ARDS AND NORTH DOWN BOROUGH COUNCIL

18 June 2024

Dear Sir/Madam

You are hereby invited to attend a meeting of the Audit Committee of the Ards and North Down Borough Council which will be held the Council Offices, 2 Church Street, Newtownards on **Monday, 24 June 2024** commencing at **7.00pm**.

Yours faithfully

Susie McCullough
Chief Executive
Ards and North Down Borough Council

A G E N D A

1. Apologies

2. Chairman's Remarks

3. Declarations of Interest

Reports for Noting:

4. Matters Arising from Previous Meetings
   a) Committee Minutes from 19 March 2024 (attached)
   b) Follow-up Actions (report attached)

5. Corporate Governance
   a) Statements of Assurance Report (report attached)
   b) Corporate Risk Register
   c) Performance Improvement Update (report attached)

6. External Audit
   a) Draft Audit Strategy (attached)

7. Internal Audit
   a) Annual Report 2023/24 (attached)
   b) Annual Plan 2024/25 (attached)
   c) Progress Report 2024/25 (attached)

8. Any Other Notified Business

Circulated For information:

Planning Fraud Risks | Northern Ireland Audit Office (niauditoffice.gov.uk)
Internal Fraud Risks | Northern Ireland Audit Office (niauditoffice.gov.uk)
Grant Fraud Risks | Northern Ireland Audit Office (niauditoffice.gov.uk)
Procurement Fraud risk guide | Northern Ireland Audit Office (niauditoffice.gov.uk)

ITEMS 9 – 12 ***IN CONFIDENCE***

Reports for Noting:

9. Single Tender Actions Update (report attached)

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

11. Draft Financial Statements (report attached)

12. Meeting with NI Audit Office & Internal Audit Service in the absence of Management (verbal update)

MEMBERSHIP OF AUDIT COMMITTEE (11 MEMBERS)

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

ARDS AND NORTH DOWN BOROUGH COUNCIL

A meeting of the Audit Committee was held at the Council Chamber, Church Street, Newtownards, on Tuesday 19 March 2024 at 7.00pm.

PRESENT: -

In the Chair: Councillor McLaren

Aldermen: McAlpine

Councillors: Cochrane   McKee
Hollywood   Wray
McCollum

Independent Member: Mr P Cummings

In Attendance:
Deloitte – N Sammon
Deloitte – S Bonar

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

1.   APOLOGIES

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

Apologies were received from Councillors Ashe and MacArthur.

Apologies for lateness were recorded for Alderman Armstrong-Cotter and Mr Brian O'Neill (NIAO).

NOTED.

2.   CHAIRMAN'S REMARKS

The Chairman welcomed everyone to the meeting including the internal auditors from Deloitte. Continuing she commented that this was the first Audit Committee being fully held in person without the Zoom facility, and as such she welcomed seeing everyone back to the Council Chamber. Councillor McLaren also acknowledged that this would be the Chief Executive's last meeting with the Audit Committee prior to his retirement and she took the opportunity to wish him well on his endeavours.

The Chief Executive thanked the Chairman for her comments.

NOTED.

3. DECLARATIONS OF INTEREST

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

NOTED.

4. MATTERS ARISING FROM PREVIOUS MEETINGS

(a) Audit Committee Minutes from December 2023

PREVIOUSLY CIRCULATED:- Copy of the above minutes.

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

(b) Follow-Up Actions

PREVIOUSLY CIRCULATED:- Report from the Director of Corporate Services stating 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.

There was one item from the previous committee which had now been actioned.

Item	Title	Action	Officer	Status
September 2023				
6b	Report to those charged with governance	• Update on progress in respect of compensation for the vesting of William Street site	Director of Corporate Services	Verbal update at Committee
December 2023				
6b	Audit and Assessment Report	• Review Terms of Reference of both Audit Committee and Corporate Services Committee in respect of reporting Performance Improvement matters	Director of Corporate Services	Due June 2024
		• Drafting of formal communications strategy	Head of Communications and Marketing	Due December 2024

Item	Title	Action	Officer	Status
7c	Finance Service Review	• User consultation in connection with new financial management system	Head of Finance	Due September 2024

RECOMMENDED that Council notes the report.

The Director of Corporate Services guided members through the report highlighting the salient points within it. He provided members with an update on the William Street vesting matter which he noted had been a significant issue raised within last year's Audit report. He advised that there had been much interaction between solicitors and a final Statutory Declaration had been issue to the DSO on 14 March 2024. Following that it was hoped to bring the matter to a positive conclusion.

Councillor McCollum sought confirmation that the Statutory Declaration would be sufficient to satisfy all parties.

In response the Director of Corporate Services replied no but added that from the Council's solicitor's point of view they were content.

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

5. EXTERNAL AUDIT

(a) Draft Audit Strategy (Appendix I)

As Mr O'Neill from the Northern Ireland Audit Office (NIAO) had been unable to attend the meeting, it was suggested that the matter was deferred.

AGREED TO RECOMMEND, on the proposal of Alderman McAlpine, seconded by Councillor McKee, that the matter be deferred.

6. INTERNAL AUDIT

6a) Internal Audit Progress Report 2023/24 (Appendix II)

PREVIOUSLY CIRCULATED:- Report from Deloitte detailing the Audit Progress to date for 2023/24.

RECOMMEDED that the report be noted.

Ms N Sammon (Deloitte) guided members through the report highlighting the Summary Status of the 2023/24 Plan and Progress to Date. Members were advised that 10 reports were now complete out a total of 13. Ms Sammon added that four of those reports were being presented at this meeting. It was further noted that the three outstanding reports were up for review in the near future.

In respect of those Outstanding Recommendations members were advised that there were 45 Open Issues at the previous Audit Committee meeting. Eight issues had been added to the Tracker and nine had subsequently been closed. By way of a verbal update Ms Sammon reported that since the publication of the report there were now 43 Open Issues with 17 Partially Implemented.

Queries from members were sought at this stage.

Alderman McAlpine expressed disappointment at the apparent lack of progress which had been made.

The Director of Corporate Services commented that it was important for officers to consider the narrative behind each of the Priority findings highlighted. By way of example he stated that while the Business Continuity Plan was in place there had not as yet been any opportunity to roll out training. Continuing he advised that in December 2023 a significant amount of Findings had been closed off.

The Head of Finance added that officers were working through Policies and Outstanding Recommendations, with five Finance Policies now approved and two remaining outstanding. He added that the two challenging Policies were Travel & Subsistence and Employee Payments particularly as they would need to be consulted on by the various Trade Unions. Members were advised that officers were endeavouring to work through this.

Alderman McAlpine noted that on further investigation some of the Outstanding Recommendations had been ongoing for a couple of years and as such she would have some concern that not as much progress was being made as there could be.

Concurring with Alderman McAlpine's comments Mr Cummings agreed that the outstanding Travel & Subsistence review had been ongoing for a considerable length of time. As this one particularly stood out for him he indicated that he would like to see progress on this.

The Head of Finance commented that there were a number of significant issues around this however he reiterated that he would endeavour to have a draft Policy available for the next meeting of the Audit Committee.

Referring to the Outstanding Recommendations associated with the HR Recruitment & Retention Policy, Councillor McCollum noted that three Target Dates had been scored out with a new date of 31.03.2025 now set. She suggested consideration of those outstanding issues were prioritised particularly as recruitment and retention problems continued to persist within the Council.

At this stage the Director of Corporate Services commented on the significant amount of documentation within HR which would need to be brought together to create a Workforce Strategy. Continuing he advised that this piece of work had to be reprioritised due to competing work pressures and the need to close off any outstanding Priority One recommendations.

In response to a query from Councillor McCollum about who made the judgement over whether something should be classed as Priority One or Two, the Director of Corporate Services confirmed that was considered by the Auditors. However he agreed with the Auditors that this one was not a Priority One risk and was content with its classification as a Priority Two recommendation.

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

(i) **PCSP Review** (Appendix III)

PREVIOUSLY CIRCULATED:- Copy of the above report from Deloitte.

Councillor Hollywood proposed, seconded by Councillor Cochrane, that the recommendation be adopted.

The proposer, Councillor Hollywood commented on the poor attendance at a recent PCSP training event adding that he would have some concerns about that. He asked what form the training had taken, whether it had been face to face or online. He also asked if any alternative dates had been offered or presentation materials made available to those members unable to attend.

The Chairman recalled that only four members out of the 21 members had attended the training session, referred to by Councillor Hollywood.

The Director of Corporate Services commented that as this had been highlighted as an issue it would need to be investigated further.

Commenting as one of the members who attended the training session, Councillor Wray reported that it had been based around 'Outcome Based Accountability' and while it had not been mandatory training he suggested many members may have already undertaken such training, hence the low turnout. Continuing he welcomed the report before them adding that he was content the issues raised were manageable.

AGREED TO RECOMMEND, on the proposal of Councillor Hollywood, seconded by Councillor Cochrane, that the report be noted.

(ii)   **Labour Market Partnership Review** (Appendix IV)

PREVIOUSLY CIRCULATED:- Copy of the above report from Deloitte.

AGREED TO RECOMMEND, on the proposal of Councillor McKee, seconded by Councillor Cochrane, that the report be noted.

(iii)   <u>**Dog Licensing Review**</u> (Appendix V)

PREVIOUSLY CIRCULATED:- Copy of the above report from Deloitte.

The Chairman invited Ms Sammon from Deloitte to speak to the report.

Ms Sammon (Deloitte) highlighted the salient points and audit priorities within the report commenting that it had considered the Council's responsibilities under The Dogs (NI) Order 1983. She reported that there were four Priority 3 recommendations identified with an overall satisfactory level of assurance given. Queries from members were sought at this stage.

Referring to concessionary dog licensing fees, Councillor Hollywood asked what evidence was sought.

Ms Sammon noted there were three Concessionary license fees available for applicants who were:

• In receipt of income-related benefits;
• Applying for a dog who had been neutered;
• Those over 65 who had already availed of their free dog licenses

It was recommended that Council Management should liaise with its counterparts in other Councils to determine whether it was possible to validate income-related benefits, prior to the issue of a discounted license.

AGREED TO RECOMMEND, on the proposal of Councillor McCollum, seconded by Councillor McKee, that the report be noted.

(iv)   <u>**Events Management Review**</u> (Appendix VI)

PREVIOUSLY CIRCULATED:- Copy of the above report from Deloitte.

The Chairman invited Ms Sammon from Deloitte to speak to the report.

Ms Sammon (Deloitte) highlighted the salient points and audit priorities within the report and noted there were five Priority 3 recommendations with an overall satisfactory level of assurance given. Ms Sammon provided members with a brief synopsis of each of those Priority findings before seeking queries from members.

Councillor McCollum noted one of the recommendations around Event Debriefing and agreed this was a useful exercise to be undertaken by all those involved with the event. Important issues such as liability, challenges during the event and lessons to be learnt could all be discussed post-event. As such she asked how information from those debriefing events could be made accessible, for example could they be included in some form of handbook or be downloaded.

Ms Bonar suggested that would be a matter for Council Management to consider going forwards.

The Head of Finance indicated that he would feed those comments back to the relevant Head of Service for further consideration.

At this stage Councillor Wray noted the success last year's events had been for the Council, however he commented that he did have some concerns in respect of the tendering process for trade stalls to attend Council events.

Ms Sammon advised that the Internal Audit was undertaken primarily to consider Events Planning and Budgeting. Any tendering exercises undertaken as part of an event was not considered as part of the Audit process.

Councillor Wray asked if feedback from members of the general public had been considered as part of the overall Audit scope.

In response Ms Sammon confirmed that the Audit had taken into consideration the post event procedures and processes rather than public feedback.

AGREED TO RECOMMEND, on the proposal of Councillor Wray, seconded by Councillor McCollum, that the report be noted.

6b)   Annual Assurance Statement (Appendix VII)

PREVIOUSLY CIRCULATED:- Report from Deloitte detailing its 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 2024 (FY2023/24).

RECOMMEDED that the report be noted.

The Chairman invited Ms Bonar from Deloitte to speak to the report.

Ms Bonar (Deloitte) provided members with an overview of the report highlighting the salient points within it. Members were advised that their reporting process ensured that all issues identified as part of the assurance Internal Audits were categorised as being either a Priority 1, 2, or 3. Currently there were no Priority 1 issues, four Priority 2 issues and 19 Priority 3 issues. It was further noted that some Audits were still ongoing and as such the report would be updated in due course. Referring members to Page 6 of the report, Ms Bonar advised that based upon the conclusions of their work during the year 1 April 2023 to 13 March 2024, a satisfactory level of assurance in relation to the Council's arrangements for governance, risk management and control was provided to the Chief Executive .It was however noted that there remained a significant number of Internal Recommendations that had to be fully implemented.

Councillor McCollum expressed delight that there were no new Priority 1 recommendations and continuing she sought clarification on how close the Council was to closing off those remaining outstanding Internal Recommendations.

Ms Bonar commented that it was difficult to say adding that it was a question regularly raised by clients. She added that they preferred to base their decisions

upon whether or not every element within each recommendation had been completed. All details she commented were included within the attached Appendix and included all current and previous target dates with context provided as to why some of those targets had been missed.

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

6c)   **Internal Audit Plan 2024/25** (Appendix VIII)

PREVIOUSLY CIRCULATED:- Report from Deloitte detailing its draft Internal Audit Plan for 2024/25.

RECOMMEDED that the report be noted.

Ms Bonar (Deloitte) guided members through the report and highlighted the salient points contained within it. She informed members that the last Internal Audit Plan was approved in March 2023. It was noted that a significant amount of work went into the planning process including taking into account what was happening within the sector itself. Queries from members were sought at this stage and none were put forward.

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

7.   **CORPORATE GOVERNANCE**

7a)   **Corporate Risk Register** (Appendix IX)

PREVIOUSLY CIRCULATED:- Report from the Director of Corporate Services detailing that the redesign of the Corporate Risk Register (CRR) was reported to the Committee in September 2023. The redesign incorporated improved headline Risk descriptions aligned to the achievement of strategic priorities, associated risk categories and assignment of the Risk Appetite agreed by Council. There were currently 18 Corporate Risks, those were identified during the July 2023 CLT / HOST workshop facilitated by Deloitte. Each Corporate Risk now had named Risk Leads to assist with the oversight, management and reporting of risks in line with the Corporate Risk Strategy. As members would be aware, the Corporate Risk Register (CRR) was a live document which was amended as required. The attached CRR reflected the status as of 27 February 2024.

Further Development
Work continued to develop the Corporate Risk Register with the aim of improving assurance and reporting detail capability. Risk detail and actions plans were currently in development with the updated and revised register to be reported to Audit in June 2024.

RECOMMENDED that Council note the report.

The Director of Corporate Services guided members through the report highlighting the salient points within it. He took the opportunity to remind members that the CRR was a live document and one which was reviewed by the Council's Corporate Leadership Team and Heads of Service.

In response to a query from Councillor McCollum, the Director guided members through the headings at the top of the CRR and explained their rationale.

Referring to CRR5, Council's Ability to meet Net Zero Targets, Councillor Wray sought clarification on whether those were Council targets or Northern Ireland wide targets.

In response the Director indicated that the Council's target was to action those targets laid out within the relevant legislation.

