk Areas

CR13 Cyber Security	CR13(a) Inadequate data breach response and recovery	CR11 Impact of Brexit on Council to deliver services	CR12 Failure of DfI to implement Planning Portal replacement within ANDBC	CR10 (a) Lack of DfI Transport Strategy impacting Council timetable for its Draft Plan Strategy	CR15 Inflation
CR16 Failure to integrate North Down Leisure facilities and staff into Council	CR8 Failure to transfer powers to Council	CR5 Stakeholder Engagement	CR3 Financial Management and Resource Planning	CR7 Compliance with Statutory Obligations	CR6 Health & Safety
CR4 Business Continuity / Emergency Planning	CR9 Decisions outside Planning & Budgeting Processes	CR10 Inability to develop Local Development Plan	CR1 Ineffective implementation of the Community Plan	CR14 COVID-19 Pandemic and future pandemics	CR2 Staff Morale











4. Internal Audit Plan 2023/24

In the following table we have set out the proposed assignments to be delivered during 2023/24.













Key to Icons	
Assurance review	
Core team	
Subject matter experts	
Advisory review	

Audit Area	Days	Assurance or Advisory	Senior Management Lead	Deloitte Team	Cyclical	Related Corporate Risk	Proposed start date	Audit Scope and Additional Comments
Strategic								
Service reviews	30		Head of Finance / Head of Assets and Property Services		✓	CR1, CR3, CR5, CR7, CR9	(1) W/c 26/06/2023 (2) W/c 15/05/2023	Review of controls in place to manage risk associated with Service planning, budgetary control, risk management and performance monitoring/reporting. Proposed Services for 2022/23 are Finance (Review 1: also to include finance system transformation readiness) and Assets and Property Services (Review 2).
Operational								
Emergency Planning	12		Head of Administration		-	CR6	w/c 31 st July 2023	Review of the controls in place to ensure that Council can fulfil its responsibilities for Emergency Planning and to support communities in the event of a major emergency in the Borough.

4. Internal Audit Plan 2023/24

Audit Area	Days	Assurance or Advisory	Senior Management Lead	Deloitte Team	Cyclical	Related Corporate Risk	Proposed start date	Audit Scope and Additional Comments
Labour Market Partnership	9		Head of Economic Development		-	CR1, CR7, CR3	w/c 11 th September 2023	Review of the governance arrangements of the LMP and controls to manage grants and expenditure
PCSP	9		Interim Head of Community and Wellbeing		✓	CR1, CR7, CR3	w/c 18 th September 2023	Review of the governance arrangements for the PCSP and controls to manage the grants and tendering processes operated by the PCSP.
Dog Licensing and Enforcement	10		Neighbourhood environment manager / Head of Finance		-	CR3, CR6, CR7	w/c 30 th October 2023	Review of processes and controls in place around the provision of dog licenses processes, including around enforcement and appeals.
Events Management	14		Head of Tourism		-	CR6	w/c 18 th September 2023	Review of the adequacy, appropriateness and operating effectiveness of the controls in place around the management and oversight of Council-run events, including planning processes, budget and risk management (including health and safety), impact realisation and lessons learned.
HR (Absence Management)	12		Head of HR and Organisational Development		-	CR3	TBC	Review of the governance framework and controls in place to manage risks around staff absence within the Council, including policies and procedures, return to work processes, use of Occupational Health, processes around long-term absence and reporting upwards.

4. Internal Audit Plan 2023/24 (continued)

Audit Area	Days	Assurance or Advisory	Senior Management Lead	Deloitte Team	Cyclical	Related Corporate Risk	Indicative audit start date	Audit Scope and Additional Comments
Financial								
Procurement - above tender threshold and contract management	20		Head of Transformation and Performance / Head of Finance / relevant Heads of Service		-	CR3,CR9	w/c 28 th September	Review of controls in place over procurement above tender threshold and controls to manage supply chain risk. This review will also include review of contract management arrangements in place post procurement, including performance monitoring controls.
ICT								
IT General Controls	20		Head of Transformation and Performance	 	-	CR4, CR13	TBC	Assessment of the existing controls in place with regards to IT General Controls (e.g. access management, change management and operational controls). The specific IT systems and controls to be included in this audit will be determined with management at the audit planning stage.
Other areas								
Follow-ups	17	N/A	Head of Finance / HoST		✓	N/A	Quarterly – Q1 exercise commencing w/c 21 st August 2023	Quarterly status update on all open Internal Audit recommendations. Annual sample verification exercise for Priority 2 and Priority 3 recommendations reported in year as being closed.
Risk Register Workshop	2		CLT and HoST	 	-	N/A	10 th August 2023	Delivery of workshop to facilitate CLT and HoST review of the corporate risks within the Council's Corporate Risk Register in order to update the Corporate Risk Register.
Risk Appetite Workshop	3		CLT and HoST	 	-	N/A	25 th July 2023	Delivery of training workshop for senior management focussing on Risk Appetite and to support review and update of the Council's risk appetite statement(s).
Total Days	158							

5. Strategic Internal Audit Plan 2023-2027 (Updated June 2023)

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Risk Area	Internal Audit	Related Corporate Risk	Internal Audit Plan			
			23/24	24/25	25/26	26/27
Strategic	Service reviews	CR1 CR3, CR5, CR7, CR9	✓	✓	✓	✓
	Information and Data protection	CR13, CR4		✓		
	Climate Change Strategy	CR7			✓	
	Governance	CR5		✓		
	Workforce Planning Strategy	CR1, CR7, CR3		✓		
	Digital Transformation	CR5, CR7, CR3		✓		
	Transformation programme and project management	CR1, CR3, CR5, CR7, CR8			✓	
	PCSP	CR1, CR3, CR7	✓	✓	✓	✓
	Labour Market Partnership	CR1, CR3, CR7	✓			
	Facilities Management	CR3, CR5, CR6				✓
	Licensing	CR3, CR6, CR7	✓			
	Fleet Management	CR3, CR6, CR7				✓
	Contract management - Leisure Services Contracts	CR3, CR7				✓
	Contract Management	CR3, CR7	✓			
Operational	Lease Management	CR3, CR7			✓	
	Staff Performance Management	CR2			✓	
	HR (Absence Management)	CR2	✓			
	HR (Grievance Processes)	CR2			✓	
	Grant Funding/ Management	CR3				✓
	Events Management	CR6	✓			
	Emergency Planning	CR6	✓			
	Stores (stock and fuel management)	CR3, CR7				✓
	Community Plan implementation	CR1			✓	

5. Strategic Internal Audit Plan 2023-2027 (Updated June 2023)

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Risk Area	Internal Audit	Related Corporate Risk	Internal Audit Plan			
			23/24	24/25	25/26	26/27
Financial	Payroll	CR3				✓
	Budgetary Control	CR3		✓		
	Travel and subsistence	CR3				✓
	Cash Handling	CR3		✓		
	Procurement - above tender threshold	CR3, CR9	✓			
	Procurement - below tender threshold	CR3, CR9			✓	
ICT	Business Technology Governance	CR4, CR13		✓		
	Cyber security	CR4, CR13				✓
	General IT controls	CR4, CR13	✓			
Other	Follow-ups	-	✓	✓	✓	✓
	Contract management	-	✓	✓	✓	✓
	Strategic and annual audit planning	-	✓	✓	✓	✓

Appendix I: Background and Approach

1.1 The Development of our Four Year Internal Audit Strategy and the 2023/2024 Internal Audit Annual Plan

As required by best practice Public Sector Internal Audit Standards (PSIAS) the Chief Audit Executive is required to develop a risk based Internal Audit Strategy. We are presenting this new four year strategy to the Audit Committee for approval. This Annual Internal Audit Plan for the 2023/24 period is included in the strategy.

1.2 Our approach to your Internal Audit Annual Plan

Our approach to developing the plan is consistent with the standards of the PSIAS. We have taken into consideration any changes ongoing/planned for the Council to ensure that the work we deliver adds value.

The draft 2023/24 plan, in line with the overall four year Strategy, is risk-based and aligned to the Council's Corporate Risk Register. We have also consulted with members of the Corporate Leadership Team (CLT) and Head of Service Team (HoST) to review the coverage and assurance requirements for this period.

Some key questions we consider as part of this process include:

- Has the risk profile changed from the previous year?
- Will any of the areas under review include controls that External Auditors may be planning to place reliance on?
- Does a third party require assurance on the risk area under our review and does our scope meet those requirements?
- Do the outputs of the risk registers suggest other risk areas not already highlighted by management for internal audit review?
- Are we aware of any significant issues previously reported that should be revisited to provide assurance for management?

Appendix I: Background and Approach

1.3 Typical contents of our Annual Plans

Each of our Annual Internal Audit Plans follow a similar agreed format which includes as a minimum:

- An overview of the scope and objectives of each audit and any key considerations;
- Days allocated to each assurance and advisory review;
- Proposed timeframe for commencement; and
- Any advisory inputs.

1.4 Deciding the appropriate audit response

We regard every individual Internal Audit we undertake as an opportunity to add value and therefore it is a core part of our approach for each Internal Audit. We adopt an innovative and robust approach for individual areas by ensuring that our strategy and annual operational plans appropriately focus on operational risks.

We will respond to each risk proportionately and use a range of audit techniques to provide senior management and the Audit Committee with assurance and advisory recommendations.

1.5 Communication and reporting protocols

We have clear communication and reporting protocols in place which allows for a frequent two way flow of information between the Internal Audit team and Management.