As a member of the Council's Environment Committee, Councillor Wray was of the opinion that the Council was doing well in respect of its Net Zero targets. As such he believe that Northern Ireland and indeed all of Europe needed to be doing more to achieve those targets. Continuing he referred to CRR16 which was around failure to fulfil the Council's statutory obligations under the Burial Grounds Regulations (NI) 1992 regarding the provision of burial space. He noted that this was a Category 5 Inherent Risk adding that clearly there was work there which needed to be carried out in the not too distant future.

The Director of Corporate Services commented that the risk was that of failure of the Council to meet its statutory obligations and categorised as a five which flagged up the need for a full plan to be put into place to fulfil those obligations.

At this stage Alderman McAlpine asked if all members of the Council's Corporate Leadership Team adopted the same approach when it came to mitigations presented in the CRR. She added that would be important for a level of consistency to be maintained when managing any risks.

In response the Director of Corporate Services suggested that it could be a case of 'Apples versus Oranges' but he advised that there was a linkage in the middle of the process in the form of the Risk Manager who reviewed and challenged the members of the Corporate Leadership Team on those matters. Continuing he stated that once the CRR was completely up and running he would be looking to report on matters such as this and include any changes which had taken place in scoring and provide an update on actions.

Alderman McAlpine stated that what she would be looking for would be to establish if the action had been taken and if it was then completed. However if there were any issues which remained as work in progress those in her opinion remained a risk. She added that consistency across the board would be useful.

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

8. MEETING SCHEDULE AND WORKPLAN 2024/25 (FILE AUD02)

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

Meeting Date	Agenda Items
24 June 2024	• 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
23 September 2024	• Audited Financial Statements Approval • Draft Report to those charged with Governance • Internal Audit Recommendations follow-up • Corporate Risk Register Review • Policy Status Review
16 December 2024	• Final Report to Those charged with Governance • Final Audit Letter • Improvement Audit and Assessment Reports • Interim Statements of Assurance Update • Performance Improvement Progress • Internal Audit Contract Review
24 March 2025	• 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 2025/26

In addition, there were standing items on the agenda:

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

RECOMMENDED that Council notes the report.

At this stage the Director of Corporate Services drew members attention to the section highlighted in yellow within the report which was around Performance Improvement Progress. Referring to Item 4B considered earlier in the meeting he noted a follow up action from the previous Committee meeting about a review of the terms of reference in respect of the Performance Improvement Progress. He added that as there had been queries around whether that should be reported to this Committee or the Corporate Services Committee, that was why it had been highlighted in yellow in the report.

Councillor McCollum asked if there could be an argument for bringing those outcomes to both Committees, going to Corporate Services first before coming before the Audit Committee even if just for noting.

The Director of Corporate Services indicated that the member's comments would be taken on board.

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

10.   SINGLE TENDER ACTIONS UPDATE (FILE 231329)

IN COMMITTEE

> 3. Exemption: relating to the financial or business affairs of any particular person

> Council was asked to note that there had been no single tender awards since the previous Audit Committee meeting.

The recommendation was adopted.

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 HOLDNG THAT INFORMATION)

(Councillor Wray left the meeting at this stage – 8.14pm)

12. MEETING WITH NI AUDIT OFFICE & 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 HOLDNG THAT INFORMATION)

RE-ADMITTANCE OF PUBLIC AND PRESS

AGREED TO RECOMMEND, on the proposal of Councillor Cochrane, seconded by Councillor McCollum, that the public/press be re-admitted to the meeting.

TERMINATION OF MEETING

The meeting terminated at 8.16pm.

ITEM 4b

Ards and North Down Borough Council

Report Classification	Unclassified
Council/Committee	Audit Committee
Date of Meeting	24 June 2024
Responsible Director	Director of Corporate Services
Responsible Head of Service	
Date of Report	12 June 2024
File Reference	AUD02
Legislation	Local Government (Accounts and Audit) Regulations 2015
Section 75 Compliant	Yes ☐ No ☐ Not Applicable ☒
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 Council notes the report.

Unclassified

Appendix 1

Item	Title	Action	Officer	Status
September 2023				
6b	Report to those charged with governance	• Update on progress in respect of compensation for the vesting of William Street site	Director of Corporate Services	Verbal update at Committee
December 2023				
6b	Audit and Assessment Report	• Review Terms of Reference of both Audit Committee and Corporate Services Committee in respect of reporting Performance Improvement matters	Director of Corporate Services	Complete See appendix for revised ToR
		• Drafting of formal communications strategy	Head of Communications and Marketing	Due December 2024
7c	Finance Service Review	• User consultation in connection with new financial management system	Head of Finance	Complete
March 2024				
6a	Internal Audit Progress Report	• Prepare draft Travel and Employee Payments policies for consultation.	Head of Finance	Complete

As part of the review of the scheme of delegation, the terms of reference for all committees has been reviewed. As a result of the action point above performance improvement matters have been removed from the Audit Committee areas of responsibility as they were already included in the terms of reference for the Corporate Services Committee. The revised terms are included in the appendix.

Draft policies for Sustainable Travel and Expenses and Employee Payments have now been drafted by the Head of Finance. These will now be consulted on with both the Head of Human Resources and Organisational Development and the Director of Corporate Services before going through the normal consultation process with Staff Consultative Committee and the Trades Unions and then being presented to Council for approval.

Unclassified

Audit Committee Terms of Reference

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.
- 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.

Unclassified

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.

Unclassified

19

ITEM 5a

Ards and North Down Borough Council

Report Classification	Unclassified
Exemption Reason	Not Applicable
Council/Committee	Audit Committee
Date of Meeting	24 June 2024
Responsible Director	Director of Corporate Services
Responsible Head of Service	Head of Administration
Date of Report	10 June 2024
File Reference	SOA1
Legislation	Local Government (Accounts and Audit) Regulations 2015 Local Government Finance Act (Northern Ireland) 2011 Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015
Section 75 Compliant	Yes ☒　　　No ☐　　　Other ☐ If other, please add comment below:
Subject	Statements of Assurance to 31 March 2024
Attachments	

In accordance with the Council's Risk Management Strategy, Heads of Service are required to provide Statements of Assurance. Assurance Statements comprise 4 main sections to be completed by each Head of Service following consultation with each of their Service Units. Period of this report, 1 October 2023 - 31 March 2024.

Findings

General – Identification of Risk, Monitoring and Control measures
No key issues have been declared as not having appropriate internal controls in place beyond those which have been identified by audit and are being worked through as part of management actions. All Services have confirmed that any risks

Not Applicable

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 Corporate Risk Register is reviewed by the Heads of Service Team and Corporate Leadership Team, assigning owners for each of the Risks.

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.

Administration has reported that The Digital Strategy has identified the EDRMS as a priority workstream and that the existing paper files pose a risk. A filing rationalisation project is underway to ensure that Council is retaining records in accordance with our Retention and Disposal Schedule.

HR and Organisational Development has reported that an absence management action plan is in place and an Absence Dashboard has been developed to be presented to CLT and HOST on a quarterly basis.

Parks and Cemeteries have reported that cemetery grave spaces are running low, resolution of this issue is being progressed by the Cemetery Provision Project board.

Planning have escalated a service risk regarding the Local Development Plan timetabling of independent examination and ongoing issues associated with statutory consultees to the Strategic Planning Group (Department for Infrastructure) to the Corporate Risk Register.

Tourism have reported that a Fire Risk Assessment was carried out for the Ards Visitor Information Centre and that several recommendations from this are now being progressed by the Assets and Property team.

Waste and Cleansing has reported that Arc21 has been informed that the current landfill used will close in January 2025, and therefore the award of the interim residual waste contract is critical for the Council for service delivery. Reported previously, significant financial liability risk remains an issue with hope that progress can be made. The previously reported challenge by an unsuccessful bidder regarding the tender putting in place interim measures to treat residual waste remains to be heard in the High Court.

Section 2 – Internal Control
Generally, there are no key issues arising to cause significant concern or requiring immediate action.

Administration has reported that they have received the draft Northern Ireland Public Services Ombudsman guidance on dealing with promoting positive behaviour. The policy will be developed to localise this guidance to ANDBC. The review of the Land

Not Applicable

Use policy was completed in November 2023 and is now live, and the Health and Safety team have caught up on the backlog of training previously reported.

Capital Projects advised that their Capital Project Handbook and Brief Template are kept under review to ensure they are updated to reflect good practice. Work is also ongoing with the Finance Service to refine Business Case templates, and with Procurement Services or CPD, where applicable, in relation to procurement templates.

Communications and Marketing have reported on the launch of Citizen Lab which is a digital engagement platform to improve engagement and address lack of trust with key stakeholder groups. Their work is ongoing on the development of an engagement framework to achieve more consistency across Council on this matter. HR and Organisational Development has reported that Deloitte has completed an internal audit on Absence Management, a draft report on this was produced in March 2024 and a final report will be submitted once management responses have been received. An outworking of this audit is that a report is being put in place to allow HR to inform Managers if staff are exceeding permitted flexi balances.

Economic Development reported that Work was ongoing with consultants and solicitors to progress the procurement of operators for the Bangor Waterfront project.

Licencing and Regulatory Services have reported that an audit has been completed by Deloitte resulting in three outstanding Priority 3 findings relating to the system for dog licensing which are being resolved.

Leisure have reported that an unsuccessful recruitment exercise and consistent lower than acceptable staffing levels across the section is resulting in service delivery being negatively impacted. A significant redesign of posts is ongoing.

Strategic Transformation and Performance have reported that across the three service units within it there are three Priority 1, nine Priority 2 and nine Priority 3 recommendations which are being progressed.

Tourism have reported that the five Priority 3 recommendations that they have outstanding that will be implemented in the 2024/25 season.

Waste and Cleansing have reported that they have one Priority 2 finding and one Priority 3 finding, both of which are being addressed.

Section 3 – Governance
Administration have reported that Council have approved the extinction of a Public Right of Way which may result in a Public Enquiry. They also report one instance of deviation from the Procurement Policy in a trial of digital postal services; a deviation form has been submitted.

Assets and Property Services reported that the legal action regarding construction defects at the Aurora leisure centre remains ongoing.

Not Applicable

Economic Development have reported a deviation for the Labour Market Partnership public relations campaign which was duly reported on a deviation form.

Environmental Health Protection and Development reported that the Appeal, in the Magistrates Court, against the Council for failing to revoke caravan site licence conditions relating to unregulated access to council carparks used by for overnight stops in campervans remains adjourned. The review of council by-laws and physical barriers at the Commons Donaghadee to prevent overnight stays or provision of a compliant facility at that site, or another, is ongoing.

Finance have reported that the first payments for holiday pay arrears have been made, but some aspects of this are still being worked on by HR and Organisational Development service in conjunction with the Unions. A Direct Award contract has been made to facilitate the upgrade of existing software to a cloud based system; this necessitated a deviation from Procurement Policy, the deviation form has been completed.

Licensing and Regulatory Services have reported that the NET Kennelling contract was awarded to the sole quotation provided. Out of those approached, they were the only company prepared to offer this service.

Leisure have reported there were two direct awards in the project to supply new fitness equipment at Comber Leisure Centre. In addition, a deviation was reported in the repair/upgrade works for the pool in Aurora Leisure Centre as the supplier concerned is the manufacturer of the system concerned.

Planning have advised that the case reported in Period 1 with papers seeking a Judicial Review of planning approval granted is not resolved. Awaiting Judge's direction.

Tourism have reported a Direct Contract award for delivery of a hospitality/tourism careers takeover day as the supplier is the only one providing this.

Section 4 – Miscellaneous

Finance has again reported that workload and long-term sickness have inhibited the execution of service and governance improvements, that the failure to implement a corporate information management strategy is inhibiting service efficiencies from being explored.

Parks and Cemeteries have reported that the impacts of changing weather patterns and the lessening 'seasonal' variation effecting service delivery. This has resulted in criticism of the service with regard to grass cutting across the Parks and Cemeteries service and also sports pitch availability. Mitigations are planned with increased investment in drainage projects and realignment of staffing structures / maintenance schedules.

The Director of Community and Wellbeing has commented that a proposed transformation programme for Leisure is in progress and the effects of the second

Not Applicable

phase of this on the swim programme has grown income and resulted in a full complement of staff. The next phase which was proposed for Leisure and Fitness Associates in 2023 has been approved by CLT and whilst not yet implemented, the recruitment adverts which reflect this evaluation pending has resulted in the highest interest in recruitment into Leisure for 5 years.

RECOMMENDATION

It is recommended that Council note this report.

Unclassified

ITEM 5b

Ards and North Down Borough Council

Report Classification	Unclassified
Exemption Reason	Not Applicable
Council/Committee	Audit Committee
Date of Meeting	24 June 2024
Responsible Director	Director of Corporate Services
Responsible Head of Service	Head of Administration
Date of Report	17 June 2024
File Reference	AUD02
Legislation	Local Government Act (Northern Ireland) 2014 Local Government Finance Act (Northern Ireland) 2011 Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015
Section 75 Compliant	Yes ☒ No ☐ Other ☐ If other, please add comment below:
Subject	Corporate Risk Register
Attachments	Coporate Risk Register and Action Plan (at 31 May 2024)

Previously reported, the redesign of the Corporate Risk Register (CRR) was undertaken following the Deloitte facilitated workshop on 25 July 2023. The redesign incorporated improved headline Risk descriptions aligned to the achievement of strategic priorities, associated risk categories and assignment of the Risk Appetite agreed by Council.

A further development action followed to improve assurance and reporting capability. The outworking of this is the attached CRR Action Plan. The enhanced level of detail provided in the Action Plan includes:

- more detail on Current Controls. Note that the actions being undertaken may not always relate to current controls. Similarly, Current Controls will not

Not Applicable

require further action if the Service determines the control remains sufficiently effective
- Risk Detail, this describes the specific risk being addressed (headline risk descriptions are broad)
- associated Operational Risk Lead. The Lead will normally be the Head of Service associated with the particular risk being addressed however, in some cases other officers are identified as the appropriate lead for the risk treatment
- a Target date for completion of the risk treatment and a status update.

The CRR and Action Plan remains a live document. It is reviewed quarterly by the Corporate Leadership Team and Heads of Service, and biannually reported to Audit Committee.

There are currently 17 risks on the CRR. There are five risks with a residual risk rating of High. Of these, CR4 and CR5 relate to climate change with an *Averse* risk appetite. External factors associated with cost of measures, and additionally in the case of CR5, the availability of affordable technologies, political and public will are considered primary barriers to lowering the risk.   CR11, decline in the non-domestic tax base, has a *Risk Taking* risk appetite, is similarly affected by external factors with legislation and funding for the transfer of regeneration powers not in place. CR15, provision of burial space, has an *Averse* risk appetite. A progress report will be brought to the Community and Wellbeing Committee in June. CR17, Council lands being taken without permission, has an *Averse* risk appetite. A project to detect early encroachment is currently at the design stage.

There are four other risks on the Register with a residual risk rating of medium that are showing a Risk Status of Action. Actions, along with primary current controls, are detailed in the attached Action Plan.

RECOMMENDATION

It is recommended that Council note this report.