We attend all Audit Committee meetings in order to maintain our understanding of the current and emerging risks faced by the Council. This allows us to flex the Internal Audit Plan where deemed appropriate (and as approved by Audit Committee) in line with the Council's evolving risk profile.

We also meet with the Director of Corporate Services and Head of Finance on a monthly basis to discuss progress against the Internal Audit Plan. This allows any 'red flags' to be highlighted to Senior Management early, supporting a robust response to absent/ineffective controls where necessary.



Appendix 2: Historic internal audit coverage

Previous internal audit

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In planning the internal audit coverage for 2023/24 onwards, we have considered the historic internal audit coverage provided by the Council's internal auditors in recent years. The audit topics are:

	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18
Chief Executive's Office						
Corporate & business planning & performance management						✓
Community planning						✓
Social media		✓				✓
Corporate governance						
Communications						
Corporate Services						
Contract Management and Contractor Monitoring Repairs and Maintenance					✓	
Travel and Subsistence					✓	
Tenders and Contracts					✓	
Cash Handling					✓	
Payroll			✓			✓
Procurement	✓			✓		
Overtime, TOIL and Flexi				✓		
Debtors & Accounts receivable						
Travel & subsistence						
Business continuity and emergency planning			✓			
Budgetary control						
Business Technology (ICT) environment						
Cyber Security				✓		
Supplier Payments		✓				
Treasury Management	✓					
Income Management		✓				
Risk Management					✓	
Information Governance and Data Protection					✓	
Freedom of Information					✓	
Staff Performance Management					✓	
Safeguarding						✓
Whistleblowing arrangements						✓
Equality and Disability Action Planning						✓
Staff Training & Development						✓
Absence & sickness monitoring						✓

Appendix 2: Historic internal audit coverage

	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18
Corporate Services (Cont'd)						
Property & lease management		✓				✓
Complaints & Customer Feedback						
HR: recruitment & retention				✓		
Customer Service		✓				
General IT Controls		✓				
Cyber Security	✓					
Service Review – HR and Organisational Development		✓				
Prosperity						
Planning – enforcement and development control		✓			✓	
Contract Management & Operations – Exploris					✓	
Event management						✓
Pickie Fun Park						
Visitor Information Centres						
Grant Funding		✓			✓	
Labour Market Partnership	✓					
Service Review - Tourism			✓			
Place						
Service Review - Regeneration		✓		✓		
Capital Projects			✓			
Capital Project Management			✓		✓	
Environment						
Building Control					✓	
Fleet management						✓
Health & Safety – Harbours						✓
Contract management – Waste						✓
Waste management	✓					
Stores: stock and fuel management						✓
Licensing						
Off-street parking enforcement & income collection						
Grant Funding					✓	

Appendix 2: Historic internal audit coverage

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	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18
Environment (Cont'd)						
Fixed Assets			✓			
Asset management			✓			
Service Review – Regulatory Services			✓			
Service Review – Waste Services		✓				
Community and Wellbeing						
Partnership Arrangements					✓	
PCSP	✓	✓	✓	✓	✓	✓
Grant Funding		✓			✓	
Contract management: Aurora Leisure and Aquatic Centre						✓
Environmental Health						
Leisure centres (Ards Leisure Centre)						
Museum services (North Down)						
Health & Safety			✓			
Service Review – Environmental Health	✓					
Service Review – Leisure and Amenities				✓		
Other						
Follow Ups	✓	✓				
Contract Management	✓	✓				
Strategic and annual audit planning	✓	✓				

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Internal Audit Annual Report 2022/23

Ards and North Down Borough Council

June 2023

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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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For and on behalf of

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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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Ards and North Down Borough Council

Internal Audit Charter

June 2023

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Appendix I – Assurance Ratings

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1. Objective of the Internal Audit Charter

The objective of this Charter is to establish and agree the roles and responsibilities of Ards and North Down Borough Council's (henceforth referred to as the Council) Internal Audit Function, for the approval of the Audit Committee.

The Charter will be reconsidered annually by the Head of Internal Audit to ensure that it takes account of changes in best practice or industry guidance. Where any changes are required, the revised Charter will be presented to the Audit Committee for final approval.

2. Purpose and Mission of the Internal Audit Function

The purpose of the Internal Audit function, as defined by the Public Sector Internal Audit Standards (PSIAS) is to provide 'an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations'. The mission of Internal Audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight. The Internal Audit function helps the Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

The nature of assurance services provided by Internal Audit includes:

- To appraise the soundness, adequacy and application of the whole internal control system and ascertain the extent to which the system of internal control ensures compliance with established policies, procedures, laws and regulations;
- To ascertain the extent to which the assets and interests of the organisation are properly controlled and safeguarded from losses arising from fraud, irregularity or corruption;
- To ascertain that information is reliable as a basis for producing accounts, financial and statistical information and other returns;
- To ascertain the integrity and reliability of financial and other information provided to management, including that used in decision making; and
- To ascertain that systems of control established and operated, promote the economic, efficient and effective use of resources.

3. Roles and Responsibilities of the Internal Audit Function

The key roles and responsibilities of the Internal Audit function are outlined below:

- It is Internal Audit's responsibility to provide the Council's Chief Financial Officer with **independent assurance of the design and effectiveness of the Council's system of governance, risk management and internal control in reducing risk exposures to acceptable levels**. The Internal Audit function is required to report any internal control breakdowns, failures or weaknesses, together with appropriate recommendations for remedial action, to each review's Audit Sponsor (who should be a member of the Council's Corporate Leadership Team or Head of Service Team) and the Audit Committee;
- Internal Audit will **comply with the requirements of the PSIAS, and the mandatory elements of the Institute of Internal Auditors International Professional Practices Framework, which includes the Definition of Internal Auditing, Core Principles for the Professional Practice of Internal Auditing, Code of Ethics and International Standards for the Professional Practice of Internal Auditing**. In any rare occasions where Internal Audit would be required to deviate from these standards, Internal Audit will report the deviation to the Audit Committee;
- Internal Audit will **consider the assurance activities of other assurance providers** (such as External Audit, Information Security accreditations and relevant internal assurance processes) such that the assurance needs of the Council and other stakeholders are met in the most effective way;
- Internal Audit can help to **promote an anti-fraud, anti-bribery and anti-corruption culture** within the Council to aid the prevention and detection of fraud. Managing the risk of fraud, corruption and bribery is

the responsibility of all management and Councillors. Internal Audit can assist management in the effective discharge of this responsibility, including the investigation of suspected frauds and irregularities. Internal Audit's role in relation to anti-fraud, bribery and corruption is set out in the Council's Anti-Fraud, Bribery and Corruption Policy. All instances of suspected significant fraud should be reported to Internal Audit;

- Internal Audit can assist in **the investigation of allegations of fraud, bribery and corruption** within the Council at the request of a member of senior management and/or the Audit Committee;
- Internal Audit will **assess the adequacy and progress of the Council's remedial action to address risk and control issues** reported to the Audit Committee. Internal Audit will follow up on prior recommendations to ensure that recommendations are implemented in an appropriate timescale, and we will report any unresolved issues in accordance with the agreed reporting protocol;
- Internal Audit is **accountable for the safekeeping and confidentiality of any information and assets acquired** in the course of its duties and execution of its responsibilities;
- Internal Audit will **consider all requests from the External Auditors** for access to any information, files or working papers obtained or prepared during audit work that has been finalised, and which External Audit would need to discharge their responsibilities;
- All Internal Audit staff are required to make an **annual personal independence responsibilities declaration** to Deloitte to avoid any personal conflicts of interest with the Council. The Head of Internal Audit will confirm to the Chair of the Audit Committee at least annually, the **organisational independence of the Internal Audit function** in the annual assurance statement provided to the Audit Committee; and
- Where Internal Audit has been requested to provide **significant consultancy activity** not already included in the Annual Internal Audit Plan, which may impact on the level of assurance work to be undertaken, Internal Audit must report this to the Audit Committee. Consultancy is deemed to be advisory and related client service activities, the nature and scope of which will be agreed with management. Such consultancy is intended to add value and improve governance, risk management and control processes without the internal auditor assuming management responsibility. Examples include risk management training, facilitation of risk identification and assessment workshops and advice on new design and implementation control. The Head of Internal Audit has final responsibility for the content of the audit work programme, and prioritisation of such work will be risk assessed through the audit planning process.

4. Roles and Responsibilities of Management

It is the responsibility of management to define and establish the following:

- The control environment and a system of internal controls within the Council;
- A robust risk management process that is fully embedded within the Council; and
- A sound governance structure for the Council that demonstrates transparency, openness and integrity.

Management has the following roles and responsibilities specifically with regards to the operations of the Internal Audit function:

- It is important for the Audit Committee and Management to recognise that the Internal Audit function does not have any executive powers. Management must ensure that it **does not involve the Internal Audit function in the operation of controls**, so as to compromise **Internal Audit's independence and objectivity**; and
- The Accounting Officer must **make reasonable attempts to provide right of access** for Internal Audit to records, assets, personnel and premises which are deemed necessary in order for Internal Audit to assess the internal control framework in place. Any such scope limitations which have been agreed with the review's Audit Sponsor will be reported by Internal Audit to the Audit Committee for information purposes.