Risk Reference (CRR)	Risk to achievement of strategic priority (Risk Description)	Risk Category	Risk Subcategory	Risk Appetite (as agreed by)	Inherent Risk I	L	R	Current Controls	Residual Risk I	L	R	Risk Status	Strategic Lead	Operational Lead	Associated Officers	Further Action Required
1	Risk Event – Inability/failure to meet targets set out within The Integrated Strategy for Tourism, Regeneration and Economic Development. Cause – due to a lack of funding, unstable economy, budget cuts, failure to attract third party investment, failure of hit transferred functions and budgets and lack of appropriate legislation/policy, as well as difficulties in obtaining Council support due to changing priorities mid-year. Impact – leading to a depletion of the Council's business rates base, directly impacting residents as a result of reduced funding for Council services.	Financial	Investment in Growth	Risk Taking	3	3	9	Quarterly monitoring against activity targets; Annual review and monitoring	3	2	6	Tolerate	Ann McCullough	Clare McGill, Sharon Mahaffy, Anton Cozzo		N/A
2	Risk Event – Lack of adequate staff resources to deliver Services. Cause – as a result of failure to align resources and structures with Council strategic objectives, as well as an inadequate staff skills-mix, and inadequate workforce/succession plans. Impact – leading to compromised service delivery, as well as increased costs for the Council through greater use of agency staff to fill resource gaps.	Operational Sustainability	Staff Retention and Development	Cautious	5	3	15	A draft Work force Plan is currently being developed and should be ready for consultation in the new year	4	3	12	Action	Michael Steele	Rosemary McCullough		Council to development workforce plan to take account of changing personnel needs, longer term recruitment requirements and to combat the challenges of attracting the right talent.
3	Risk Event – Inability to achieve Council corporate objectives within the Corporate Plan timeframe. Cause – as a result of a failure to prioritise adequate resources, poor monitoring of progress, and external factors such as political will and changing views among residents. Impact – leading to negative reputational and financial impact on the Council.	Compliance/Legal	Governance	Averse	4	4	16	Member engagement in development of plan, development of more targeted corporate plan than in previous years, consultation with public and staff extensive, reviews taken as part of residents survey	3	2	6	Tolerate	Susie McCullough	Michael Steele		Corporate Plan has a programme of work associated with it and will monitor progress.
4	Risk Event – Failure to adequately prepare for the impact of climate change on the Borough. Cause – due to a lack of staff resources, political and public will, and funding. Borough Impact – resulting in the failure to effectively deliver services (e.g. waste services) in line with net zero targets and obligations and ensure	Strategy	Climate / Environment	Averse	5	5	25	Currently developing Climate Adaptation plan	5	5	25	Action	David Lindsay	Alison Curtis	Emma Adair	Council resource is falling short of required workload. Further resources required to ensure Council can meet obligations. Solutions not feasible currently.
5	Risk Event – Not achieving the Council's net zero targets. Cause – due to resource and budget constraints, inadequate planning, poor monitoring of progress, and lack of political and public will. Council Impact – leading to significant financial sanctions and reputational damage for the Council	Compliance/Legal	Compliance	Averse	5	5	25	In process of securing funding to develop Climate Action Plan	5	5	25	Action	David Lindsay	Peter Caldwell		Consultant required to develop Action Plan and to determine Scope 3 emissions.
6	Risk Event – Failure to work in effective partnerships to meet Council objectives. Cause – as a result of conflicting priorities amongst partners, misalignment with Council values, and inadequate assessment and monitoring of partnerships. Impact – resulting in an inability to achieve Council corporate objectives and targets, and potential for reputational damage.	Operational Sustainability	Partnerships	Risk Taking	5	4	20	Development of Shared Action Plans and Performance Monitoring takes place annually for Community Planning. Terms of Reference, or other governance arrangements, in place for most Partnerships.	5	3	15	Tolerate	Susie McCullough	Patricia Mackey		N/A
7	Risk Event – failure to deliver the Council's priorities as a result of stakeholder opposition and misunderstanding of aims/ objectives/ benefits. Cause – due to a disconnect between the community and Council, resistance to change among residents and an inability to secure and adequate community buy-in. Impact – leading to negative impact to the Council's reputation and lost opportunities.	Operational Sustainability	Community Engagement	Risk Taking	4	4	16	Investment in Citizen Lab digital platform to support community engagement on key regeneration projects. Actioning Lessons Learned from previous situations around engagement/ communication and operations.	4	3	12	Action	Susie McCullough	Clare Jackson	Jackie Harte	Agreement of Council-wide framework and standards for engagement. Additional community focus resources for key projects eg Greenways.
8	Risk Event – Risk of death and injury to the public as a result of Council actions or omissions. Cause – due to weak health and safety controls, as well as a lack of clarity around the Council's remit/responsibility in this area. Impact – leading to potential fines, legal liability, and damage to the Council's reputation.	Compliance/Legal	Governance	Averse	5	4	20	Event Safety workshops and task group being set up to address on going perception of risk and ensure requirements implemented. Corporate Health and Safety processes and policies.	5	3	15	Action	Graeme Bannister	Alison Curtis	Sharon Mahaffy, Stephen Daye, Peter Caldwell, Richard McCracken, Nikki Dornan, David Lindsay, Nigel	Workshops to take place in Jan 2024 and outworkings of this workshop to ensure that there is confidence in approach for all concerned going forward.
9	Risk Event – Risk that the Council suffers a cyber attack. Cause – as a result of inadequate and/or ineffective controls and/or human error. Impact – resulting in interruption to Council business through loss of access/damage to Council systems and information assets, financial impact (e.g. ransom), and overall damage to the Council's reputation.	Operational Sustainability	IT & Cyber	Averse	5	4	20	Managed Cyber Incident Response in place. Threat landscape continually scanned and intelligence received from MIR provider and internal monitoring on reports from NCSC.	5	3	15	Tolerate	Michael Steele	Stephanie Denny	Moira McVeigh	Work towards Zero Trust Security Model
10	Risk Event – Risk that the Council suffers a data breach and/or loss of data. Cause – due to a lack of adequate information management policy/controls and/or as a result of human error. Impact – resulting in an inability to comply with legislation (UK Data Protection Act, Freedom of Information (FOI)), fines from the Information Commissioner's Office, and overall damage to the Council's reputation.	Compliance/Legal	Governance	Averse	5	4	20	MIR in place. USB media devices blocked reducing the ability for data to be copied and removed.	5	3	15	Tolerate	Michael Steele	Stephanie Denny	Moira McVeigh	There remains a continued need for robust data handling procedures in connection with all our outsourced platforms, including the HRC booking system. Develop Data Classification Policy. Exercise Cyber attack in conjunction with Nihon. Digital Services Officers are scheduled to undertake CISMP training in this financial year.
11	Risk Event – Decline in the Council's non-domestic tax base. Cause – due to an inability to identify and/or address the root cause/s of the decline and failure of economic development initiatives. Impact – leading to reduced spending power of the Council to deliver its services and potential increase in the domestic rate base to compensate, and failure to achieve a position of financial resilience/sustainability.	Financial	Investment in Growth	Risk Taking	5	5	25	City/Town Centre Masterplans agreed. Review of the CAG/TAGs to ensure focus on delivery, NIE site Masterplan/Business Case Pilot, and new ED Go Succeed Programme	5	4	20	Action	Brian Dornan	Anton Cozzo	Clare McGill	The transfer of Regeneration Powers and Funding to Councils is required. Departmental funding required to be secured. The Council to agree ongoing Regeneration budget. Review and propose projects to address this decline.
12	Risk Event – Risk that the Council cannot respond to a critical incident/emergency event. Cause – due to lack of planning, including contingency planning and failure to adequately define what constitutes a critical incident and/or emergency event and assess risks accordingly. Impact – leading to an inability to execute the Council's Emergency Management Plan responsibilities, impacting the Council's ability to support front-line responders as required.	Compliance/Legal	Governance	Averse	5	3	15	Emergency Plan in place and can be activated in the event of emergency. We will continue to review and update where required and following any lessons learned from incidents.	3	3	9	Tolerate	Michael Steele	Alison Curtis	Ian Spence, Jill Hunter	Exercise, test and review, internal EPIG (Emergency Planning Implementation Group alongside training opportunities via regional arrangements ongoing - essential to maintaining the lower Impact score.
13	Risk Event – Risk that the Council cannot respond to a business continuity event. Cause – due to lack of planning, including contingency planning and failure to adequately define what constitutes a business continuity event and assess risks accordingly. Impact – resulting in an inability to execute a Business Continuity Plan (BCP) effectively and quickly, impacting the Council's ability to continue to deliver Services effectively.	Operational Sustainability	Business Continuity	Averse	5	3	15	Business Continuity Plan in place and can be activated in the event of a business continuity incident. Annual testing and training schedule in place. Annual review of Business Impact Analysis by each service. We will continue to review and update where required and following any lessons learned from incidents.	4	3	12	Action	Michael Steele	Stephanie Denny	Siobhan Watson	Test programme to be implemented
14	Risk Event – Failure to deliver Capital and high impact / cross cutting projects. Cause – due to lack of funding and inadequate project and programme management. Impact – impeding the Council's ability to deliver on the promised benefits of these projects, as well as a failure to achieve the Council's corporate objectives within the Corporate Plan 2020-2024.	Strategy	Projects / Programmes	Risk Taking	5	3	15	BW - approved OBC and CFF, dedicated delivery team and resources secured, detail workprogramme and Governance Structures	4	2	8	Tolerate	Brian Dornan	Graeme Bannister, Michael Steele, Andrew Dudley	CPU BW team	Service / directorate level monitoring ongoing. Constantly review grant sources to see if any applicable for Council projects.

	Risk	Category	Type	Risk Appetite				Controls					Status	Risk Owner	Risk Manager	Risk Lead	Action
15	**Risk Event** – Failure to fulfil the Council's statutory obligations under the Burial Grounds Regulations (NI) 1992 regarding the provision of burial space. **Cause** – due to a lack of space within current Borough cemeteries or within an a specific area within the Borough. **Impact** – resulting in reputational damage to the Council and non-compliance with the Burial Grounds Regulations (NI) 1992.	Operational Sustainability	Projects / Programmes	Averse	5	5	25	Capital project in place	5	4	20		Action	Graeme Bannister	Stephen Daye	Andrew Dadley	Capital project to proceed. Movilla Cemetery is running out of new burial space within next year. Team to urgently progress change of use at land adjacent to Movilla Cemetery.
16	**Risk Event** – Poor maintenance and development of the Council's land and property assets. **Cause** – due to a lack of skilled resources, funding and monitoring. **Impact** – leading to a failure to deliver on the Council's Estates and Land and Property Strategies.	Financial	Financial Sustainability	Minimising	5	5	25	Property Maintenance Strategy. This sets out how Council proactively manages its properties to ensure they are fit for purpose, legally compliant and that maintenance costs are minimised.	3	3	9		Tolerate	David Lindsay	Peter Caldwell	Brian Dorrian	Estates development strategy required to look at medium to long term consolidation of estate - this will be a work stream for the Estate Development Programme Board.
17	**Risk Event** – Council's land assets are taken without permission. **Cause** – due to a lack of resources, funding and monitoring. **Impact** – leading to a loss of land and failure to deliver on the Council's Estates and Land and Property Strategies.	Financial	Financial Sustainability	Averse	5	5	25	Reactive monitoring in place. Land has been lost / offered for sale due to weak legal position.	5	4	20		Action	Michael Steele	Alison Curtis	Stephen Daye	Project to establish robust monitoring programme to be commenced in 2024.

CR1 – High Level Risk Description							
Risk Event – Inability/failure to meet targets set out within The Integrated Strategy for Tourism, Regeneration and Economic Development							
Cause – due to a lack of funding, unstable economy, budget cuts, failure to attract third party investment, failure of NI transferred functions and budgets and lack of appropriate legislation/policy, as well as difficulties in obtaining Council support due to changing priorities mid-year							
Impact – leading to a depletion of the Council's business rates base, directly impacting residents as a result of reduced funding for Council services.							
Risk Lead: Ann McCullough							
Operational Leads: Clare McGill, Sharon Mahaffy, HoS Regeneration							
Risk Detail	**Current Controls**	**X- Ref**	**Action**	**Op Risk Lead**	**Target Date (completion)**	**Status / Update 31.05.2024**	**Status / Update 30.09.24**
Failure to meet jobs targets by 2030	Quarterly reporting on business support interventions		Delivery of business support through Go Succeed	Clare McGill	Mar-30	Job creation as a result of interventions assessed on annual basis post completion of support actions	
	Monitoring of jobs created across AND			Clare McGill		Ongoing	
	Labour Market Partnership meetings		Delivery of LMP annual action plan	Clare McGill	Mar-25	Ongoing	
	Working with NI Councils to secure funding		Regular cross Council meetings to agree funding applications	Clare McGill	Mar-25	Ongoing	
Failure to meet GVA target	Work with Invest NI to assess and influence productivity levels through interventions		Facilitate workshops to promote INI support programmes	Sharon Mahaffy	Mar-30	Not assessed on annual basis and there is time lag in NISRA stats reporting	
Failure to increase share of overnight NI trips	AND presence at trade and consumer shows to increase profile and engagement with tour operators/consumers	ITRDS key thematic priority	Annual plan of attendance at trade and consumer shows	Alex Irvine	Mar-25	In progress for 24/25	
	Borough Events Strategy	ITRDS key thematic priority	Delivery of Borough Events Strategic Direction 2021-2026	Sharon Mahaffy	Mar-26	Mid point review to be complete end of March 25	
	Blue Green Accommodation Development	ITRDS key thematic priority	Queen's Parade Development	Brian Dorrian	TBC	Project ongoing with a possible construction commencing Autum 2024	
	Borough Marketing and Communications Strategy (BMCS)	Tourism service plan	Delivery of BMCS 2020-2025	Claire Jackson	Mar-25	KPI 5 in Tourism Service Plan PR and partnership plan on 2 key themes as per service plan	
	Monitoring of NISRA data when available		Awaiting data	Sharon Mahaffy	Mar-30	Last data set from NISRA in 2019 (NISRA advise 2023 data will be available this incoming season)	
Failure to increase visitor spend	Blue Green Visitor Experience Development	ITRDS key thematic priority	Deliver Experience AND annual programme and monitor Out of Borough (OoB) attendance	Sharon Mahaffy	Mar-25	Monitoring OoB attendance throughout the year - tourism service plan	
	Food and Drink Destination Development Plan (FDDDP 2023-27)	Tourism service plan	Deliver two key actions from FDDDP 2024/25	Sharon Mahaffy	Mar-25	KPI 2 in Tourism service plan - year one outputs in progress	
	Monitoring of NISRA data when available		Awaiting data	Sharon Mahaffy	Mar-30	Last data set from NISRA in 2019 (NISRA advise 2023 data will be available this incoming season)	

CR2 – High Level Risk Description							
Risk Event – Lack of adequate staff resources to deliver Services							
Cause – as a result of failure to align resources and structures with Council strategic objectives, as well as an inadequate staff skills-mix, and inadequate workforce/succession plans							
Impact – leading to compromised service delivery, as well as increased costs for the Council through greater use of agency staff to fill resource gaps.							
Risk Lead: Michael Steele							
Operational Leads: Rosemary McCullough							
Risk Detail	Current Controls	X- Ref	Action	Op Risk Lead	Target Date (completion)	Status / Update 31.05.2024	Status / Update 30.09.24
Failure to have the right people, in the right jobs at the right time, due to everchanging circumstances.	OD Strategy		A Workforce planning Strategy is required as on overarching document to the existing OD Strategy and Learning and Development Policy already in place.	Rosemary McCullough	Mar-25	An initial draft Workforce planning Strategy is currently being finalised for consultation purposes	
	People Plan		In place	Rosemary McCullough	Complete	In place - review ongoing	
	Learning and Development Policy		Succession planning policy to be created	Rosemary McCullough	Dec-24	A draft policy has been created and will be ready soon for consultation purposes	
			Skills gaps analysis to be created	Rosemary McCullough	Mar-25	Discussions are ongoing with regard to what skills gaps are to be assessed	