5. Roles and Responsibilities of the Audit Committee

The Audit Committee has the following responsibilities with regards to the activities of the Internal Audit function:

- To consider and advise the Council on the **appointment and terms of engagement of the Internal Audit service**, the audit fee, the provision of any non-audit services by the Internal Auditors, and any questions of resignation or dismissal of the Internal Auditors.
- To **review the Internal Auditors' Strategic Plan and annual Internal Audit Plans**.
- To consider the **findings of Internal Audit investigations** and Management's response and promote co-ordination between the Internal and External Auditors.
- To ensure that the **resources made available for Internal Audit** are sufficient to meet the Council's needs (or make a recommendation to the Council, as appropriate).
- To review summaries of individual Internal Audit reports, provided to the Audit Committee within **Internal Audit Progress Reports and the Internal Audit Annual Statement of Assurance**.
- To **monitor the implementation of agreed audit-based recommendations**.
- To ensure that **Internal Audit have been informed of all significant losses** identified by the Council.
- To **monitor annually the performance and effectiveness of the Internal Audit function**, including any matters affecting their objectivity, and make recommendations to the Council concerning their re-appointment, where appropriate.

6. Key Internal Audit Relationships

6.1 Senior Management and Audit Committee

The Head of Internal Audit should have direct access to the following:

- Corporate Leadership Team and Head of Service Team;
- Chief Financial Officer;
- Chair of the Audit Committee; and
- Any other member of the Council and relevant committees.

6.2 Internal Audit Liaison Manager

Internal Audit's primary points of contact are the Head of Finance and Director of Corporate Services. Day to day matters will be communicated with the Head of Finance.

6.3 External Auditors

Effective collaboration between Internal Audit and the External Auditors will help ensure effective and efficient audit coverage and resolution of issues of mutual concern. We will provide the External Auditors with copies of the Internal Audit Strategy, Annual Internal Audit Plans, final Internal Audit reports and the Annual Internal Audit Assurance Report. We will liaise with the external auditors to minimise any duplication of effort in specific areas.

7. Internal Audit Deliverables

7.1 Individual Reviews

For each review, the Terms of Reference will be agreed with the Audit Sponsor and circulated to the relevant Director and Head of Finance.

For each review, Internal Audit will issue a draft report for management response to the Audit Sponsor (copied to the Head of Finance), giving an assurance statement on the area reviewed, and making recommendations where appropriate. The Audit Sponsor, relevant Director, Head of Finance and Director of Corporate Services will be provided with a copy of the final report.

Internal Audit will deliver progress reports demonstrating progress being made against the audit plan to the Audit Committee. The responsibility for the monitoring of the implementation of actions arising from the audit plan rests with the Council.

7.2 Annual Reporting

On an annual basis Internal Audit will prepare a Statement of Assurance which will be presented to the Audit Committee. The report will include:

- Internal Audit's assessment of the adequacy and effectiveness of the Council's internal control system, risk management and governance;
- Details of Internal Audit's achieved coverage against the Annual Internal Audit Plan; and
- Details of Internal Audit recommendations which we consider have not received adequate management attention.

8. Quality Assurance

8.1 Our Quality Assurance Procedures

In line with the PSIAS, our quality management includes:

- The use of Deloitte's Global Internal Audit methodology, consistent with the PSIAS, using dedicated audit file management software;
- Utilising professional, dedicated Internal Audit staff to deliver this contract;
- Engaging Deloitte staff with specialist qualifications (such as our IT auditors, data privacy experts, corporate governance team and cyber security team) to lead on technical and specialist Internal Audit work;
- All the core Internal Audit team hold professional CCAB or CIAA qualifications (or are working towards the same);
- Staff complete their required annual continuing professional development and training through a range of external and in-house technical and professional learning opportunities;
- Having access to regular Deloitte thought leadership updates on specific sectors or topics (e.g. public sector governance updates or thought leadership) which we will share with Council management;
- Feedback from the Council will be used to encourage meaningful conversations regarding auditor performance;
- All deliverables are reviewed by the Engagement Manager and Head of Internal Audit prior to issue;
- Independent Internal Audit manager quality review on all final reports (over and above reviews by the Engagement Manager and Head of Internal Audit) prior to issue to management and the Audit Committee, including assessment of the approach, scope, findings, recommendations and responses;

- Cyclical Deloitte practice reviews completed by independent quality reviewers;
- Annual self-assessments against our compliance with the PSIAS and the CIPFA Local Government Application Note, with the results being reported to the Audit Committee;
- Five-yearly external quality assessments of our IA services, in line with the PSIAS, the results of which will be reported to the Audit Committee.

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Appendix I – Assurance Ratings

Assurance Rating

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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ITEM 6a

Ards and North Down Borough Council

Report Classification	Choose a Report Classification
Council/Committee	Audit Committee
Date of Meeting	26 June 2023
Responsible Director	Director of Corporate Services
Responsible Head of Service	Head of Administration
Date of Report	08 June 2023
File Reference	SOA1
Legislation	Local Government Act (Northern Ireland) 2014
Section 75 Compliant	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Other <input type="checkbox"/> If other, please add comment below:
Subject	Statements of Assurance - End of Year
Attachments	n/a

Introduction

In accordance with the Council's Risk Management Strategy Heads of Service are required to provide Statements of Assurance twice yearly. Assurance Statements comprise 4 main sections to be completed by each Head of Service following consultation with each of their Service Units. This report cover focuses on changes reported for the second period of the 2022-23 year, 1 October 2022 - 31 March 2023.

General – Identification of Risk, Monitoring and Control Measures

Internal audit has highlighted a significant number of outstanding recommendations (detailed in separate report on this agenda). Aside from the audit recommendations all Services have confirmed that they are satisfied that any risks identified have appropriate internal controls and any further actions taken, or to be taken, to adequately mitigate or resolve the risk have been identified.

COVID 19 Pandemic Impacts

COVID 19 remains a risk but is now considered alongside other potentially impactful risks as part of the normal risk assessment process.

- **Environmental Health** continues to reprioritise service delivery due to the backlog of inspections and business interventions in addition to the continued implementation of the Food Standards Agency (FSA) recovery plan.
- **Leisure** service has highlighted the potential loss of income claims by Northern Community Leisure Trust (NCLT), in part due to COVID 19.
- **Parks and Cemeteries** reported post-COVID 19 stress, particularly within the Cemeteries team with interventions planned to assist staff in association with Cruse Bereavement Care and the Institute of Cemeteries and Cremation management.
- **Staff training** is undergoing a renewed focus to catch up on lost training during COVID 19.

Section 1 – Strategic and Operational Risk Management

Services report appropriate controls are currently in place and have identified satisfactory actions to review, monitor, control, mitigate and resolve issues, where appropriate. The below summarises the current issues identified within each service area.

Risk Management training took place in March 2023 delivered by Deloitte to CLT/HoST/SUMs, with further improvement in the risk management framework proposed in the coming months. The first of two workshops will review the Corporate Risk Register. This will include a redesign of the template to incorporate the identification of Risk Owners. The second workshop is for senior managers to define and develop the Council's risk appetite.

The **Administration** service has reported that a data sharing agreement database has been created and is being populated by all services to ensure that it is comprehensive. The CCTV policy has been approved and was reviewed in light of union concerns about body worn cameras.

Human Resources and Organisational Development service reported that the 3-year assessment under Investors In People has been completed and the Council maintained its Silver level of accreditation. An action plan will be put in place based on the findings of this report. The service has also reported that there is a new draft appraisal scheme for the Council which is anticipated to be implemented in August 2023, with training for service unit managers on the new scheme.

The **Leisure** contract with NCLT has been extended for a further five years. Contract management procedures are still in place and being followed up by Assets and Property. Risk Management training is to be rolled out across the Leisure service. Leisure service reported that staffing levels are a concern and that the impact of this on staff welfare and service delivery is an ongoing issue.

Parks and Cemeteries service has reported that the proposed restructure of the service has been delayed due to staff concerns. A fortnightly management team meeting has been established to address concerns. The service continues to experience issues related to grave depths and associated media attention. A series of internal controls are being implemented to better inform cemetery customers.

Environmental Health Protection and Development service continues to work with funders and other Councils to understand the impact of changes to regulation in relation to EU exit and the NI protocol. The implications for service delivery remains unknown as guidance on the Windsor Agreement is still outstanding.

Regeneration service has reported that the Rural Development programme has finished and that all audits have been completed.

Economic Development have reported that funding has been withdrawn for the Labour Market Partnership.

Waste and Cleansing services has confirmed that the previously reported significant financial liability risk, if the bidding process for the Residual Waste Treatment project is collapsed by the client (arc21) remains. The Planning permission refused by the DFI Minister is now subject to judicial review. All this has significant implications for the future of arc21, in terms of delivering infrastructure for member councils. The matter is further complicated by one member Council seeking to withdraw from residual waste project and Strategic Review of NI Council Waste Management Arrangements

Section 2 – Internal Control

Internal audit has highlighted a significant number of outstanding recommendations (detailed in separate report on this agenda). Aside from the audit recommendations the below summarises the current controls identified within each service area.

Tourism service reported that all events in 2023/24 have alternative set up solutions devised with regard to climate mitigations. They also report that the TASTE facebook group was identified as requiring governance and management improvements which will be addressed as a priority. Formal event debriefs will continue and actions will be undertaken as a result of the learnings from these.

Administration Service reported that the composition of the screening panels has been reviewed to ensure wide representation and will sign up to the Nolan Principles. The Council have also adopted the Northern Ireland Public Services Ombudsman (NIPSO) Model Complaints Handling Procedure and it will be rolled out over the next 6 months.

Communications and Marketing reported that a community engagement framework is being developed to help address a perceived lack of trust with key stakeholder groups.

Planning service reported that the NI planning portal website has been reconfigured, and staff have been redirected to relevant publications on this on the Department for Infrastructure website.

Strategic Capital Development reported that templates have been produced for project briefs and the 5 step-model business case. In addition, the project risk registers have been updated.

Waste and Cleansing Services review was agreed as part of the rate setting process for 2023/24.

Regulatory Services reported interim structural changes in the service, implemented due to the absence of a Head of Service, with those duties being delivered by the relevant Service Unit Managers.

Parks and Cemeteries service have introduced new cemetery software.

Section 3 – Governance

The below summarises the current governance issues identified within each service area.

Finance Service reported two instances of suspected fraud discovered and acted upon.

Assets and Property Services have reported that there is an ongoing dispute over design and workmanship at Aurora which is expected to be a lengthy legal process. In addition the service has also reported that the situation with a large contract existing for vehicle hire with a local company which has not been subject to procurement processes is ongoing.

Strategic Transformation and Performance service has reported that an anonymous whistleblowing allegation has been received relating to the procurement and management of a minor external works and hired plant contract which is being investigated.

Human Resources and Organisational Development has reported that a single tender action was undertaken to extend the Agency contract for a further six months until a competitive process can take place.

Waste and Cleansing reported that a noise complaint has been lodged regarding operations at the North Road Depot, following the removal of trees and an earth bund by a developer. The service is awaiting the outcome of Environmental Health monitoring reports to identify if mitigation is required. The service has also reported that whilst quotations were sought for the provision of refuse services at Council HRCs only one suitable quotation was received.

Communications and Marketing service reported that they deviated from procurement processes for the provision of a borough-wide Support Local campaign with the Spectator Newspaper as they are the sole provider. In addition the contract for web hosting for service specific websites with a local provider has been extended for a further year after discussion with the services concerned who were very satisfied with the service provided. During the 2023/24 financial year work will be progressed on a new .gov website which will allow for further consideration of this contract.

Economic Development service reported that a locomotive was purchased for use in the Pickie Amusements, the purchase was made without a competitive process as there is only one supplier in the UK due to the size of the gauge. In addition, the LMP has procured a single award contract with SERC for training and education services.

Regeneration service reported two purchases of street furniture directly after unsuccessful quotation and tender exercises.

Planning have reported that the introduction of the new planning portal replacement resulted in downtime and inability to accept planning applications which had an impact on fee income and targets, this has been addressed since the introduction of the new portal.

Community and Culture service reported a single tender action for willow beacons as there is a single supplier. The previously reported COVID grant claim error has potentially been resolved and the service is awaiting the processing of the final claims. The service has also reported that irregularities in the timekeeping of employees has been discovered which is being investigated.

Regulatory Services reported a risk of significant reduction in building control income due to the current economic uncertainty. In addition there is the possibility of changes in how this service is delivered depending on the outcomes of the Grenfell Report and Building Safety Review.

Leisure service reported that the preferred operating model for Community Centres and Halls needs to be determined and planning put in place to ensure continuity of service provision.

Section 4 – Miscellaneous

Leisure service has highlighted the need for a decision on future operating models is required asap to provide certainty for staff. The budget setting process has meant that a number of service issues need to be considered such as reduced opening hours and withdrawal of services not funded.

RECOMMENDATION

It is recommended that this report is noted.

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

Report Classification	Unclassified
Council/Committee	Audit Committee
Date of Meeting	26 June 2023
Responsible Director	Director of Corporate Services
Responsible Head of Service	Head of Finance
Date of Report	14 June 2023
File Reference	FIN65
Legislation	Local Government (Accounts and Audit) Regulations 2015
Section 75 Compliant	Yes <input type="checkbox"/> No <input type="checkbox"/> Other <input checked="" type="checkbox"/> If other, please add comment below:
Subject	Draft Governance Statement for 2022/23
Attachments	Draft Statement

The draft Governance Statement for 2022/23 is attached for the Committee's approval, before submission to the Department for Communities, Local Government & Housing Regulation Division and the commencement of the external audit in July.

The Council is required to prepare an Annual Governance Statement, in accordance with the principles of the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government (2016). This statement explains how the Council meets the requirements of Regulation 4 of the above regulations. The Statement forms part of the Financial Statements.

The statement sets out the arrangements the Council has in place for

1. reviewing the Council's vision
2. identifying and communicating the Council's vision
3. measuring the quality of services
4. defining and documenting the roles and responsibilities

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5. developing, communicating and embedding codes of conduct,
6. reviewing the effectiveness of the decision-making framework
7. reviewing the effectiveness of the framework for identifying and managing risks
8. ensuring effective accountability
9. ensuring effective counter-fraud and anti-corruption arrangements
10. ensuring effective management of change and transformation
11. ensuring compliance of financial management arrangements conform the CIPFA guidance
12. ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful
13. ensuring assurance processes conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010)
14. undertaking the core functions of an Audit Committee
15. whistleblowing and for receiving and investigating complaints from the public
16. identifying the development needs of members and senior officers
17. establishing clear channels of communication with all sections of the community and other stakeholders,
18. enhancing the accountability for service delivery and effectiveness of other public service providers
19. reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, and
20. respect of partnerships and other joint working as identified by the Audit Commission's report on the governance of partnerships.

The statement then details how the Council has determined the effectiveness of its internal controls (including use of internal audit, statements of assurance, risk register and fraud, data protection and whistleblowing reporting) and concludes with that there are no significant governance issues.

RECOMMENDATION

It is recommended that Council approves the draft Governance Statement 2022/23.

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Scope of Responsibility

Ards and North Down Borough Council is responsible for ensuring that there is a sound system of governance (including the system of internal control) to allow it to act in the public interest by:

- enabling its business to be conducted in accordance with the law and proper standards; and
- ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

The Council also has a duty under the Local Government Act (Northern Ireland) 2014 to make arrangements to secure continuous improvement in the exercise of its functions.

In discharging these overall responsibilities, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Council is required to prepare an Annual Governance Statement, in accordance with the principles of the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government (2016). This statement explains how the Council meets the requirements of Regulation 4 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015.

The Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values, by which the Council is directed and controlled and the activities through which it engages with, leads and gives account to its communities. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

This governance framework has been in place at the Council for the year ended 31 March 2023 and up to the date of approval of the financial statements. During the year however, a number of changes were made to the directorate structure and consequently the Committee structure. These came into effect on 1st January 2023, however these have not materially affected governance arrangements.

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The Governance Framework

This section describes the key elements of the systems and processes that comprise the Council's governance arrangements.

1. Arrangements for reviewing the Council's vision and its implications for the Council's governance arrangements

Council's vision within its Corporate Plan Towards 2024 mirrors the vision of the Community Plan. In 2017, the Council and its partners published the area's first community plan - the 'Big Plan' – which sets out a vision for the Borough.

"Ards and North Down is a vibrant, connected, healthy, safe and prosperous place to be".

The vision is supported by five outcomes that are also mirrored in the Council's Corporate Plan.



All people in Ards and North Down ...

- Fulfil their lifelong potential
- Enjoy good health and wellbeing
- Live in communities where they are respected, are safe and feel secure
- Benefit from a prosperous economy
- Feel pride from having access to a well-managed sustainable environment

Outcomes, Priorities and Workstreams

The Big Plan is based on **5 outcomes**.

Our Big Priorities focuses on **10 priorities**.

Members of our partnership will work together via lots of workstreams.

What is an Outcome?

An outcome is what you want to happen.

Our 5 Big Plan Outcomes are:

1. Fulfil their lifelong potential
2. Enjoy good health and wellbeing
3. Live in communities where they are respected, safe and feel secure
4. Benefit from a prosperous economy
5. Feel pride having access to a well managed sustainable environment



Ards and North Down's Community Plan is known as 'the Big Plan'. It has been developed following extensive engagement with the citizens of Ards and North Down using 'The Big Conversation' initiative to identify the long-term vision they would like to see achieved over the next 15 years. This engagement mechanism will continue to be used to consult with people on how implementing the Big Plan will improve the delivery of all public services. The Big Plan provides a commitment from 15 strategic partners covering a range of issues including transport, housing, environment, policing and health. The Big Plan and its implementation were reviewed and the Big Plan Part II | Our Big Priorities was published 5 years after the publication of the Big Plan. A year's extension to a

legally required review was provided due to resources being diverted to support communities dealing with COVID-19. The five outcomes from the Big Plan are now supported by 10 priorities. A Big Conversation Panel was used to confirm the most important issues for residents are recognised by the 10 priorities.

The Big Plan gives the context for the Corporate Plan (available on the Council website [here](#)) and the Council's first Local Development Plan, which is still being prepared.

Each of the Council's Services have agreed and published Service Plans against which they will report to their Standing Committee. Each Plan is aligned to the Council's Corporate objectives and monitoring of performance is managed through the Council's Performance Reporting software. The system tracks a wide range of Key Performance Indicators on a quarterly and annual basis and reports progress on a RAG (Red Amber Green) basis, providing visibility of same to the Chief Executive, Directors and Heads of Service.

The Council's Corporate Services Committee has responsibility for overseeing the performance management process and agreeing the Council's statutory Performance Improvement Plan (PIP) for Council approval. The Council's Audit Committee receives reports on PIP performance, ensuring that progress in each of the key areas is carefully monitored. The PIP is a mechanism to identify key interventions to better achieve the outcomes set out in the Council's Corporate Plan. It also fulfils the Council's statutory obligations as set out in the Local Government Act (Northern Ireland) 2014.

2. Arrangements for identifying and communicating the Council's vision of its purpose and intended outcomes for citizens and service users

The Council will deliver against the six People-focused priorities specified in its Corporate Plan Towards 2024, which are aligned with the Community Plan outcomes. Each year Council Services identify in their Service Plans improvement actions that are driven by:

- Priorities identified in the Corporate Plan are based on input from Elected Members, officers and wider consultation;
- Feedback from ratepayers, residents and stakeholders arising from the "Big Conversation" community planning engagement project and Conversation Panel surveys;
- Feedback from residents via the biannual resident's survey;
- Output from workshops involving the Corporate Leadership Team and Heads of Service Team; and



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- A review of Service Plans.