CR3 – High Level Risk Description
Risk Event – Inability to achieve Council corporate objectives within the Corporate Plan timeframe
Cause – as a result of a failure to prioritise adequate resources, poor monitoring of progress and external factors such as political will and changing views amount residents
Impact – leading to negative reputational and financial impact on the Council
Risk Lead: Susie McCullough
Operational Leads: Michael Steele

Risk Detail	Current Controls	X- Ref	Action	Op Risk Lead	Target Date (completion)	Status / Update 31.05.2024	Status / Update 30.09.24
Corporate Plan, failure to command buy in and support	1. Members and staff ownership of the Corporate Plan		1.0 Internal cross Directorate working group	Stephanie Denny	Mar-24	Working Group established. Members and staff workshops undertaken and draft plan agreed for public consultation	
			1.1 Members and staff workshops, engagement and feedback	Stephanie Denny			
	2. Public and residents consultation		2.0 Formal consultation across a range of platforms	Claire Jackson	May-24	Public consultation undertaken and feedback reviewed	
			2.1 Corporate Plan reviewed on feedback received	Claire Jackson	May-24		
	3. Corporate Plan document designed		3.0 Designed easy to read Corporate Plan available through Council's platforms	Patricia Mackey	Jun-24	Corporate Plan being designed	
	4. Internal/ External promotion plan developed and delivered		4.0 Cross Directorate WG to develop and lead I plan to ensure CP 'live' document for staff and stakeholders	Stephanie Denny	Jun-24	Workshop at SLM forum	
Failure to use the Corporate Plan to shape the future direction and priorities of the Council	1. Corporate Structure aligned to delivery of new Corporate Plan		1.0 Review of Corporate Structure in line with supporting delivery of the Corporate Plan	Susie McCullough	Nov-24	Review paused for new CE recruitment process	
			1.1 Agree and implement any required changes to Structure	Michael Steele	Mar-25		
	2. Yearly Rate Setting and Budgeting aligned to the Corporate Plan		2.0 Yearly review of the Corporate Plan, (achievement of outcomes)	Michael Steele	Mar-25	Ongoing	
			2.1 Corporate Plan outcomes / objectives considered as key part of budget setting process	Michael Steele	Mar-25	Ongoing	
	3. Service Unit Plans (including resources and projects) aligned to the Corporate Plan		3.0 Service Unit Plans reviewed yearly to ensure inline with delivery of the Corporate Plan	Stephanie Denny	Mar-25	Review of 24/25 Service Unit Plans undertaken. Review of process and lessons learned for next year being undertaken. PIP agreed	
			3.1 Performance Improvement Plans agreed each year	Stephanie Denny	Mar-25		
			3.2 Projects and resources agreed (including focus and what to stop/start)	Stephanie Denny	Mar-25		

CR4 – High Level Risk Description							
Risk Event – Failure to adequately prepare for the impact of climate change on the Borough							
Cause – due to a lack of staff resources, political and public will, and funding							
Impact – resulting in the failure to effectively deliver services (e.g. waste services) in line with net zero targets and obligations and ensure							
Risk Lead: David Lindsay							
Operational Leads: Alison Curtis							
Risk Detail	Current Controls	X- Ref	Action	Op Risk Lead	Target Date (completion)	Status / Update 31.05.2024	Status / Update 30.09.24
Failure to adequately prepare for the impact of climate change on the Borough	Adaptation Plan has been developed (April 2024)		To identify the issues that are barriers to the delivery of the Adaptation Plan.	Emma Adair	Mar-25	A lack of data and resources will be barriers to the delivery on all the actions identified.	
Lack of staff resources	Resource allocation		Seek additional staff	Alison Curtis	Mar-25	to be reviewed alongside restructure	
Lack of political will	Buy-in and awareness through regular updates		Continue to update on a 6 monthly basis in line with Roadmap	Emma Adair	Mar-25	Following an external audit of the Roadmap a full review is required to make it more target led, with clear lines of responsibility.	
Lack of public will	Buy-in and awareness through regular updates		Communicate when appropriate and tie in with other sections	Emma Adair	Mar-25	Review of approach to sustainability messaging required - currently low public acceptability/ understanding. Recent focus groups considered this.	
Lack of funding	Continue to scan for funding opportunities		Have projects ready for when funding becomes available - needs resourced	Emma Adair	Mar-25	Depending on funding/resources available a Community/Climate resilience piece of work needs to be developed. Resource required to develop projects suitable for funding and apply.	

CR5 – High Level Risk Description							
Risk Event – Not achieving the Council's net zero targets							
Cause – due to resource and budget constraints, inadequate planning, poor monitoring of progress, and lack of political and public will							
Impact – leading to significant financial sanctions and reputational damage for the Council							
Risk Lead: David Lindsay							
Operational Leads: Peter Caldwell							
Risk Detail	Current Controls	X- Ref	Action	Op Risk Lead	Target Date (completed)	Status / Update 31.05.24	Status / Update 30.09.24
Human resource constraint	Dedicated Energy Management Officer recruited		Retain post	Peter Caldwell	Mar-24	Complete	
			Exploring need for broader sustainability expertise as part of organistaional redesign	Alison Curtis	Mar-25	ongoing	
Budget constraints	Dedicated sustainability fund established to provide necessary additional investment capital for carbon saving/reduction projects		Explore additional external funding opportunities - such as collaborative waste management fund (DAERA)	Peter Caldwell/Nigel Mar	Ongoing	ongoing	
	Allocation of existing property maintenance budgets to focus on carbon reduction outcomes		dedicated fund of £150k per year secured, additional funding for large projects based on business cases.	Peter Caldwell	Ongoing	ongoing	
Inadequate planning	Sustainable energy management strategy and action plan being drafted		Finalise and commence adoption of Sustainable Energy Management Strategy and Action Plan	Peter Caldwell	Sep-24	complete	
	Capital projects planning focussed upon low carbon development		Adoption of carbon reduction standards to be implemented across capital projects	Andrew Dadley	Ongoing	ongoing	
	Sustainable waste resource management strategy		Identify carbon reduction target for municipal waste disposal and periodically report progress as part of waste strategy progress reporting	Nigel Martin	Dec-24	Consideration of how measurable 'carbon' savings for waste ongoing	
	Reviewing options for transition to low emissions fleet		Draft a Council Roadmap to Green Fleet Strategy and Action Plan	Peter Caldwell	Mar-25	Feasibility study on alternate fuel sources approved by Council. This sets the direction of travel for our green fleet strategy. Work in progress.	
	Roadmap to Sustainability		Review Roadmap to Sustainability and adopt any necessary amendments	Alison Curtis	Dec-24	Awaiting legislation update on reporting obligations. Roadmap will be updated to reflect by March 2025.	
Poor monitoring of progress	Routine reporting of progress on implementation of Roadmap to Sustainability		Routine reporting of Sustainable Energy Management Strategy and Action Plan progress/implementation carbon budget progress	Peter Caldwell	Ongoing	ongoing. first report to September committee.	
			Routine reporting of carbon performance of capital projects	Andrew Dadley	Ongoing	Under consideration	
			Routine reporting of Sustainable Waste Resource Management progress	Nigel Martin	Ongoing	Update report going to the June 2024 Environment Committee	
			Routine carbon budget progress reporting	Alison Curtis	Annually	Under consideration	
Lack of political will	Legislative requirements		Implement processes and procedures to ensure Council meet legislative requirements	David Lindsay	Ongoing	Ongoing	
	Regular reporting to Members		Continue to update at Committees	David Lindsay	Ongoing	Ongoing	
Lack of public will	Promotion of Council's StAND for Sustainability Campaign		Continue with the comms campaign	Claire Jackson	Ongoing	Review of approach to sustainability messaging required - currently low public acceptability/ understanding. Recent focus groups considered this.	

				CR6 – High Level Risk Description				
				Risk Event – Failure to work in effective partnerships to meet Council objectives				
				Cause – as a result of conflicting priorities amongst partners, misalignment with Council values, and inadequate assessment and monitoring of partnerships				
				Impact – resulting in an inability to achieve Council corporate objectives and targets, and potential for reputational damage.				
				Risk Lead: Susie McCullough				
				Operational Leads: Patricia Mackey				
Risk Detail	Current Controls	X- Ref	Action	Op Risk Lead	Target Date (completion)	Status / Update 31.05.2024		Status / Update 30.09.24
Community Planning Partnership does not work as an effective partnership	1. Strategic Community Partnership Group established		1.0 Terms of Reference and membership agreed	Patricia Mackey	Ongoing	Ongoing		
			1.1 Group chaired by external partner and meeting regularly	Patricia Mackey	Ongoing	Chair and Vice Chair chosen from strategic partners. Meets 3 times a year.		
	2. Workstreams agreed and established		2.0 Workstreams agreed and groups established	Patricia Mackey	Ongoing	The operation of some workstream groups is funding dependant and government Departmental budgets for 2024/25 have not been agreed. LMP has received confirmation of funding at a lower budget level only until March 2025 and Social Supermarket has only received interim letter of offer to June 2024. Suggested amendments to some workstreams will be decided by the Strategic Partnership in November 2024.		
			2.1 Action Plans agreed, including lead/co-lead body for these	Patricia Mackey	Ongoing	All existing action plans under review.		
	3. Yearly performance review undertaken		3.0 Review of structures to be undertaken	Patricia Mackey	Dec-24	To be discussed at November meeting of Strategic Partnership.		
			3.1 Review of progress / delivery	Patricia Mackey	Dec-24	Last progress update report November 2023. Next progress update report due November 2024.		
			3.2 Benchmarking with other models	Patricia Mackey	Mar-25	Participation in Community Planning Officers Network and involvement in DfC Working Group to undertake review of the effectiveness of Community Planning		
Failure of impact in AND of EBR partnership	1. Regular attendance of Board & WG meetings		1.0 Review and input on workstreams	Clare McGill Anton Cozzo	Ongoing	Ongoing		
	2. Collaboration on development of projects to attract funding		2.0 Monitoring of project development and funding applications	Clare McGill Anton Cozzo	Ongoing	Awaiting outcome of funding applications		
11 Council Partnership for Go Succeed is not effective and fails	1. Monthly Meetings of 11 Council Oversight Group		1.0 Quarterly meetings of SOLACE ED Assurance Group	Clare McGill	Mar-25	Progress report to be taken to Committee mid year		
	2. Participation in Go Succeed Sub Groups		2.0 Monthly monitoring of outputs against targets	Clare McGill	Mar-25	Progress report to be taken to Committee mid year		

CR7 – High Level Risk Description							
Risk Event – Failure to deliver the Council's priorities as a result of stakeholder opposition and misunderstanding of aims/ objectives/ benefits.							
Cause – due to a disconnect between the community and Council, resistance to change among residents and an inability to secure and adequate community buy-in							
Impact – leading to negative impact to the Council's reputation and lost opportunities.							
Risk Lead: Susie McCullough							
Operational Leads: Claire Jackson							
Risk Detail	Current Controls	X- Ref	Action	Op Risk Lead	Target Date (completion)	Status / Update 31.05.2024	Status / Update 30.09.24
Poor communications leading to misunderstanding and opposition to Council's priorities and projects	1.Range of digital and traditional channels in daily use for comms and engagement activity to support all council priorities and services - effectiveness regularly reviewed		1.0 New website developed	Claire Jackson	Mar-24	New website live - ongoing updates	
			1.1 Regeneration/ Flagship projects section on web with FAQs	Claire Jackson	Mar-24	Completed with ongoing updates	
			1.2 Ongoing monitoring and growth of digital channels	Claire Jackson	Ongoing	12% growth in past year	
	2. Investment in new digital participation platform - Citizen Lab		2.0 Launched with Ward Park EIS (test)	Claire Jackson	Mar-24	Platform live - handbook being developed for other projects	
	3. Lessons learned actioned		3.0 Key staff involved in lessons learnt review of all key projects	Claire Jackson	Ongoing	Ongoing	
	4. Communication / Engagement Plans developed for key projects		4.0 Plans developed for each key project	Claire Jackson	Ongoing	Live for majority of projects	
	5. Resources (staff and budget) aligned to key projects		3.0 Revenue budget and client side staff resource required for communication/ engagement activity for all key projects (comms, CPU, SRO)	Claire Jackson	Ongoing	Live for majority of projects	
			5.1 Central Coms resources regularly reviewed	Claire Jackson	Annually	ongoing	
	6. Council framework for engagement agreed		6.0 Benchmarking undertaken	Claire Jackson	Mar-24	Completed	
			6.1 Framework developed and agreed	Claire Jackson	Mar-24	Drafted - proposal to develop to policy by 30.09.24	
	7. Environmental scanning activity		7.0 Measures introduced for social listening on key project areas	Claire Jackson	Ongoing	ongoing	

CR8 – High Level Risk Description							
Risk Event – Risk of death and injury to the public as a result of Council actions or omissions							
Cause – due to weak health and safety controls, as well as a lack of clarity around the Council's remit/responsibility in this area							
Impact – leading to potential fines, legal liability, and damage to the Council's reputation.							
Risk Lead: Graeme Bannister							
Operational Leads: Alison Curtis							
Extended Risk Description: Risk of death and injury to the public as a result of Council actions or omissions due to weak health and safety controls, as well as a lack of clarity around the Council's remit/responsibility.							
Risk Detail	**Current Controls**	**X- Ref**	**Action**	**Op Risk Lead**	**Target Date (completion)**	**Status / Update 31.05.2024**	**Status / Update 30.09.24**
Event safety - Council, 3rd party use of Land, Grant Aided events	Event Safety workshop took place in January 2024 to address on going perception of risk and ensure requirements implemented.		Continue to review requests to use land and ensure safety measures are in place at events.	Alison Curtis	Ongoing	Ongoing	
	Lands Policy and Grant terms and conditions. Review of documentation and guidance provided by Events Team and Risk Management.		Continue to review requests to use land and ensure safety measures are in place at events.	Alison Curtis	Dec-24	Lands Policy under review	
	Safety Advisory Group - multi-agency forum for quality assuring safety arrangements for events in the borough. This could include 3rd party event organisers holding events on ANDBC land, and / or attracting Council grant aid directly/indirectly. Terms of Reference agreed by Council to assist in the identification of events to put forward for SAG review. (pre-event)		Ongoing action to identify events for SAG review and co-ordinate meetings and feedback to event organisers	Adele Faulkner	Ongoing	3 SAG meetings with plans reviewed for a number of festival and individual events occuring over the summer season.	
Delivery of Events by AND services	Risk Assessments and use of AND Events Toolkit		Services to lead and continue with current processes. Advisory support available from W Smith.	Relevant HOS/SUMs	Mar-25	New action identified	
Delivery of AND Tourism Events	Event Management Plans, Risk Assessments, Joint Advisory Groups (JAGs) and Debriefs		Continue with current processes.	Wendy Smith	Ongoing	Implementation continuing as per event	
Support provided by AND to external operators to deliver tourism experiences	Request for EMPs and RAs		Early engagement with operator. Include in T&Cs within Letter of Offer	Alex Irvine	Ongoing	Implementation commenced	
Grants provided to external organisations to deliver events	Request for EMPs and RAs and SAG as relevant		Include in T&Cs within Letter of Offer any SAG guidance issued	Wendy Smith/Beverley Skillen	Ongoing	Implementation commenced	
Open spaces - specific significant hazards arising out of the environment itself, or stuctures located on the open space, eg falls from height, drowning, slips, trips, etc.	Adhoc reporting of hazards, including reports by public and Members.		Staff to be trained in enhanced awareness of identifying hazards and reporting them in a timely manner. Corporate H&S to develop and deliver hazard identification training relating to open spaces for relevent service unit staffworking with this risk, or the identification of this a risk to the public by work performed in these areas, or from hazards arising eg, due to defects or location specific.	Michael Young	Sep-24	New action identified	
	Periodic inspections by Assets and Property.		Hazard identification and reporting to be added to Service Risk Registers Waste/A&P/Parks teams, or other staff teams trained (as above) to report these as part of their existing roles.	relevant HoS / SUMs eg Waste, A&P and Teams	Sep-24	New action identified	
			Risk Management recommendations for approach / options for risk review / assessment of open spaces / strategy and development.	Jill Hunter	Oct-24	New action identified	

Risk	Control		Action	Owner	Date	Update	
Open spaces - risk of slips, trips, falls at ground level - failure to proactively inspect and maintain paths.	Inspection and maintenance		Review of industry standards or guidance and / or benchmarking practices	Stephen Daye Peter Caldwell	Mar-25	PSS Live software Business Case Agreed under Transformation. Parks & Cemeteries working with Councils Procurement and Business Technology for as soon as possible start date. Issues with procurment exercise addressed. Business Technology Department are now in agreement. Agreed on boarding date for 1 June 24. A&PS operate a system of inspections of our prominent public realm areas. Each are is surveyed once every 3 years and any necessary works are highlighted for action.	
			Hazard identification and reporting to be added to Service Risk Registers Waste/A&P/Parks teams, or other staff teams trained (as above) to report these as part of their existing roles.	Stephen Daye Peter Caldwell	Dec-24	New action identified	
Sports Grounds & Leisure Centres	Inspection and maintenance		Review of industry standards or guidance and / or benchmarking practices. Review of current arrangements and agreements.	Ian O'Neill Stephen Daye	Mar-25	PSS Live software Business Case Agreed under Transformation. Parks & Cemeteries working with Councils Procurment and Business Technology for as soon as possible start date. Issues with procurment exercise addressed. Business Technology Department are now in agreement. Agreed on boarding date	
	Incidents reported to Risk Management and H&S committees		Review of incident reports / complaints / claims	Jill Hunter	ongoing	ongoing	
	Limited programme by A&P		System for reporting by car park attendants	Licensing & Regulatory Services Manager	Mar-25	New action identified	
Car Parks public free and pay car parks - failure to detect hazards, inspect and maintain.	Limited programme by A&P		Corporate H&S - Training for car park attendants in hazard detection and reporting.	Michael Young	Mar-25	New action identified	
			Operating procedure and System for reporting by car park attendants	SUM	Mar-25	New action identified	
Car Parks associated with buildings	Limited programme by A&P		Inspection and hazard detection operating procedure and associated training for relevent personnel within the service responsible for the building.	Relevant HoS	Mar-25	New action identified	

CR9 – High Level Risk Description							
Risk Event – Risk that the Council suffers a cyber attack							
Cause – as a result of inadequate and/or ineffective controls and/or human error							
Impact – resulting in interruption to Council business through loss of access/damage to Council systems and information assets, financial impact (e.g. ransom), and overall damage to the Council's reputation.							
Risk Lead: Michael Steele							
Operational Leads: Stephanie Denny							
Risk Detail	Current Controls	X- Ref	Action	Op Risk Lead	Target Date (completion)	Status / Update 31.05.2024	Status / Update 30.09.24
Without a formal security awareness and training programme there is a risk that employees will not be adequately trained to handle cyber threats encountered in the workplace.	Cyber Security Awareness Managed Service in place. Realistic phishing exercises are carried out on a monthly basis with remedial training given where necessary.		Report to Corporate Committee on Baseline and progress figures on first year of implementation	Moira McVeigh	ongoing	Reports generated constantly for ongoing phishing exercises.	
No centralised monitoring of WAN may allow malicious activity occur without detection.	Council is currently implementing a Managed WAN service which is designed to improve perimeter security		Centralised Management console will allow us to manage and monitor permitted devices across the WAN	Moira McVeigh	Sep-24	New WAN under construction. Completion due August 24 with option to implement a centralised monitoring system.	
Lack of resources with the appropriate skillset to manage security at an effective level	4 of the 6 Digital Services staff have undertaken Cisco Cyber Essentials Training Budget has been approved to upskill officers in NCSC Certified training Managed Incident Response Service with Nihon Cyber Defence has been put in place		2 Officers to complete foundation CCET 1 Officer has undertaken CISSP and is working towards certification	Moira McVeigh	Mar-25	Officer will complete the CISMP in July.	

CR10 – High Level Risk Description								
Risk Event – Risk that the Council suffers a data breach and/or loss of data								
Cause – due to a lack of adequate information management policy/controls and/or as a result of human error								
Impact – resulting in an inability to comply with legislation (UK Data Protection Act, Freedom of Information (FOI), fines from the Information Commissioner's Office, and overall damage to the Council's reputation.								
Risk Lead: Michael Steele								
Operational Leads: Stephanie Denny								
Risk Detail	Current Controls	X- Ref	Action		Op Risk Lead	Target Date (completion)	Status / Update 31.05.2024	Status / Update 30.09.24
The organisation may be at risk of data leakage or unauthorsed users accessing sensitive data	Council have commenced a project to implement a DLP (Data Loss Prevention) solution.		Digital Services are engaging with Microsoft to implement the DLP solution		Moira McVeigh	Dec-26	in progress	
The organisation may be at risk of laptops being accessed by unauthorised users	All laptops have BitLocker applied. BitLocker helps mitigate unauthorised data access by enhancing file and system protections, rendering data inaccessible when BitLocker-protected devices are decommissioned or recycled.		Ensure all new laptops have bitlocker applied		Moira McVeigh	ongoing	ongoing	

CR11 – High Level Risk Description								
Risk Event – Decline in the Council's non-domestic tax base								
Cause – due to an inability to identify and/or address the root cause/s of the decline and failure of economic development initiatives								
Impact – leading to reduced spending power of the Council to deliver its services and potential increase in the domestic rate base to compensate, and failure to achieve a position of financial resilience/sustainability.								
Risk Lead: Brian Dorrian								
Operational Leads: HoS Regeneration								
Risk Detail	**Current Controls**	**X- Ref**	**Action**	**Op Risk Lead**	**Target Date (completion)**	**Status / Update 31.05.2024**	**Status / Update 30.09.24**	
Decline in the Council's non-domestic rate base due to an identify and/or address the cause of the decline and failure and failure of economic development initiatives.	This issue has been highlighted the in the Council's new Corporate Plan and it is a key objective of the Council to address this trend.		The Council to develop a number of key projects which will address the business needs and on implementation start to grow the non-domestic rate base.	Brian Dorrian	Mar-25	Development of plans commenced.		
			Regeneration budget		Apr-24	Ongoing Regeneration budget agreed by Council.		
			Transfer of Regeneration powers and Funding transferred to Council		unknown	Awaiting action by NI Assembly		

CR12 – High Level Risk Description								
Risk Event – Risk that the Council cannot respond to a critical incident/emergency event								
Cause – due to lack of planning, including contingency planning and failure to adequately define what constitutes a critical incident and/or emergency event and assess risks accordingly								
Impact – leading to an inability to execute the Council's Emergency Management Plan responsibilities, impacting the Council's ability to support front-line responders as required.								
Risk Lead: Michael Steele								
Operational Leads: Alison Curtis								
Risk Detail	Current Controls	X- Ref	Action	Op Risk Lead	Target Date (completion)	Status / Update 31.05.2024	Status / Update 30.09.24
Risk that the Council cannot respond to a critical incident/emergency event due to lack of planning, including contingency planning and failure to adequately define what constitutes a critical incident and/or emergency event and assess risks accordingly	Emergency Plan in place and can be activated in the event of emergency. We will continue to review and update where required and following any lessons learned from incidents.		Exercise, test and review, internal EPIG (Emergency Planning Implementation Group alongside training opportunities via regional arrangements ongoing - essential to maintaining the lower impact score,	Alison Curtis	ongoing	Next EPIG 24 October. All EPIG meetings contain an element of learning / training.	

CR13 – High Level Risk Description							
Risk Event – Risk that the Council cannot respond to a business continuity event							
Cause – due to lack of planning, including contingency planning and failure to adequately define what constitutes a business continuity event and assess risks accordingly							
Impact – resulting in an inability to execute a Business Continuity Plan (BCP) effectively and quickly, impacting the Council's ability to continue to deliver Services effectively.							
Risk Lead: Michael Steele							
Operational Leads: Stephanie Denny							
Risk Detail	Current Controls	X- Ref	Action	Op Risk Lead	Target Date (completion)	Status / Update 31.05.2024	Status / Update 30.09.24
Risk that the Council cannot respond to a business continuity event due to lack of planning, including contingency planning and failure to adequately define what constitutes a business continuity event and assess risks accordingly.	Business Continuity Plan in place and can be activated in the event of a business continuity incident. Annual testing and training schedule in place. Annual review of Business Impact Analysis by each service. We will continue to review and update the BCP where required and following any lessons learned from incidents.		Following development of the Business Continuity Plan in December 2023, the Plan will now be tested independently and training completed by 31st October 2024.	Stephanie Denny	Oct-24	Currently at procurement stage for external training/testing provider.	

CR14 – High Level Risk Description							
Risk Event – Failure to deliver Capital and high impact / cross cutting projects.							
Cause – due to lack of funding and inadequate project and programme management							
Impact – impeding the Council's ability to deliver on the promised benefits of these projects, as well as a failure to achieve the Council's corporate objectives within the Corporate Plan 2020-2024.							
Risk Lead: Susie McCullough							
Operational Leads: Brian Dorrian, Graeme Bannister, Michael Steele, Andrew Dadley							
Risk Detail	Current Controls	X- Ref	Action	Op Risk Lead	Target Date (completion)	Status / Update 31.05.2024	Status / Update 30.09.24
Resources not available to deliver the Strategic Capital Programme	1. Council agreed a review of the Strategic Capital Programme as part of Rate Setting		1.0 Members workshop to be undertaken	Steve Grieve	Aug-24	Scheduled	
			1.1 Strategic Capital budget review as part of rate setting process	Steve Grieve	Aug-24	Scheduled	
	2. External grant / funding		2.0 Regular review and applications to potential external funding/grants	Andrew Dadley	Ongoing	Continue to work with a range of external funders	
	3. CPU team in place (resources secured)			Andrew Dadley	Ongoing	Ongoing	
Bangor Waterfront is not successful	1. Approved OBC and CFF		1.0 Gateway reviews undertaken in line with programme	Andrew Dadley	Ongoing	Ongoing	
			1.1 Yearly review of CFF		Mar-24		
			1.2 Working towards FBC		Nov-26		
	2. Dedicated project delivery team in place and resources secured		2.0 Team in place and Project management roles defined and agreed		Ongoing		
	3. Governance Structure, including detailed work streams and working groups agreed and in place		3.0 Project Board in place and Governance Structures agreed and established		Ongoing		
			3.1 Working Groups operational		Ongoing		
			3.2 Quarterly internal Assurance Board in place		Ongoing		
			3.3 Quarterly reporting to BRCD, DfC and Council		Ongoing		
	4. project plans developed for the 5 projects		4. ICT teams tendered and appointed in line with the programme		Ongoing		
Greenways are not delivered	1.0 capital programme in place		1.0 Project Board established	Andrew Dadley	Ongoing	Council agreed Governance Structure and Project Plan, which is being managed and delivered through the Project Board which meets every other month.	
	2.0 Project Board and Governance Structures established		2.0 Work plan agreed and regularly reviewed				
	3. Dedicated team/resources in place to deliver		3.0 Site negotiations underway.				
			4.0 Resources agreed and team in place				
Council's Civic Office Rationalisation Programme is not delivered	1. Project Board and Governance Structures established		1.0 Project Board established	Andrew Dadley	Ongoing	Council agreed Governance Structure and Project Plan, which is being managed and delivered through the Project Board which meets every month. CPU team in place and Council leads agreed	
	2. Work streams and work plan agreed		2.0 Work plan agreed and regularly reviewed				
			2.1 Council agreed Strategic Location (Bangor)				
			2.2 Site negotiations underway				
	3. Dedicated team/resources in place to deliver		3.0 Resources agreed and team in place				

CR15 – High Level Risk Description							
Risk Event – Failure to fulfil the Council's statutory obligations under the Burial Grounds Regulations (NI) 1992 regarding the provision of burial space							
Cause – due to a lack of space within current Borough cemeteries or within an a specific area within the Borough							
Impact – resulting in reputational damage to the Council and non-compliance with the Burial Grounds Regulations (NI) 1992.							
Risk Lead: Graeme Bannister							
Operational Leads: Stephen Daye							
Risk Detail	Current Controls	X- Ref	Action	Op Risk Lead	Target Date (completion)	Status / Update 31.05.2024	Status / Update 30.09.24
Council no longer has enough burial space for its residents or does not meet community expectations to have a working cemetery in main centres leading to reputational damage	Capital programme in place		1.0) Project Board in Place and meeting monthly. 2.0) Work plan agreed and reviewed monthly. 2.1) Movilia now separated from larger new site project. 2.2) Land negotiations and change of use at Movilia to get underway . 3.0) Capital and Revenue funding agreed and team in place.	Stephen Daye	ongoing	Monthly Project Board meets to progress Capital Project	
Parks & Cemeteries Service does not meet community expectations leading to reputational damage	Standard Operating Procedures and Training in place, Task & Finish groups with Parks & Cemeteries Service are in place that challenge existing service provision and look for continuous improvement and responses to the changing climate; An intensive engagement programme is in place to challenge existing norms and understand community needs and expectations.		1.0) Standard Operating Procedures and Training is in place and under revision at monthly cemetery meetings. 2.0) A new development team will be extending current engagement actions.	Stephen Daye	ongoing	Update report going to June 2024 Council Meeting via Community & Wellbeing.	

CR16 – High Level Risk Description							
Risk Event – Poor maintenance and development of the Council's land and property assets							
Cause – due to a lack of skilled resources, funding and monitoring							
Impact – leading to a failure to deliver on the Council's Estates and Land and Property Strategies.							
Risk Lead: David Lindsay							
Operational Leads: Peter Caldwell							
Risk Detail	**Current Controls**	**X- Ref**	**Action**	**Op Risk Lead**	**Target Date (completion)**	**Status / Update 31.05.2024**	**Status / Update 30.09.24**
Failure to comply with statutory safety requirements – prosecution/reputational loss etc. Risk of injury to users through lack of planned maintenance on regulated services	A robust planned maintenance schedule implemented, fully compliant with all relevant regulations	SRR	ongoing review	Peter Caldwell	ongoing	ongoing	
	Review of Contractor RAMS prior to commencing work.	SRR	ongoing review	Peter Caldwell	ongoing	ongoing	
	Where CDM regs apply, issue and approval of Construction phase Plans.	SRR	ongoing review	Peter Caldwell	ongoing	ongoing	
Without a formal awareness and training programme there is a risk that employees will not be adequately trained to handle workplace challenges.	Extensive training in place	SRR	ongoing review	Peter Caldwell	ongoing	ongoing	
Risk of injury to users from inadequate workmanship/practices of contractors	Contractor competency assessments at procurement stage. Ongoing audits.	SRR	ongoing review	Peter Caldwell	ongoing	ongoing	
	Review of practices during contractor meetings, highlighting any good/bad practice..	SRR	ongoing review	Peter Caldwell	ongoing	ongoing	

CR17 – High Level Risk Description							
Risk Event – Council's land assets are taken without permission.							
Cause – due to a lack of resources, funding and monitoring							
Impact – leading to a loss of land and failure to deliver on the Council's Estates and Land and Property Strategies.							
Risk Lead: Michael Steele							
Operational Leads: Alison Curtis							
Risk Detail	Current Controls	X- Ref	Action	Op Risk Lead	Target Date (completion)	Status / Update 31.05.2024	Status / Update 30.09.24
Council's land assets are taken without permission due to a lack of resources, funding and monitoring	Reactive monitoring in place. Land has been lost / offered for sale due to weak legal position.		Project to establish robust monitoring programme to be commenced in 2024.	Alison Curtis	Mar-26	Project being designed by lands team to ensure land is protected and in the event of early detection of encroachment there will be quicker action to stop the action.	