The Performance Improvement Plan is subject to, and informed by, public consultation, also involving Statutory and Community Planning partners, our Consultative Panel on Equality and Good Relations; Equality Scheme Consultees; a range of hard-to-reach groups; and the Chambers of Trade for our principal towns.

At the end of the financial year, we will publish an assessment of the Council's performance.

3. Arrangements for measuring the quality of services, for ensuring they are delivered in accordance with the Council's objectives and for ensuring that they represent the best use of resources

Individual Council Services monitor their performance on a quarterly basis to ensure that they maintain customer satisfaction levels. The Council has in place performance reporting software which links key performance indicators (KPIs) via Service Plans to the Council's overall objectives and shows progress against same.

The Council is subject to audit by the Local Government Auditor, within the Northern Ireland Audit Office. The scope of auditors' work covers not only the audit of the Council's Financial Statements, but also aspects of corporate governance, arrangements to secure the economic, efficient and effective use of resources and an audit and assessment of the Council's PIP. The Local Government Auditor publishes an annual report on the results of both the financial audit and improvement audit which are published on the Council's website.

The Council has established a Performance Improvement Unit with responsibility for developing and implementing effective performance governance arrangements in addition to supporting projects and activities aimed at improving the better use of resources to achieve agreed outcomes.

The Council has committed to undertaking a formal survey of residents every two years to gain an insight into satisfaction levels with the organisation and the services we deliver. The information gathered is shared across all service areas and used to inform a number of performance improvement measures including our annual service plans, performance improvement plan and financial statements.

Our last survey was completed in summer 2021 with a smaller than usual sample (while remaining statistically significant) given that many services had been significantly restricted during 2020/21.

It is encouraging to note that 82% of residents report satisfaction with the Council. The comparative figure for all Great Britain Councils in June 2021 was 68%.

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- ✓ Areas for improvement (over which Council has direct control) include enhancing opportunities for consultation and tackling environmental issues at a local level e.g., addressing dog fouling and littering.
- ✓ Residents identified health and wellbeing (47%) to be the most important corporate priority followed by jobs and the economy (21%).
- ✓ 72% rated their most recent contact with the Council as either ‘excellent’ or ‘good’, with the same percentage considering that the Council keeps residents informed about the services and benefits it provides.
- ✓ 68% were satisfied with the level of engagement the Council offers local residents.
- ✓ 71% rated the reputation of the Council as either excellent or good.

4. Arrangements for defining and documenting the roles and responsibilities of the Council, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication

As a statutory body, the Council performs a range of functions that are provided for in legislation. The Council takes overall responsibility for discharging these functions, with its performance delegated either to a Committee or an Officer. The committee structure is:



Each Committee has a defined Terms of Reference, documenting its roles and responsibilities including determining policy in its own area within the remit delegated from the Council.

The Terms of Reference of each Committee are periodically reviewed. The latest version was agreed during December 2022 to reflect the change of the

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Regeneration and Development Committee to become the Place and Prosperity Committee. There are also a number of established sub-committees and working groups involving Elected Members, which report to the relevant Committees.

During the pandemic legislation was enacted to allow council meetings to take place remotely, via video conferencing technology. This legislation has been extended on a number of occasions.

Section 41 of the Local Government Act (Northern Ireland) 2014 requires that Councils' Standing Orders must make provision requiring reconsideration of a decision if 15% of the members present make a requisition to the Chief Executive on either or both of the following grounds:

- That a decision was not arrived at after a proper consideration of the relevant facts and issues; and
- That the decision would disproportionately affect adversely any section of the inhabitants of the district.

This is commonly known as the 'call-in' procedure and is addressed by Standing Order 22 within the Council's Standing Orders.

In line with section 2 of the Local Government Act (Northern Ireland) 2014, the Council has prepared its constitution. This has been published on the Council's website [here](#).

The purpose of the constitution is to:

- enable the Council to provide clear leadership to the community, in partnership with citizens, businesses and other organisations;
- support the active involvement of citizens in the process of Council decision-making;
- help Councillors represent their constituents more effectively;
- enable decisions to be taken efficiently and effectively;
- create a powerful and effective means of holding decision-makers to public account;
- ensure that no one will review or scrutinise a decision in which they were directly involved;
- ensure that those responsible for decision-making are clearly identifiable to local people and that the decision-makers explain the reasons for decisions; and
- provide a means of improving the delivery of services to the community.

A Corporate Leadership Team (CLT), consisting of the Chief Executive and Directors meets to make strategic decisions, while a Heads of Service Team (HoST) is responsible for Operational delivery and informing strategic work.

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A Corporate Project Portfolio Board (CPPB) provides oversight of the range of capital and strategic projects undertaken by the Council, while a Corporate Project Assurance Group (CPAG) provides additional objective scrutiny of projects on the corporate portfolio. In addition, the Council has established a Strategic Transformation and Efficiency Programme Board to oversee a programme of modernisation within the organisation and is establishing an Estates Development Programme Board to identify and deliver strategic development projects in respect of the Council estate.

The Council has also set up a Corporate Health and Safety Committee that meets quarterly, comprising Directors, Heads of Service, Service Unit Managers, the Council's Health and Safety Officer and Trade Unions representatives to ensure the streamlining of Health and Safety throughout all Council functions and to report on incidents. In addition, each Directorate has its own Health and Safety Committee.

The Council is also a member of the arc21 Waste Management Joint Committee along with five other Northern Ireland Councils. The Joint Committee has delegated authority to deal with financial matters up to £250,000 and all other decisions are subject to ratification by the constituent Councils.

The responsibilities of the Chief Financial Officer are set out in the Local Government (Accounts & Audit) Regulations (Northern Ireland) 2015. Council has designated the Chief Executive as its Chief Financial Officer. In addition, the responsibilities of Officers including, senior management are enshrined in job descriptions. In addition, the Council has a scheme to delegate decision making to Service Unit Manager level.

5. Arrangements for developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff

The Council has a wide range of policies and procedures, which are subject to on-going review and include the standards of behaviour expected from all employees. The Council has adopted the Local Government Staff Commission's Code of Conduct. All policies and procedures are communicated to employees through induction, other on-going training initiatives and are published on the intranet. Specifically, these policies include an Anti-fraud, Bribery and Corruption Policy (including a fraud response plan) and a Declarations of Interest Policy (which requires all employees at or above salary scale point 23 to declare actual or potential conflicts of interest).

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Line managers have received training from the Council's Human Resources Service in relation to these HR policies. Council has an 'Employee Behaviour Charter'. Training has been provided to embed these positive behaviours into the Council's culture and the behaviours are illustrated with examples of good practice in the Council's fortnightly staff newsletter. The Council is continuing to embed its Learning and Development Strategy and the Pride and Performance Appraisal Conversation initiative with every employee. These conversations align with the Corporate Values, which are part of the Corporate Plan.



The Northern Ireland Local Government Code of Conduct for Councillors came into effect 28 May 2014. Councillors have received training in respect of this statutory code of conduct. They have also completed declarations of interest, which are published on the Council [website](#) and which they have a legal obligation to keep up to date.

6. Arrangements for reviewing the effectiveness of the decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality

The Council is committed to the effective delivery of services for the benefit of residents and users alike. A scheme of delegation to officers with clearly defined parameters and reporting arrangements was agreed by Council in 2019 and is kept under periodic review.

The Council is involved in a number of strategic partnerships, including the Queen's Parade redevelopment, Belfast Region City Deal, the 11-Council NI Enterprise Support Service, the Labour Market Partnership and the Strategic Community Planning Partnership, all of which have project boards or committees in place to provide an appropriate governance structure. In addition, arc21 operates within the framework of a legally binding collaborative agreement between all of its councils. A Joint Committee is arc21's decision making forum and is made up of 18 elected members (three from each of its six partner councils).

The Council, Department for Communities and Bangor Marine Ltd have entered into a Development Agreement for the redevelopment of the Queen's Parade project. This is progressing well with an estimate construction start date of quarter four of this year. This project is overseen by a Project Board which meets regularly. Regular updates on the progress of the project are reported to the Council via the Place and Prosperity Committee.

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7. Arrangements for reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability

Risk Management

In line with the Council's Risk Strategy, a Corporate Risk Register is maintained to ensure that key areas of risk that may affect delivery of our Corporate Plan are identified. To ensure a proactive approach to risk management, all corporate risks have assigned mitigations (comprising current controls and additional mitigation measures required). As a live document, it is subject to change as required. The Register is reviewed by the Corporate Leadership Team (CLT) and Heads of Service Team (HoST) on a quarterly basis to ensure that it is kept up to date and to streamline consideration of and mitigation against risk throughout the organisation and is reported to the Audit Committee twice yearly.

A second level of risk recording is performed through Service Risk Registers, these identify Service specific strategic and operational risks and are incorporated into Service plans. Periodic reviews are included within each Service's management processes. In addition, biannually, each Service completes an internal governance Assurance Statement to provide assurance that the internal standard procedures, risk management and / or control arrangements are in place. Within this statement any failure of controls or significant risks causing concern and requiring mitigation is identified.

The Council revised its Risk Strategy in October 2021 and intends to review it again in 2023. This is being aligned to the Corporate Plan Toward 2024 to ensure that the Council is best equipped to deliver its future ambitions. Management training is currently underway and will be completed in the new financial year.