Unclassified

ITEM 5c

Ards and North Down Borough Council

Report Classification	Unclassified
Exemption Reason	Not Applicable
Council/Committee	Audit Committee
Date of Meeting	26 June 2024
Responsible Director	Director of Corporate Services
Responsible Head of Service	Head of Strategic Transformation and Performance
Date of Report	05 June 2024
File Reference	
Legislation	
Section 75 Compliant	Yes ☒ No ☐ Other ☐ If other, please add comment below:
Subject	Update on delivery of Performance Improvement Plan 2023/24
Attachments	Appendix 1: Update on delivery of Performance Improvement Plan 2023/24

Context

The Local Government Act (Northern Ireland) 2014 places a duty upon Councils to make arrangements to secure continuous improvement and to account for it. At the beginning of each financial year, the Council is required to determine its priorities for improvement which are aligned to the Community Plan and Corporate Plan and to publish a Performance Improvement Plan (PIP) by 30th June, which sets out improvement objectives for the year ahead, and by 30 September to publish a Self-Assessment Report to review performance against the improvement objectives set in the preceding year.

Not Applicable

Performance Planning and Management

To fulfil this requirement Council approved the Performance Management Policy and Handbook in October 2015. The Performance Management Handbook outlines the approach to the Performance Planning and Management process as:

- Community Plan – published every 10-15 years
- Corporate Plan – published every 4 years (Corporate Plan 2024-2028 soon to be launched)
- PIP – published annually in June
- Service Plans – developed annually

The Council's 18 Service Plans outline how each respective Service will contribute to the achievement of the Corporate objectives including, but not limited to, any relevant actions identified in the PIP.

Section 90 of the Act requires a council, during each financial year, to collect information which will allow it to assess its performance in achieving its improvement objectives and to measure its performance against performance indicators or standards set by the Department or any other indicators or standards which the council chooses to use.

The Council has governance arrangements in place to assure accountability for improvement and to ensure the delivery of its plans takes place in an open, effective, honest and accountable manner.

These arrangements include:
- Alignment of the service planning and budget process to ensure all costs are included in the estimate process
- An electronic performance management system (Ideagen), which can:
  - analyse data on a range of frequencies for trends and comparison
  - track the progress of indicators and actions
  - provide and communicate regular and robust performance information to managers, Elected Members and the public
- Half yearly reporting on Service Plans to relevant standing committees; in December and June.
- Half yearly reporting on progress against the Performance Improvement Plan to Audit Committee
- Monthly reporting on Capital Projects to Corporate Projects Portfolio Board
- Reporting to Strategic Policy and Finance Group on at least 3 occasions per year
- Appropriate risk management in relation to main programmes of work

Performance Improvement Plan 2023/24

This year council's PIP identified 5 improvement objectives with a corresponding 42 actions together with 7 Statutory Indicators and 4 self-imposed indicators.

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

Not Applicable

Where PIP measures are not being met, Action Plans will be presented to parent Committees as part of half yearly Service Plan performance reporting.

An update on performance against the 2023/24 PIP is attached at **Appendix 1**.

RECOMMENDATION

It is recommended that Council note the attached Performance Update Report for the 2023/24 PIP.

The new PIP for 2024/25 will be published by 30th June, following Corporate Committee and Council approval.

A formal annual Self-Assessment Report for 2023/24 will be completed and published by 30th September 2024, following Corporate Committee and Council approval in September.

Appendix 1
Report to Audit Committee
Update on delivery of Performance Improvement Plan 2023/24

Contents

Performance Assessment Key

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

RAG Status	Definition
🔴	Target/standard, actions and measures are of concern and are mostly falling short of plan. **Where measures are not being met, Action Plans will be presented to parent Committees as part of half yearly performance reporting.**
🔺	Target/standard, actions and measures are mostly on track, but some are falling short of plan. **Where measures are not being met, Action Plans will be presented to parent Committees as part of half yearly performance reporting.**
✅	Target/standard, actions and measures are on track.

Trend Status	Definition
⬆	Performing better than previous period performance
=	Performing on a par with previous period performance
⬇	Performing less well than previous period performance

Service Led Performance Indicators

Improvement Objective 1: We will grow the economy and create jobs	
What we hoped to achieve	• Support more local businesses to start-up, develop and grow • Attract more investment and visitors to the Borough • Greater prosperity through a strong, competitive, regionally balanced economy • More people working in better jobs • Create a place where people want to live and work, to visit and invest • Create conditions for businesses to start, grow and thrive, provide job opportunities and be sustainable
How we said we were going to do it	• Manage and deliver programmes to enhance physical and digital infrastructure • Develop regeneration improvements in conjunction with Town Advisory Groups (TAGs) • Commence Capital Schemes using funding from Covid Recovery Small Settlements Programme • Work to optimise funding and collaborate with key partners to create and deliver innovative support initiatives • Deliver NIESS which replaces previous "Go For It" and other general business support programmes • Meet the Schedule 3 Planning Indicators of the Local Government (Performance Indicators and Standards) Order (Northern Ireland) 2015

How well did we perform?

Measure	2023/24 Target	2023/24 Actual	RAG Status	2022/23 Actual	Trend from previous period
Agree a Technical design for Marine Gardens as part of the Queen's Parade project with Bangor Marine by September 2023	Yes	No	🔴	-	-
Progress the Bangor Waterfront Scheme to agree a Development Agreement with Ballyholme Yacht Club by March 2024	Yes	No	🔴	-	-
Continue to work with the City/Town Advisory Groups to develop regeneration improvements for the urban areas and act as a conduit for other Council services (by March 2024) – No. of meetings held	10	10	✅	20	⬇
Commence delivery of the Portaferry Public Realm by September 2023 using funding secured from the Small Settlements Grant	Yes	Yes	✅	-	-
Develop and deliver 6 projects using the Covid Recovery Small Settlements Regeneration Programme	6	6	✅	6	⚌
Support 12 businesses through the DTFF programme	12	2	🔴	13	⬇
Create 85 new jobs through "Go for it" Programme (Statutory Indicator)	85	63	🔴	101	⬇
Create 123 new jobs through Enterprise Support Service (Statutory Indicator)	123	63	🔴	101	⬇
Deliver 4 one-to-one mentoring sessions for Creative Industries Development	4	14	✅	-	-
Deliver and implement the Digital Strategy Action Plan	Yes	Yes	✅	-	-
Major Planning applications processed within an average of 30 weeks (Statutory Indicator)	30 weeks	87.3 weeks	🔴	104.5 weeks	⬆
Local Planning applications processed within an average of 15 weeks (Statutory Indicator)	15 weeks	17.1 weeks	🔴	19.9 weeks	⬆
70% of planning enforcement cases concluded within 39 weeks (Statutory Indicator)	70%	59%	🔴	44%	⬆

Improvement Objective 2: We will improve the cleanliness of the streets	
What we hoped to achieve	• Improve the standard of cleanliness on our streets • Support residents to live and work sustainably by protecting the environment • AND residents feeling pride from having access to a well-managed sustainable environment • Grow a clean, attractive, environmentally responsible place, including our towns, villages, countryside and coast
How we said we were going to do it	• Target identified problem areas for enhanced enforcement and street cleansing activities • Deliver "Live Here Love Here (LHLH)" grants through Recycling Investment Fund

How well did we perform?

Measure	2023/24 Target	2023/24 Actual	RAG Status	2022/23 Actual	Trend from previous period
Increase LEAMS Cleanliness Index Score to 80	80	73	🔴	75	⬇
Regain top 3 position for Fixed Penalty Enforcement in NI	Yes	No	🔴	No	=
Increase new maximum fine levels for fouling and litter in 2023	Yes	Yes	✅	-	-
Deliver £25k grant funding by March 2024	£25,000	£25,000	✅	-	-

Improvement Objective 3: We will improve the Borough's recycling rates	
What we hoped to achieve	• Improve the Council's recycling rates • Support residents to live and work sustainably by protecting the environment • AND residents feeling pride from having access to a well-managed sustainable environment • Grow a clean, attractive, environmentally responsible place, incl. our towns, villages, countryside and coast
How we said we were going to do it	Encourage householders to recycle more to reduce the tonnage of household waste being sent to landfill through: • Conduct a full review of Council's Waste Management Services • Improve the Council's overall re-use, recycling and recovery rates • Add kerbside textiles collection to glass collection service • Deliver a schools' based programme to encourage younger residents to understand the importance of our landscape, and the need to ensure that more sustainable lifestyle decisions become a part of daily life.

How well did we perform?

Measure	2023/24 Target	2023/24 Actual	RAG Status	2022/23 Actual	Trend from previous period
Reduce the tonnage of municipal solid waste sent to landfill to 35,000	35,000	32,246	✅	35,876	⬆
Increase % of household waste recycled, reused and composted to 60% (Statutory Target:55%)	60%	55.48%	🔴	52%	⬆
Reduce biodegradable waste that is diverted from landfill	17,500	15,494	✅	17,174	⬆
Introduce kerbside collection of textiles by October 2023	Yes	No	🔴	-	-
Launch the Environmental, Learning, Lifestyle, Action (ELLA) Project by June 2023	Yes	Yes	✅	-	-
Rollout ELLA Project to schools September 2023	20	69	✅	-	-

Improvement Objective 4: We will support our businesses and residents to protect and improve their health and wellbeing

What we hoped to achieve	• Greater awareness of health in the business community • Improved use of outdoor spaces • Provide safe and accessible public spaces • Enjoying long, healthy, active lives • All residents to enjoy good health and wellbeing • Enhanced physical and emotional wellbeing of residents through services, facilities and partnerships
How we said we were going to do it	• Provide additional resources for community health and wellbeing and support utilising existing budgets • Provide open spaces and parks that are well maintained, managed in an environmentally sustainable manner, accessible to all and to improve biodiversity in the Borough.

How well did we perform?

Measure	2023/24 Target	2023/24 Actual	RAG Status	2022/23 Actual	Trend from previous period
Increase the number of business employees registering for Health and Wellbeing initiatives to 24	24	35	🟢	27	⬆️
Host an allergen awareness seminar for all catering businesses within the Borough by March 2024	1	2	🟢	-	-
Work towards becoming a Dementia Friendly Council and Borough with Officer and Elected Member champions (By March 2024)	Yes	Yes	🟢	-	-
Become the first Council in NI to adopt a Whole Systems Approach to Obesity and to plan the delivery of a suitable project utilising this approach (by March 2024)	Yes	No	🔴	-	-
Increase the % of people who complete the GP referral programme across all leisure sites to 30%	30%	22%	🔴	-	-
Increase the number of Fitness Classes per Week delivered by Leisure Ards and NCLT/Serco to 250	250	250	🟢	200	⬆️
Increase Active Aging Memberships across Leisure Ards and NCLT/Serco sites to 400 *(Change to measure in year – Now calculated on the basis of all members over the age of 50)*	400	3014	🟢	Change to measure	-
Increase numbers enrolled in Swim programmes delivered by Leisure Ards and NCLT/Serco to 3500 *(Change to measure in year – Now calculated on a cumulative basis)*	3,500	6,595	🟢	Change to measure	-
Support a more sustainable solution to food poverty by supporting 2 Social Supermarkets within the Borough (by March 2024)	2	2	🟢	-	-
Increase the numbers engaging with Museum/Heritage Education Services by March 2024	Yes	Yes	🟢	-	-
Increase number of creative class programme sessions delivered to 70 sessions	70	75	🟢	71	⬇️
Plant 15,000 trees across the Borough	15,000	18,269	🟢	15,108	⬆️
Retain the Borough's 5 Green Flag awards	5	5	🟢	5	⏸️
Increase the m2 of rewilded Council maintained ground to 90,000	90,000m2	90,000m2	🟢	49,195m2	⬆️
30 Community Gardening projects organised	30	58	🟢	-	-
100% condition surveys carried out according to schedule	100%	75%	🔴	100%	⬇️

Improvement Objective 5: We will use technology to drive change	
What we hoped to achieve	• Development of our customer service including online/mobile services • Improved resident engagement • Digital transformation • Become a high performing organisation, innovating and partnering to make a sustainable, positive difference to the Borough
How we said we were going to do it	• Update and Publish Customer Service Excellence Strategy and Action Plan for 2020-2024 • Develop proposals for more innovative and effective methods of consultation and engagement with residents • Develop a Digital Transformation Strategy

How well did we perform?					
Measure	2023/24 Target	2023/24 Actual	RAG Status	2022/23 Actual	Trend from previous period
Achieve a 75% rate of resolution of issues or enquiries at first point of contact in Customer Service	75%	99%	✅	93%	⬆
Launch digital customer engagement platform to improve stakeholder and resident engagement by December 2023	100%	100%	✅	-	-
Digital Strategy developed by March 2024	Yes	Yes	✅	No	⬆

Statutory Indicators

ECONOMIC DEVELOPMENT INDICATOR	2023/24 Annual Standard (Target)	2023/24 Actual	RAG Status	2022/23 Actual	Trend on previous period
ED1: Number of jobs promoted through business start-up activity - "Go for it" Programme	85	63	🔴	101	🔻
Number of jobs promoted through business start-up activity - Enterprise Support Service	123	63	🔴	101	🔻
PLANNING INDICATORS	**2023/24 Annual Standard (Target)**	**2023/24 Actual**	**RAG Status**	**2022/23 Actual**	**Trend on previous period**
P1: Average processing time of major planning applications	<30 weeks	87.3 weeks	🔴	104.5 weeks	🔼
P2: Average processing time of local planning applications	<15 weeks	17.1 weeks	🔴	19.9 weeks	🔼
P3: Percentage of enforcement cases processed and concluded within 39 weeks	70%	59%	🔴	44%	🔼
WASTE MANAGEMENT INDICATORS	**2023/24 Annual Standard (Target)**	**2023/24 Actual**	**RAG Status**	**2022/23 Actual**	**Trend on previous period**
W1: Percentage of household waste collected by the district council that is sent for recycling (including waste prepared for re-use)	55% by 2025	55.48%	✅	52%	🔼
W2: The amount (tonnage) of biodegradable Local Authority collected municipal waste that is landfilled	<17,124 tonnes	15,494	✅	17,174	🔼
W3: The amount (tonnage) of Local Authority collected municipal waste arisings	<85,976 tonnes	83,740	✅	85,976	🔼

Self-Imposed Indicators

Indicator	2023/24 Target	2023/24 Actual	RAG Status	2022/23 Actual	Trend on previous period
Staff Absence	7.00%	8.53%	🔺	7.58%	⬇
Resident Satisfaction (conducted biennially)	≥83%	87%	✅	82%	⬆
Net Cost per head of population	£397.80	£373.31	✅	£356.81	⬇

Annual Prompt Payment of invoices
  Within 10 days
  Within 30 days
  Outside 30 days
	≥80%
	≥95%
	<5%
		73%
		96%
		4%
			🔴
			✅
			✅
				77%
				97%
				3%
					⬇
					⬇
					⬇

Northern Ireland
Audit Office

Audit
Strategy

Ards and North Down Borough Council
2023-24

Date

8 March 2024

Contents

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

1. Key Messages

Background

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

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

Purpose

The purpose of this document is to highlight to the Chief Financial Officer and Audit Committee of Ards and North Down Borough Council:

- how we, on behalf of the Local Government Auditor (LGA), plan to audit the financial statements for the year ending 31 March 2024, including how we will be addressing significant risks of material misstatement to transactions and balances;

- how we, on behalf of the LGA, plan to audit the proper arrangements in place for securing economy, efficiency and effectiveness in the use of resources for the year ending 31 March 2024;

- how we, on behalf of the LGA, plan to conduct an improvement audit and assessment;

- the planned timetable, fees and audit team;

- relevant updates to the code;

- matters which we are required to communicate to you under International Standards on Auditing (ISAs), including the scope of the audit, our respective responsibilities, and how we maintain independence and objectivity; and

- Public Reporting work undertaken by the LGA that is relevant to Ards and North Down Borough Council.

Materiality

When setting materiality, we consider both qualitative and quantitative aspects that would reasonably influence the decisions of users of the financial statements. The overall account materiality is £1,760k.

Significant Audit Risks

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

- Management Override of Controls
- Financial Resilience

Proper Arrangements

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

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

Performance Improvement

The LGA will undertake a full assessment of whether the Council is likely to comply with its performance improvement responsibilities under the Act in 2024. In preparation for this, the Council should ensure that:

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

Audit Team and Fee

Brian O'Neill will be responsible for the overall audit. The full engagement team is presented in Section 4.

Our audit fee for this year is £77,000 for the financial audit and £18,000 for the performance improvement audit and assessment.

Actions for the Audit Committee

The Audit Committee should discuss:

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

2. Materiality

BASIS FOR OVERALL MATERIALITY CALCULATION	OVERALL ACCOUNT MATERIALITY (2%)	ERROR REPORTING THRESHOLD
£88m (prior year gross expenditure)	£1,760k	We report to you all misstatements, whether adjusted or unadjusted, above £88k

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

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

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

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

3. Audit Approach

Audit Approach

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

Independence

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

NIAO quality standards and independence can be found on our website.

Management of Personal Data

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

Using the work of Internal Audit

We liaise closely with internal audit throughout the audit process and seek to take assurance from their work where their objectives cover areas of joint interest.

Using Specialised Skills

In assessing certain account areas requiring specialist knowledge, we will perform procedures to enable us to rely on the skills of specialists in these areas. This will include the pension actuary and property valuers.

Changes to the Code of Practice in 2023-24

The key accounting changes introduced by the *2023-24 Code of Practice on Local Authority Accounting in the United Kingdom* (the Code) include:

- Amendments to Section 3.3 of the Code reflecting amendments to IAS 8, which clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors;

- Amendments to Section 3.4 of the Code reflecting changes to IAS 1, which help preparers to provide more focused and proportionate information on accounting policies; and

- Amendments to Section 4.1 of the Code, which provide a temporary relief so that local authorities are not required to report the gross book value and accumulated depreciation for infrastructure assets. Where a local authority chooses to apply this temporary relief, the Code requires that additional information is provided to explain an authority's rationale for this decision.

Audit Scope

The scope of our audit and respective responsibilities can be found on our website.

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

Respective Responsibilities in the preparation of the financial statements

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

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

Proper Arrangements in place to secure economy, efficiency and effectiveness

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

- We will follow up on the 2022-23 Report to Those Charged with Governance audit finding in relation to proper arrangements. Issues identified in this finding included a need to review, update, approve and implement policies; fraud training; and cyber security accreditation.

Performance Improvement

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

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

The Act also allows the LGA to:

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

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

Significant Audit Risks

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

Under ISA (UK) 240, there is a presumed risk of fraud in revenue recognition, albeit rebuttable. We do not believe the risk of fraud in revenue recognition is material to the financial statements.

The following is a presumed risk.

Significant Risk 1
Management override of controls

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

Audit Response

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

- test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;

- Review accounting estimates for biases and evaluate whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud; and

- Consider significant transactions that are outside the normal course of business for the entity, or that otherwise appear to be unusual.

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

Significant Risk 2
Financial Resilience

The cost of living crisis and high inflation rates, during 2023-24, continued to have a significant impact on council finances. There are continuing challenges for councils to deliver a balanced budget within the current environment. Costs have increased in multiple areas, such as utilities, construction, and pay settlements.

Audit Response

We will:

- consider the Chief Financial Officer's assessment of the going concern basis for the preparation of the accounts;

- examine financial projections and plans prepared by Council; and

- consider the disclosures regarding the financial position included within the 2023-24 Statement of Accounts.

Other areas of interest

We have also identified the following areas of interest that we do not currently consider to be significant risks but that we will review as part of our audit procedures:

- Basis for treatment of Output VAT recoverable relating to sporting services, following a ruling by HMRC. We will review Council documents, HMRC guidance and any other relevant information.

- In the prior year RTTCWG, a finding was included in relation to an outstanding amount receivable from the DfI after they vested lands belonging to the council. There were delays in recovering this receivable as a result of a dispute on title to part of the land vested by DfI. We note that a risk has been recognised on Council's risk register regarding the risk of land being taken without permission. It notes that some land has previously been lost or offered for sale due to a 'weak legal position'. We will review the progress of the 'robust monitoring system' that is being put in place to mitigate this risk, and also trace a sample of assets to supporting documentation.

4. Audit Timetable, Fees and Staffing

Timetable for Financial Audit

The timetable comprises audit fieldwork commencing 15 July 2024 with certification planned for 30 September 2024.

MILESTONE	ESTIMATED DATE
Final audit testing commences	15 July 2024
Draft Annual Report and year end financial statements provided to NIAO	30 June 2024
Provisional Report to those charged with governance issued for management response	13 September 2024
Council/ Committee Meeting to approve final accounts	TBC September 2024
Signed financial statements and Letter of Representation provided to NIAO	By 25 September 2024
Financial Statements certified by LGA	30 September 2024
Final Report to those charged with governance issued	15 November 2024
Annual Audit Letter issued	30 November 2024

Submission of Accounts

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

Public Notice

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

Objections

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

Improvement Audit and Assessment Timetable

MILESTONE	ESTIMATED DATE
Council publishes Performance Improvement Plan	Not later than 30 June 2024*
NIAO Planning and Fieldwork	October 2024
Council to publish an assessment and comparison of its performance	No later than 30 September 2024
Draft S95 report issued to Chief Financial Officer for factual accuracy agreement	14 November 2024
Final S95 report issued to the Council and the Department	29 November 2024
Publication of Council's Annual Improvement Report	No later than 31 March 2025

* The Act indicates that councils should publish their Performance Improvement Plan as soon as practical after the start of the financial year to which it relates. The Guidance recommends this is completed by the end of June to enable the LGA to meet the statutory reporting deadline of 30 November 2024.

Fees

The audit fee for this year is £77,000 for the financial audit and £18,000 for the performance improvement audit and assessment.

Completion of our audits in line with the timetable and fee is dependent upon:

- Ards and North Down Borough Council delivering by 28 June 2024 a complete Statement of Accounts of sufficient quality that have been subject to appropriate internal review.
- Ards and North Down Borough Council delivering good quality supporting documentation and evidence, within the agreed timetable for both the financial and improvement audits; and
- Appropriate client staff being available during the audit.

Audit team – Statement of Accounts and Proper Arrangements

TEAM MEMBER	RESPONSIBILITY
Brian O'Neill **Engagement Director** (028) 9025 4323 brian.oneill@niauditoffice.gov.uk	Overall responsibility for the audit, for ensuring an appropriate audit opinion is given and for liaison with the Council and its Audit Committee.
Richard Ross **Engagement Manager** (028) 9025 1071 richard.ross@niauditoffice.gov.uk	Responsible for day to day management of the audit and audit team.
Laura Jane McHugh **Lead Auditor** (028) 9025 4306 laurajane.mchugh@niauditoffice.gov.uk	Responsible for detailed planning, fieldwork and completion of the audit.
Conor Hill **Team Member** (028) 9025 1090 conor.hill@niauditoffice.gov.uk	Responsible for conducting audit fieldwork to NIAO standards.
Coist Bradford **Team Member** (028) 9025 1080 coist.bradford@niauditoffice.gov.uk	Responsible for conducting audit fieldwork to NIAO standards.

Audit team – Improvement Audit and Assessment work

TEAM MEMBER	RESPONSIBILITY
Brian O'Neill **Engagement Director** (028) 9025 4323 brian.oneill@niauditoffice.gov.uk	Overall responsibility for the audit, for ensuring an appropriate audit opinion is given and for liaison with the Council and its Audit Committee
Richard Ross **Engagement Manager** (028) 9025 1071 richard.ross@niauditoffice.gov.uk	Responsible for day to day management of the audit and audit team.
Laura Jane McHugh **Lead Auditor** (028) 9025 4306 laurajane.mchugh@niauditoffice.gov.uk	Responsible for detailed planning, fieldwork and completion of the audit.
Coist Bradford **Team Member** (028) 9025 1080 coist.bradford@niauditoffice.gov.uk	Responsible for conducting audit fieldwork to NIAO standards.

Appendix One: Good Practice Guides

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

- **School Governance**

  04 July 2023

- **Innovation and Risk Management – A Good Practice Guide for the public sector**

  27 June 2023

- **Planning Fraud Risks**

  1 March 2023

- **Board Effectiveness – A Good Practice Guide**
  22 June 2022

- **Internal Fraud Risks**
  24 February 2022

- **Grant Fraud Risks**
  28 October 2021

- **A Strategic Approach to the Use of Public Sector Assets A Good Practice Guide for Local Government in Northern Ireland** *21 October 2021*

- **Procurement fraud risk guide**
  24 November 2020

- **Covid-19 fraud risks August 2020**
  01 September 2020

- **Raising concerns: A good practice guide for the Northern Ireland Public Sector**
  25 June 2020

- **Performance improvement in local government - learning the lessons of performance improvement: a good practice briefing**
  27 September 2019

- **Public Reporting Standards (May 2019)**
  24 May 2019

- **Making Partnerships Work**
  30 April 2019

These publications can be found on our website.

Appendix Two: Public Reports

Relevant Public Reports

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

- **Planning in Northern Ireland**
  01 February 2022
- **Local Government Annual Improvement Reports 2021/22**
  31 March 2022
- **Extraordinary Audit of Causeway Coast and Glens Borough Council**
  07 July 2022
- **Local Government Auditor's Report 2023**
  15 December 2023

Current and Planned Public Reporting Activities

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

- **Review of Waste Management in Northern Ireland** - A strategic review of the waste management system operating within NI. The report will have a dual central and local government focus since waste is the responsibility of several separate entities across the public sector.
- **Local Government Auditor's Report 2024** – A summary of the audit findings of 2022-23 financial year.

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

Agenda a. / Item 7a Final ANDBC Annual Assurance Report 2023-24 (for iss...

Back to Agenda

78

Deloitte.

Internal Audit
Annual Report 2023/24

Ards and North Down Borough Council

June 2024

Contents

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 2024 (FY2023/24). 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 2023. 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 fourteen assurance reviews completed under the 2023/24 Internal Audit Plan. 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	2	Satisfactory
Emergency Planning	-	-	2	Satisfactory
Asset and Property Service Review	-	1	1	Satisfactory
Procurement - above tender threshold and contract management	-	1	2	Satisfactory
Labour Market Partnership	-	-	1	Satisfactory
Finance Service and Readiness Review	-	1	2	Satisfactory
Dog Licensing and Enforcement	-	-	4	Satisfactory
Events Management	-	-	5	Satisfactory
HR (Absence Management)	-	2	2	Satisfactory
IT General Controls	2	2	1	Limited
Vehicle Management	2	3	-	Limited
Follow-ups	-	-	-	N/A
TOTAL	**4**	**11**	**22**	**37**

During the 2023/24 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 quarterly 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

The first quarterly report status of recommendations was presented to the June 2023 Audit Committee meeting and a report on the final quarter status update was presented to the March 2024 Audit Committee. In addition, at the end of the year in February 2024, we carried out an annual exercise to test a sample of recommendations (Priority 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 status update in March 2024:

	Priority 1	Priority 2	Priority 3	Total
Total open issues as at last Audit Committee report	3	24	18	45
Items added to the tracker since the last Audit Committee meeting	-	2	6	8
Issues closed / superseded since the last Audit Committee meeting	-	(3)	(6)	(9)
Issues remaining open	3	23	18	44
Items in progress / partially implemented	3	10	5	18
Items not yet implemented	-	13	13	26

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 2023 and 13 March 2024;

- 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 2023/24 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 2023 to 13 March 2024, 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 2023/24 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 emergency planning, events and absence management, procurement and dog licensing and enforcement, and a review of the implementation of recommendations raised in previous internal audit reports.

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.

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

Partner
For and on behalf of

Deloitte (NI) Ltd
Lincoln Building
27-45 Great Victoria Street
Belfast
BT2 7SL

Date:

Contact persons	**Partner:** David Kinsella
	Senior Manager: Camille McDermott
Contact details	**T:** +353 1 417 2200
	E: davkinsella@deloitte.ie

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.

At Deloitte, we make an impact that matters for our clients, our people, our profession, and in the wider society by delivering the solutions and insights they need to address their most complex business challenges. As the largest global professional services and consulting network, with over 415,000 professionals in more than 150 countries, we bring world-class capabilities and high-quality services to our clients. In Ireland, Deloitte has over 3,000 people providing audit, tax, consulting, corporate finance financial advisory, and risk advisory services to public and private clients spanning multiple industries. Our people have the leadership capabilities, experience, and insight to collaborate with clients taking them wherever they want to go.

This publication has been written in general terms and we recommend that you obtain professional advice before acting or refraining from action on any of the contents of this publication. Deloitte Ireland LLP accepts no liability for any loss occasioned to any person acting or refraining from action as a result of any material in this publication.

Deloitte Ireland LLP is a limited liability partnership registered in Northern Ireland with registered number NC001499 and its registered office at 27-45 Great Victoria Street, Lincoln Building, Belfast, BT2 7SL, Northern Ireland.

Deloitte Ireland LLP is the Ireland affiliate of Deloitte NSE LLP, a member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"). DTTL and each of its member firms are legally separate and independent entities. DTTL and Deloitte NSE LLP do not provide services to clients. Please see www.deloitte.com/about to learn more about our global network of member firms.

The Deloitte Ireland LLP privacy notice is available at www.deloitte.ie/privacy

Deloitte.

Ards and North Down Borough Council

Annual Audit Plan 2024/25 - Final

June 2024

Contents

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 Strategic Internal Audit Plan approved by the Audit Committee on 20th March 2023 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 2024/25.