Data Management

The Council aims at all times to comply with the General Data Protection Regulation (GDPR) and the Data Protection Act 2018. The new data protection legislation, which came into force in May 2018, triggered the recruitment of a Data Protection Officer, whose role is defined in the legislation. Since then, data security and information management systems have been reviewed, privacy notices updated, and a significant programme of training has been delivered to management and employees, including a new comprehensive E-learning module. Business Technology has introduced additional measures to ensure data security. A new CCTV and Surveillance Equipment Policy has been developed to ensure all aspects of video and audio recordings are managed securely. This was ratified in October 2022.

The Council plans to introduce an electronic document and records management system, based on a Microsoft GDPR compliant platform, to continue to improve data management practices, data security and general compliance. A scoping exercise was carried out in 2019/20 but no further action took place pending

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budget cover. This action is still on the agenda for consideration as a transformation project, but timescales are not yet confirmed.

A project on scanning the title deeds associated with land belonging to the Council took place in January – May 2022. This has resulted in a comprehensive set of documents being available to all officers that require them in a timely fashion and ensures that the records are safe for the future.

A project on scanning all the files associated with Public Rights of Way took place in 2022. This has resulted in a comprehensive set of documents being available to all officers that require them in a timely fashion and ensures that the records are safe for the future. It also means that solicitors who need to access files are given digital access for a timebound period.

Conflicts of Interest

Each member of the Council is obliged to declare any interests. These declarations are published on the Council website. Declarations of interests is a standard item on each Council or committee meeting agenda, with standing orders requiring that a member leaves the meeting for the duration of the item in which they have made a declaration.

The Council has also approved a Declaration of Interests policy for employees, which requires all staff at or above a certain level to declare all interests which may result in a conflict of interest. In addition, all staff must receive written permission to have employment with another employer.

8. Arrangements to ensure effective accountability

Transparency

The Council is committed to conducting its business openly and transparently. It aims to publish information in a timely and accurate manner and in accordance with its publication scheme. All meetings of the Council and its Committees are open for members of the public to attend. Meetings are also live streamed via the Council's YouTube channel. Minutes and audio recordings of past meetings are available on the Council's website at: [Committee and Council Meetings January to June 2023 | Ards and North Down Borough Council](#).



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The Council has a very proactive social media presence, which it uses to both share information and to engage with citizens by answering questions and addressing customer care issues. Across Facebook, Instagram, Twitter and LinkedIn platforms the Council has over 43,000 followers.



Reporting

Each of the Council's 18 services report on performance on a quarterly basis to their respective Standing Committee. Progress against the annual Performance Improvement Plan is reported to Audit Committee. An annual report is published to highlight progress against the PIP and achievement against the Corporate Plan outcomes.

Financial statements are prepared in line with the requirements of the Local Government Finance Act (Northern Ireland) 2011 and published annually. Articles 17 and 18 of the Local Government (Northern Ireland) Order 2005 and the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 give members of the public access to the books of accounts as part of the audit process.

Performance Management

The Council has a wide range of policies and strategies to assist with the management of performance. Key documents include the Corporate Plan, Performance Improvement Plan and Service Plans each with outcomes and indicators. All staff operate within the Pride in Performance framework (PnP). During 2022 it was agreed that the PnP conversations could be paused whilst a new process was designed.



The Council has developed and adopted a performance framework called PERFORM, as illustrated in the diagram below. This is in recognition that performance of the organisation is driven by a number of factors such as effective planning, the engagement of staff, allocation of resources, aligned policies and systems, effective utilisation of these in providing services, relating to our residents, customers and partners and our ability to manage resulting performance. This model provides a framework to guide our approach on each of these elements and to promote alignment of related approaches.

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Financial Management

The Council's Finance Service operates under the direction of suitably qualified and experienced accountancy professionals and within the policies and procedures framework agreed by Council.

The Council substantially funds its services by setting a property tax for both domestic and non-domestic properties (the district rates). It sets these rates in the context of a Medium-Term Financial Strategy, including principles to guide decision making and a five-year Medium-Term Financial Plan which integrates the on-going costs of service delivery and the financial impact of the capital investment programme, taking into account external economic and legislative factors. All budgets are allocated through Directors to Heads of Service and on to Service Unit Managers for accountability purposes and are reported both on corporate bases to management and the Corporate Services Committee.

Audit

External audit services are provided by the Local Government Auditor (LGA), a member of staff in the Northern Ireland Audit Office (NIAO), appointed to this role by the Department for Communities with the consent of the Comptroller and Auditor General. They are assisted in this role by other NIAO staff. The LGA has contracted the performance of both the financial and improvement audits to a private sector organisation, whilst retaining responsibility for the statutory responsibility for certifying the financial statements.

In addition, the auditor can undertake value for money studies and public interest investigations, as necessary.

With respect to the financial audit a Report To Those Charged With Governance is reported to the Council's Audit Committee detailing such matters as audit findings, recommendations, and misstatements which the Local Government Auditor considers appropriate to bring to the attention of management. In addition, an annual audit letter is prepared for Council and published on the Council website.

The Improvement Audit is also carried out by the Local Government Auditor. This includes reviews of the previous year's activities and the adequacy of current year's plan. The findings from this Audit and Assessment Report together with the Certificate of Compliance are published on the Council website.

9. Arrangements ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained.

The Council's Anti-fraud, Bribery and Corruption Policy states that it is committed to creating an environment that:

- Minimises the risk of fraud, bribery or corruption;
- Promotes its early detection;

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- Safeguards whistle-blowers; and
- Effectively investigates and recovers, where appropriate, any financial loss suffered.

To this end, the Council relies on measures such as the Northern Ireland Local Government Code of Conduct for Councillors, Code of Conduct for Local Government Services, employment references, policies and procedures (including manager review, segregation of duties, reconciliations, performance reporting and registers of interests) to embed a counter-fraud culture.

Opportunity is also taken to use the Council's intranet to communicate anti-fraud messages including the publication of NIAO fraud risk guides. In addition to highlighting these issues at periodic Service Unit Manager forums and Heads of Service meetings.

All occurrences of fraud are reported to the Northern Ireland Audit Office and Department for Communities as a matter of course and to the Audit Committee on a quarterly basis.

10. Arrangements ensuring effective management of change and transformation

The Council is committed to delivering high quality services for the residents of the Borough and those who use its services.

To this effect the Council has in place a Corporate Plan to provide an overarching context and framework for its service delivery. Flowing from this each of the Council's 18 services prepare a service plan to guide the core business and to identify and progress service improvements. These service plans then form the basis of the annual Performance Improvement Plan, which is both publicly consulted on and reported against.

The Council has an approved Capital Project Management Handbook which sets out the organisation's structured capital project management approach. This is in parallel to the development of a corporate transformation programme to ensure corporate alignment of initiatives, increase the pace of delivery and provide a robust governance framework for oversight purposes. As part of its Strategic Transformation and Performance Service Council has a Performance Improvement Unit to provide support to other services as they seek to transform.

The Council acknowledges in its Organisational Development strategy that the successful delivery of the Council's vision requires a workforce that is truly motivated and working together for a common and meaningful purpose. To this end the Council has retained Investors in People Silver accreditation to stimulate continued progress in the nine pillars to improve performance:



As part of this strategy, each year management commit to a number of key actions in its People Plan.

The Council views partnership working a key to delivering change for the benefit of residents. The Big Plan formally establishes collaboration among the partners to deliver the Community Plan. This forum is being used to provide greater cross-working on estates issues across community planning partners. In addition, officers from across the Council maintain regular contact with colleagues in other organisations to address areas of common concern, and as a result participates in several inter-council procurement exercises. The Big Conversation Panel was used to gather the views of residents to develop the Big Plan and has been used to gather feedback from residents to inform decisions taken by community planning partnerships. This information is shared across all community planning partners to improve local services.

11. Compliance of financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer (CFO) in Local Government (2016)

The Chief Executive has been designated by the Council as its Chief Financial Officer. As a result, the Council complies with this statement with the exception of Principle 5. The Council does not comply with this principle because local regulations in Northern Ireland do not require the CFO to be professionally qualified accountant nor for the role to be separated from that of the Chief Executive. However, the Council's governance arrangements deliver the same impact as the CFO is supported by a suitably qualified and experienced Director and qualified staff within the Finance Service to ensure that decisions made by Council are based on sound technical knowledge and understanding.

12. Arrangements for ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful

Regulatory compliance is a responsibility of all members of Corporate Leadership Team (CLT) and Heads of Service Team (HoST) and is monitored at service level

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to ensure that all relevant laws and regulations, internal policies and procedures are adhered to. To support this, meetings of the Council and its Committees are conducted in accordance with a set of agreed Standing Orders. It also has a range of policies arrived at following policy development procedures.

To ensure that legislative compliance is embedded for all activities, reports to Council require relevant legislation to be quoted. All major expenditure proposals are subject to review by CLT before being passed to Council and legal advice is sought where appropriate and reported to Council. In addition, all Directors, Heads of Service and Service Unit Managers are required to sign off Interim and Annual Assurance statements which provide a chain of assurance to the Chief Executive with regard to management of risks, control failings, incidents of fraud and whistleblowing and to declare interests outside work which may give rise to conflicts of interest.

13. Arrangements for ensuring assurance processes conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and where they do not, explain why and how they deliver the same impact.

The Council outsources its internal audit service and ensures conformity to the CIPFA statement in its tender requirements which require appropriately qualified and experienced staff. In addition, its approved Internal Audit Charter:

- Sets out how audit work will be carried out, based on the risk analysis and evidence;
- Sets out how audit work will be resourced; and
- Defines roles and responsibilities and explicitly grants access to management and Audit Committee. It is standard practice at committee meetings that both internal and external auditors have opportunity to address the committee in the absence of management.

14. Arrangements for undertaking the core functions of an Audit Committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities

The Council has in place an Audit Committee whose overall purpose and objective is to assist the Council in fulfilling its oversight responsibilities. The Audit Committee, which meets at least four times each year, has responsibility for reviewing:

- The system of internal control and management of risks;
- The financial reporting process;
- The audit process;

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- Progress in respect of the Performance Improvement Plan;
- Council's processes for monitoring compliance with laws and regulations; and
- Council's processes for monitoring compliance with its own Standing Orders, policies and procedures.

In performing its duties, the Audit Committee is responsible for maintaining effective working relationships with the Council as a whole, with management and with the internal and external auditors. The committee has 11 members including one independent external representative.

15. Arrangements for whistleblowing and for receiving and investigating complaints from the public

The Council is committed to the highest possible standards of openness, probity and accountability. It expects its employees, agency workers and contractors who have serious concerns about anything improper that is happening in the Council, to come forward and raise those concerns.

The Council has a whistleblowing policy in place to ensure that employees who raise concerns receive a response and are informed about how their concerns are being dealt with. Training was launched on the Council's e-learning platform during the 2022/23 year.

The handling of complaints is set out in the Council's Complaints Procedure, a copy of which is published on the Council's website. This has undergone a review and the Council agreed to adopt the NIPSO Model Complaints Handling Procedure in March 2023. This will be rolled out in early 2023/24.

16. Arrangements for identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training

New Members, whether joining Council after an election or co-option, receive induction training to ensure that they are fully aware of all key issues, including an overview of each Council Directorate, operation of the Committee system and Standing Orders and an overview of local government finance. Members of the Planning Committee have received specific training in respect of this new statutory role. The Council has been awarded Elected Member Charter accreditation. Members were given the opportunity to identify their training needs and to develop their own training plans. Members also attended courses and conferences as required during the course of the year. Council will seek Charter Plus accreditation in due course.

The development needs of senior officers are addressed through the Pride in Performance Initiative and the Organisational Development Strategy.

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17. Arrangements for establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation

The Council is committed to establishing and maintaining strong lines of communication with all sections of the local community. All Council and Committee meetings are open to the press and public. In addition, the minutes and an audio recording are published on the Council website (except where a meeting or part thereof is held 'in committee').

Meetings are also live streamed for the press and public on the Council's YouTube channel.

There is awareness across all Directorates that different communication channels need to be employed to ensure maximum impact, however digital platforms are particularly useful and cost effective for Council. Corporately, the Council uses Facebook, Twitter, Instagram and LinkedIn platforms, which have a combined following of over 43,000 people. Channels are updated on a daily basis. Service-specific channels operate in tourism, arts and culture, and leisure with a combined following of 33,000 people.

The Council's Gov.uk website is the main shop window for all its digital communication. Any online search for Ards and North Down will direct to this site. Council's main social media channels all refer people back to this website to deliver on calls to actions. Council ezines are also linked back to the site. Annual traffic to the site is in excess of 1.2M and growing year on year. User satisfaction with the site is high (averaging at 91% in the last two resident surveys). However, the site was created in 2015 using a content management system that has since been upgraded and the site will be redeveloped in the 2023/24 financial year to ensure it continues to be fit-for purpose.

The Council distributed its annual corporate publication, the Borough Magazine, to all households and businesses in the Borough (approx. 80,000 addresses) at the end of March 2023. This publication provides an overview of Council business across all Directorates and each page is themed to enable residents to easily access information of specific interest to them. A contact number for further information or links to the Council website are provided for readers to access more information if required. The 'Your Opinion Matters' section in each edition invites comments, questions and ideas for service improvements from residents, via postcard or email. These are processed by the Performance Improvement Unit and allocated to the relevant service area for action. There is no budget provision in the 2023/24 year to continue to produce a hard copy publication, but efforts will be made to make an online version available as widely as possible.

The Council employs two officers dedicated to external communications (one for traditional channels and one for digital channels). They produce regular content for both local and regional media and undertake the daily management of the Council's website and social media channels.

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All Council Services consult on their various strategies and policies in the process of normal business and to comply with the Council's various statutory duties. This year a number of internal services carried out internal customer surveys to assist with refining plans.

18. Arrangements for enhancing the accountability for service delivery and effectiveness of other public service providers

The Big Plan for Ards and North Down (known as the Community Plan) is monitored and reported on via a Strategic Community Planning Partnership. There are two parts to this:

- **Statement of Progress** – The Department for Communities has produced guidance on how progress against the Community Plan should be reported. Every two years a Statement of Progress must be published to consider the impact service delivery is having on the people of Ards and North Down. The whole-population based indicators in the Big Plan (linked to the Programme for Government indicators) will be used to measure impact over time. The second Statement of Progress was published in November 2021.
- **Performance Update Report** – The review of the Big Plan and its implementation has resulted in the identification of 10 priorities that are now supported by issue specific workstreams. Most workstreams are supported by an action plan and the activities within this are reported to the Strategic Community Planning Partnership using Report Cards developed via Outcomes Based Accountability methodology. An annual Performance Update Report is provided to the Strategic Partnership and help make partnership members collectively accountable for the impact all public services have on the people who live in Ards and North Down.

The governance arrangements for community planning in Ards and North Down are managed via a partnership agreement outlining the roles and responsibilities of those who deliver public services across all tiers of the partnership – strategic and operational. This Partnership Agreement was reviewed and updated in February 2022.

While 10 priorities were agreed by the Strategic Partnership prior to COVID-19, these were further reviewed using the Big Conversation Panel and via feedback from a Community Support Steering Group, to ensure their relevance in a post-Covid world. The Big Plan Part II | Our Big Priorities is published on the Council website [The Big Plan for Ards and North Down | Ards and North Down Borough Council](#).

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19. Arrangements for reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes and manuals, which clearly define how decisions are taken and the processes and controls required to manage risks

Meetings of the Council and its Committees are conducted in accordance with a set of agreed Standing Orders. Any changes to these documents require formal approval by the Council.

The Standing Orders set out the formal mechanisms by which the Council regulates the conduct of its meetings and are subject to regular review and update in response to the changing environment and the needs of the Council. The Standing Orders have been reviewed and amended as and when required since 2015. The latest review was approved in December 2021.

During the pandemic legislation was enacted to allow council meetings to take place remotely, via video conferencing technology. This legislation has been to be extended on a number of occasions.

In addition, there is a range of human resource management, financial management, procurement and project management policies and procedures in place, some of these are carried forward from legacy organisations. The Council will keep its policies and procedures under review to ensure that they provide sufficient and comprehensive coverage. The Corporate Risk Register is subject to formal update and is reported to the Audit Committee at least twice yearly, or more regularly if required.

Any suspension of Standing Orders requires approval by the Council by way of qualified majority.

20. Arrangements in respect of partnerships and other joint working as identified by the Audit Commission's report on the governance of partnerships.

The Council has responsibility to initiate, maintain, facilitate and participate in community planning. The statutory partners have all agreed to a Partnership Agreement which commits them to be active participants in the community planning process and to provide relevant staff for each of the workstreams. The agreement also sets out that all partners are equal and provides rules of attendance at meetings and how decision should be made. The Partnership Agreement was reviewed, updated and endorsed by the Strategic Partnership in February 2022. Reports on the process and progress in relation to Community Planning are reported regularly to the Council's Corporate Services Committee.

The Council also participates in arc21 Joint Committee along with five other councils in order to discharge statutory responsibilities set out in its waste management plan. This joint committee has been established as a body corporate and participating organisations have agreed to Collaboration

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Agreement (Terms of Agreement), which includes a statement of principles. Reports in respect of the activities of and decisions required by arc21 are brought to the Council's Environment Committee.

General Power of Competence

The Local Government Act (Northern Ireland) 2014 gave councils a general power of competence, enabling them to take any action they consider appropriate provided the action was not prohibited by any other legislation. Councils have been provided with the ability to act in their own interests and to develop innovative approaches to addressing issues in their Borough. Under the Council's Standing Orders, a qualified majority shall be required on the exercise of the general power of competence in accordance with Section 79 of the Act. This power was not used during the reporting period.

Review of effectiveness

A. Overview of the Review Process

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Council's CLT, who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments and recommendations made by the external auditors.

Recommendations arising out of internal and external audits are agreed with management before finalisation to ensure that they will achieve the desired enhancement to the control environment and are practical solutions. Follow up reviews are also reported to the Audit Committee.

The Chief Executive has responsibility for preparing this Annual Governance Statement. In preparing this statement, he has considered the governance framework and system of internal controls in place. This review has been undertaken taking account of Guidance on the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 issued by the Department of the Environment in November 2015. The Chief Executive leads the Council's CLT to collectively have involvement in, and oversight of, the processes involved in maintaining and reviewing the effectiveness of the governance framework. In producing this statement, full regard has been made to the register of interests for Councillors, the Corporate Risk Register, Statements of Assurance provided by each Head of Service and Director to the Chief Executive for year ended 31 March 2023.

The Council itself maintains overall control of the governance framework and has been involved, for example, in approving the implementation of the risk management policy and statement of assurance processes. Primary responsibility for overseeing the governance process is the responsibility of the Audit Committee as a standing committee of Council. The role of the Audit Committee extends to receiving reports from the Council's internal and external

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auditors to ensure that any issues raised are subject to due consideration and are addressed by CLT on a timely basis.

In considering this Annual Governance Statement, the Audit Committee has considered the review of the governance framework and system of internal controls prepared by the Chief Executive.

B. Internal Audit

The Council's Internal Audit service is provided under contract by Deloitte Ireland LLP. Internal Audit provides an independent opinion on the adequacy and effectiveness of the Council's system of internal control. Internal Audit reports any deficiencies in internal control to the Chief Executive and Directors whose responsibility it is to consider any recommendations made and to take necessary remedial action. The results of the work of Internal Audit are also reported to the Audit Committee on a quarterly basis to ensure that continuous improvement takes place. These reports include a half-yearly report on the progress being made to implement previous agreed recommendations and an annual report from the Head of Internal Audit, providing overall assurance on the systems of internal control in place.

The Council has both a four-year strategic audit plan and a one-year operational plan covering the financial year under review, both of which have been agreed by the Audit Committee following discussions with CLT and HoST. The internal audit approach is risk based and our audit plan has been developed following an audit needs assessment as detailed in the Internal Audit Strategy 2019-2023. The audit plan for 2022/23 was designed to cover the high-risk areas identified by this audit needs assessment. An executive summary of each Internal Audit report has been reported to the Audit Committee, including recommendations, management responses and an assignment to an appropriate manager for implementation by a specified date.

During 2022/23, 11 internal audits were completed, nine of these were assurance reviews and two were advisory in nature. Of the nine assurance reviews, eight received satisfactory assurance and one received limited assurance. This final audit was in respect of Cyber Security and there were 15 High Priority recommendations still open from the previous advisory review carried out in 2019. In addition, 26 medium priority and 10 low priority recommendations are still open.

All Internal Audit recommendations have been accepted or accepted in principle by management and each has been allocated to a responsible officer and given a timescale for implementation.

For the period under review, Internal Audit has provided a satisfactory assurance on the overall system of internal control. Whilst Internal Audit has identified the need for certain improvements, there were no issues raised that are considered to represent a significant governance issue.

The Council's internal audit contractor undertakes an annual review of the effectiveness of the Internal Audit service in line with the requirements of the

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Public Sector Internal Audit Standards. This review was reported by exception to the Audit Committee and proved satisfactory.

C. Statements of Assurance

The Service Statements of Assurance have been reviewed and the following points noted:

General – Identification of Risk, Monitoring and Control measures

All Services have confirmed that they are satisfied that any risks identified have appropriate internal controls and any further actions taken, or to be taken, to adequately mitigate or resolve the risk have been identified.

The impact of COVID has reduced with fewer reports of negative, or potentially negative, impacts. Risk assessments and procedures being reviewed as Council services move forward to a return to pre-COVID, or altered way of, working. COVID 19 remains a risk, to be considered alongside other potentially risks as part of the normal risk assessment process. There is a renewed focus on staff training which could not be held during the pandemic. Environmental Health continues to reprioritise service delivery due to the backlog of inspections and business interventions in addition to the continued implementation of the Food Standards Agency recovery plan. Parks and Cemeteries reported post-COVID stress with interventions planned to assist staff.

Section 1 – Strategic and Operational Risk Management

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

Waste and Cleansing services reported that the previously notified significant financial liability risk, if the bidding process for the Residual Waste Treatment project is collapsed by the client (arc21), remains. The Planning permission refused by the Department for Infrastructure Minister is now subject to judicial review. This has significant implications for the future of arc21, in terms of delivering infrastructure for member councils.

Environmental Health Protection and Development service continues to work with funders and other Councils to understand the impact of changes to regulation in relation to EU exit and the NI protocol. The implication for service delivery remains unknown as guidance on the Windsor Agreement is still outstanding.

Section 2 – Internal Control

There are no key issues arising to cause significant concern or requiring immediate action. Updates on Internal Audit recommendations are reported to Audit Committee on a half yearly basis.

As part of the rate setting process for 2023/24 Council agreed to a major review of waste management services, in order to identify how recycling rates can be increased and further financial savings achieved. Waste and Cleansing service

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have reported that an initial review of the Waste Management Plan will be completed, with a full review to be done once the new NI Waste Strategy by DAERA has been finalised and implemented.

Leisure service reported that staffing levels are a concern and that the impact of this on staff welfare and service delivery is an ongoing issue.

Section 3 – Governance

Assets and Property Services have reported that there is an ongoing dispute over design and workmanship at Aurora which is expected to be a lengthy legal process. The service has also reported that the situation with a large contract existing for vehicle hire with a local company which has not been subject to procurement processes is ongoing.

Strategic Transformation and Performance service has reported that an anonymous whistleblowing allegation has been received relating to the procurement and management of a minor external works and hired plant contract which is being investigated.

Waste and Cleansing reported that a noise complaint has been lodged regarding operations at the North Road Depot, following the removal of trees and an earth bund by a developer. The service is awaiting the outcome of Environmental Health monitoring reports to identify if mitigation is required.

Planning have reported that the introduction of the new planning portal replacement resulted in downtime and inability to accept planning applications which had an impact on fee income and targets, this has been addressed since the introduction of the new portal.

Community and Culture service the previously reported COVID grant claim error has potentially been resolved and the service is awaiting the processing of the final claims. The service has also reported that irregularities in the timekeeping of employees has been discovered which is being investigated.

Regulatory Services reported a risk of significant reduction in building control income due to the current economic uncertainty. In addition, there is the possibility of changes in how this service is delivered depending on the outcomes of the Grenfell Report and Building Safety Review.

Leisure service reported that the preferred operating model for Community Centres and Halls needs to be determined and planning put in place to ensure continuity of service provision.

Section 4 – Miscellaneous

Leisure service has highlighted the need for a decision on future operating models needs to be made to provide certainty for staff. In addition, the budget setting process has meant that a number of service issues need to be considered such as reduced opening hours and withdrawal of services not funded.

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D. Corporate Risk Register

Within the register, management have identified significant residual risks (after current mitigating actions) regarding:

- the Council's Local Development Plan (LDP) being found to be unsound due to unavailability of a draft Belfast Metropolitan Transport Strategy (BMTP). The Council's Head of Planning attends the BMTP project board and officers will continue to work with Department for Infrastructure and Translink colleagues on LDP issues
- 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). Improvements continue to be made to increase resilience and awareness. A cyber security action plan to integrate cyber security across the organisation is in progress.
- Data Breach Response & Recovery. Inadequate response (speed / statutory compliance / inadequate controls / process / risk mitigation & provision / reputation / resourcing). Actions to be taken include the development of a critical incident policy and procedure, establishment of working group to address cross-organisation issues, development of a risk register, review of cyber systems and risks and also staff training.
- 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.

Emergency planning: 'Martyn's Law', The legislation, still in draft, is part of the government's response to the [Manchester Arena Inquiry Volume 1](#), which recommended the introduction of legislation to improve the safety and security of public venues. The legislation will place a requirement on those responsible for certain venues to consider the threat from terrorism and implement appropriate and proportionate mitigation measures to ensure that people are prepared, ready to respond and know what to do in an attack. It is anticipated that better protection will be delivered through enhanced security systems, staff training, and clearer processes.

Better protection will be delivered through enhanced security systems, staff training, and clearer processes. The proposed obligations are tiered.

Business Continuity: Overarching Business Continuity plan and service Business Impact Analysis (BIAs) outstanding. Whilst business continuity plans were developed to limit service impacts during COVID the plan and BIAs post-COVID require completion. *As normal business operations progress with more reliance on digital services for both information storage and service delivery, cyber security and the risk of long term to total loss of information remains the highest risk to business continuity.*

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E. Fraud, Whistle Blowing and Data Protection

During the year there were no whistleblowing incidents nor reportable data protection events. Three incidents were reported to the Northern Ireland Audit Office in relation to potential frauds. These have been processed in line with normal procedures.

The Council has been advised on the implications of the result of the review of the effectiveness of the governance framework by the Chief Executive and plan to address weaknesses and ensure continuous improvement of the system.

Significant governance issues

There are no significant governance issues. Although there are a number of areas where ongoing improvements can be made, these are not considered to be fundamental in nature.

Chief Executive and Chief Financial Officer
26 June 2023

Chair of Audit Committee
26 June 2023

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

Report Classification	Unclassified
Council/Committee	Audit Committee
Date of Meeting	26 June 2023
Responsible Director	Director of Corporate Services
Responsible Head of Service	Head of Finance
Date of Report	13 June 2023
File Reference	
Legislation	Local Government Act (NI) 2014 Local Government (Accounts and Audit) Regulations (NI) 2015
Section 75 Compliant	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Other <input type="checkbox"/> If other, please add comment below:
Subject	Terms of Reference Review - June 2023
Attachments	Terms of Reference Appendix 1

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

The last review was carried out in June 2022.

The review has been carried out by the Head of Finance and there is only one minor change (highlighted in the appendix), in respect of updating the officers expected to attend in the light of the recent restructuring at Corporate Leadership Team level at the beginning of the calendar year.

RECOMMENDATION

It is recommended that the Committee approves the report.

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Appendix 1

Audit Committee Terms of Reference – June 2023

Authority

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

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

Overall, Purpose and Objectives

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

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

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

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

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- Regularly meet with the External and Internal Auditors in the absence of management and no less than once per year in line with best practice.

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

Membership

The Audit Committee will comprise:

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

Meetings

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

Special meetings may be convened as required.

The Chief Executive, **Director of Corporate Services** and Head of Finance will attend all meetings.

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

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

Review and Revised June 2023