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 Internal Audit Plan 2024/25 is presented to the Audit Committee for approval. A summary of the approach is outlined below:

| Review of the Corporate Risk Registers and internal audit coverage in recent years | Discussion on the risks and proposed areas of internal audit with management (Appendix 1) | Development of a 'long list' of auditable areas in the forthcoming four years | Drafting of a focused FY2024/25 Internal Audit Plan (Section 5) which considers strategic and operational cyclical priorities | Management provide comments and guidance to ensure the plan is truly tailored | : Audit Committee review of the Draft Internal Audit Strategy and Internal Audit Plan 2024/25 | Final revisions to draft Internal Audit Strategy and Internal Audit Plan | **CURRENT STAGE:** Finalisation of the Internal Audit Strategy and Internal Audit Plan and communication to senior staff |

Audit Needs Assessment

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 February 2024, and colour coded to reflect management's assessment of severity as documented in the risk register.

Corporate Risk Areas

CR4 Climate/ Environment	CR5 Compliance with Net Zero targets	CR11 Decline in non-domestic tax base	CR16 Burial grounds	CR18 Loss of land assets	CR2 Lack of adequate staff resources to deliver Services
CR6 Partnerships	CR7 Community and stakeholder engagement	CR8 Health and safety	CR9 IT and Cyber	CR10 Data protection	CR14 Business continuity planning
CR13 Critical incident / emergency planning	CR15 Key capital projects	CR3 Corporate plan delivery	CR1 Integrated Strategy for Tourism, Regeneration and Economic Development	CR17 Land and property development/ maintenance	

4. Internal Audit Plan 2024/25

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	☑	TBC	👥	✓	CR1, CR3, CR5, CR7, CR9	(1) w/c 17th June 2024 (2) w/c 5th August 2024	Review of controls in place to manage risk associated with Service planning, budgetary control, risk management and performance monitoring/reporting. Proposed Services for 2024/25 to be finalised.
Information and Data protection	15	☑	Director of Corporate Services / Head of Administration	👥	-	CR10	w/c 19th August 2024	Review of the Council's control framework in place to support compliance with the Data Protection Act. Areas of focus to be agreed with management.

4. Internal Audit Plan 2024/25

Audit Area	Days	Assurance or Advisory	Senior Management Lead	Deloitte Team	Cyclical	Related Corporate Risk	Proposed start date	Audit Scope and Additional Comments
Governance	10	☑	Director of Corporate Services / CLT	👥	-	CR3	w/c 25th November 2024	Review of governance arrangements across the Council against good practice.
Digital Transformation	12	ⓘ	Director of Corporate Services / Head of Strategic Transformation and Performance	💬 👥	-	CR9, CR14, CR3	TBC	An advisory review to consider the risk management and processes within the Council in relation to digital transformation.
Operational								
Labour Market Partnership	8	☑	Head of Economic Development	👥	✓	CR1, CR7, CR3	w/c 3rd February 2025	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 30th August 2024	Review of the governance arrangements for the PCSP and controls to manage the grants and tendering processes operated by the PCSP.
ICT								
Business Technology Governance	12	☑	Head of Transformation and Performance	💬 👥	-	CR9, CR2, CR3	TBC	Review of the governance arrangements in place over the Council's business technology service unit.

4. Internal Audit Plan 2024/25 (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								
Budgetary Control	10	☑	Head of Finance	👥	-	CR3, CR2	w/c 9th November 2024	Review of the Council's governance and controls in place around budgetary control, including budget setting, monitoring and reporting.
Cash Handling	10	☑	Head of Finance	👥	-	CR3	w/c 18th November 2024	Review of the Council's key processes and controls in place around cash handling, including recording, reconciliation and security of cash at sample locations across the Council.
Procurement (below tender threshold)	14	☑	Head of Strategic Transformation and Performance	👥	-	CR3	w/c 5th August 2024	Review of the governance and controls in place over procurement below tender threshold.
Other areas								
Follow-ups	17	N/A	Head of Finance / HoST	👥	✓	N/A	Quarterly	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.
Contract Management	8	N/A	CLT and HoST	-	-	N/A	N/A	Contract management (including attendance at progress and Audit Committee meetings, and preparation of progress reports and Audit Committee reports).
Strategic and annual audit planning	3	N/A	CLT and HoST	-	-	N/A	N/A	Refresh of the Strategic Audit Plan and development of the Annual Audit Plan.
Total Days	**158**							

5. Strategic Internal Audit Plan 2023-2027 (Updated March 2024)

Risk Area	Internal Audit	Related Corporate Risk	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			✓	
Operational	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	✓			
	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 March 2024)

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. The four year strategy was approved by the Audit Committee on 20th March 2023. This Annual Internal Audit Plan for the 2024/25 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 2024/25 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) 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

	2023/24	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							✓

Appendix 2: Historic internal audit coverage

	2023/24	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					✓		
HR: Absence management	✓						
Customer Service			✓				
General IT Controls	✓		✓				
Cyber Security		✓					
Service Review – HR and Organisational Development			✓				
Service Review - Finance							
Emergency planning	✓						
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							✓
Off-street parking enforcement & income collection							
Service Review – Assets and Property Services	✓						

Appendix 2: Historic internal audit coverage

	2023/24	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18
Environment (Cont'd)							
Fixed Assets				✓			
Grant Funding						✓	
Asset management				✓			
Service Review – Regulatory Services				✓			
Service Review – Waste Services			✓				
Licensing (including Dog Licensing and Enforcement)	✓						
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					✓		

Deloitte.

MAKING AN IMPACT THAT MATTERS *since 1845*

Deloitte.

Ards and North Down Borough Council

Audit Committee Progress Report

June 2024

Contents

Agenda c. / item 7c ANDBC 24-25 June Audit Committee Progress Report (for...

Back to Agenda

105

Progress to Date

Summary Status of the 2023/24 Plan

Agenda c. / item 7c ANDBC 24-25 June Audit Committee Progress Report (for...

Back to Agenda
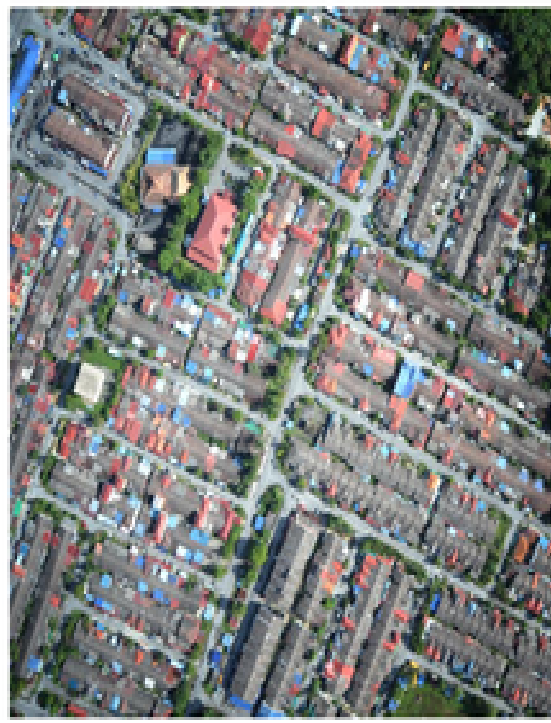
Progress to Date
Summary Status of the 2023/24 Plan

We have continued delivery of the 2023/24 Plan. An overview of our progress on the 2023/24 Plan (as at 14/06/2024) is set out below:

Final Report / Complete	Draft Report	Fieldwork	Planning	Yet to Commence	Cancelled/ Deferred	Total
13	-	-	-	-	-	13

Since our previous Audit Committee progress report we have:

- Issued final report for the Vehicle Management review on 30/05/2024.

- Issued final report for the HR (Absence Management) review on 05/06/2024.

- Issued final report for IT General Controls review on 13/06/2024.

Further detail on reviews is provided in **Appendix I.**

Agenda c. / item 7c ANDBC 24-25 June Audit Committee Progress Report (for...

Back to Agenda

107

Progress to Date

Summary Status of the 2024/25 Plan

Progress to Date
Summary Status of the 2024/25 Plan

We have began the delivery of the 2024/25 Plan. An overview of our progress on the 2024/25 Plan (as at 14/06/2024) is set out below:

Final Report / Complete	Draft Report	Fieldwork	Planning	Yet to Commence	Cancelled/ Deferred	Total
-	-	-	4	7	-	11

Since our previous Audit Committee progress report we have:

- Issued the draft terms of reference for Service Review 1 – Parks and Cemeteries on 10/06/2024.

- Held the planning meeting for Information and Data Protection on 13/06/2024.

- Held the planning meeting for PCSCP on 13/06/2024.

Further detail on reviews is provided in **Appendix I.**

Agenda c. / item 7c ANDBC 24-25 June Audit Committee Progress Report (for...

Back to Agenda

109

Final Reports

Summary of Findings Identified

Final Report
Vehicle Management

110

Background

This assurance review focused on the governance framework and controls in place to manage risks around vehicle management including procurement, replacement, disposal, and maintenance.

Overview

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

- Discussions with Transport Service Unit manager and Head of Assets and Properties to walkthrough the vehicle procurement, disposal, and maintenance processes.

- Review of key items of documentation such as Asset Management policy and procedures and procurement / replacement / disposal / maintenance documentation such replacement strategy, need analysis, disposal forms and internal inspection reports.

- A limited programme of sample testing of two sample vehicles procured during the audit period to assess control operating effectiveness of vehicle procurement and replacement policy.

- A limited programme of sample testing of three sample vehicles disposed of during the audit period to assess control operating effectiveness of vehicle disposal process.

- A limited programme of sample testing of fifteen vehicles to assess control operating effectiveness of the vehicle maintenance and inspection process.

- Consideration of possible improvements or alternatives for the controls in place.

- Reporting of findings with practical recommendations for improvement where appropriate.

Priority 1	Priority 2	Priority 3
2	3	-

Overall Opinion

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

Findings

There were two **Priority 1** findings identified during our review, which can be summarised as:

- Inadequate controls and operational deficiencies for vehicle procurement and replacement.

- Inadequate vehicle maintenance and stock management system.

There were three **Priority 2** findings identified during our review, which can be summarised as:

- Inadequate governance arrangements for vehicle procurement, disposal, and maintenance.

- Inadequate documentation of vehicle disposal.

- Inadequate documentation of inventory control and stock counts.

There were no **Priority 3** findings identified during our review.

Agenda c. / item 7c ANDBC 24-25 June Audit Committee Progress Report (for...

Back to Agenda

Final Report
HR (Absence Management)

Background

This assurance review focused on 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.

Overview

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

- Discussions with key members of HR such as Head of HR and Organisational Development and Employee Relations Manager to walkthrough key processes.

- Review of key items of documentation such as policies and procedures.

- A limited programme of sample testing to assess control operating effectiveness.

- Consideration of possible improvements or alternatives for the controls in place.

- Reporting of findings with practical recommendations for improvement where appropriate.

Priority 1	Priority 2	Priority 3
-	2	2

Overall Opinion

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

Findings

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

There were two **Priority 2** findings identified during our review, which can be summarised as:
- Lack of Absence Trigger Notification on CORE System.

- Incomplete return to work process and supporting documents.

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

Final Report
IT General Controls

Background

This assurance review focused on user access management controls in place on Core HR and Windows Active Directory (AD) for the in-scope domain controller 'PRANDDC6'.

Overview

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

- Discussions with systems owners for Core HR and AD to gain an understanding of processes in place in relation to managing users access on both systems.
- Review of key items of documentation such as policies and procedures.
- A limited programme of sample testing to assess control operating effectiveness. *To note for our testing of Joiners and Movers, as a new procedure had been introduced at the start of our fieldwork, we have only performed a design review of these controls.
- Consideration of possible improvements or alternatives for the controls in place
- Reporting of findings with practical recommendations for improvement where appropriate.

Priority 1	Priority 2	Priority 3
2	2	1

Overall Opinion

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

Findings

There were two **Priority 1** findings identified during our review, which can be summarised as:

- Management of Privileged Generic accounts on Windows AD – At the time of our review, there was no password management tool in place to secure the passwords for generic accounts. These passwords are not subject to rotation. Confirmation of whether all privileged generic accounts on the AD were granted the appropriate level of access could not be obtained at the time of our review.
- Password Management on Windows AD and Core HR – Password requirements on Windows AD and Core HR do not meet the organisation's requirement for minimum length. There is a cohort of end-users on the Windows AD configured with non-expiring passwords. There is no multi-factor authentication required to access Windows AD or Core HR.

There were two **Priority 2 findings** identified during our review, which can be summarised as:

- Lack of Third-Party Oversight Controls – ANDBC do not receive any third-party assurance reports to ensure the operating effectiveness of the vendor's IT controls.
- Core HR Conflicting Segregation of Duties – Two accounts were identified with access to both Payroll and Security privileged permissions. There is no formally documented user access review conducted for privileged users on Core HR.

Appendix I

Progress to Date

Progress to Date

Update on Annual Internal Audit Plan – 2023/24

In this section we have provided an overview of our progress regarding the 2023/24 Internal Audit Plan as at 08/03/2024.

Ref	Review Area	Sponsor	Planned Days	Audit Status	Assurance Level	Planned Start Date	Actual Start Date	Notes
Quarter 1								
ANDBC 23/24 – 01	Service Review – Assets and Property Services	Head of Assets and Property Services	15	Final Report	Satisfactory	15/05/2023	15/05/2023	Final report issued 28/09/2023.
Quarter 2								
ANDBC 23/24 – 02	Service Review - Finance	Head of Finance	15	Final Report	Satisfactory	26/06/2023	26/06/2023	Final report issued 27/10/2023.
ANDBC 23/24 -03	Risk Register Workshop	CLT and HoST	2	Complete	N/A	25/07/2023	25/07/2023	Workshop held on 25/07/2023. Output from the risk register workshop issued to management on 07/08/2023 for management review and risk scoring.
ANDBC 23/24 – 04	Emergency Planning	Head of Administration	10	Final Report	Satisfactory	31/07/2023	31/07/2023	Final report issued 19/10/2023.
ANDBC 23/24 - 05	Risk Appetite Workshop	CLT	3	Complete	N/A	10/08/2023	10/08/2023	Workshop held on 10/08/2023. Output from workshop issued to management on 12/09/2023.

Progress to Date

Update on Annual Internal Audit Plan – 2023/24

Ref	Review Area	Sponsor	Planned Days	Audit Status	Assurance Level	Planned Start Date	Actual Start Date	Notes
Quarter 3								
ANDBC 23/24 – 06	Procurement - above tender threshold and contract management	Head of Transformation and Performance / Head of Finance / relevant Heads of Service	20	Final Report	Satisfactory	18/09/2023	18/09/2023	Final report issued 07/12/2023.
ANDBC 23/24 – 07	PCSP	Interim Head of Community and Wellbeing	9	Final Report	Satisfactory	13/11/2023	13/11/2023	Final report issued 08/03/2024.
ANDBC 23/24 – 08	Dog Licensing and Enforcement	Neighbourhood environment manager / Head of Finance	10	Final Report	Satisfactory	30/10/2023	30/10/2023	Final report issued 19/02/2024.
Quarter 4								
ANDBC 23/24 – 09	Events Management	Head of Tourism	10	Final Report	Satisfactory	15/01/2024	15/01/2024	Final report issued 08/03/2024.
ANDBC 23/24 – 10	Labour Market Partnership	Head of Economic Development	8	Final Report	Satisfactory	24/01/2024	24/01/2024	Final report issued 07/03/2024.
ANDBC 23/24 – 11	HR (Absence Management)	Head of HR and Organisational Development	12	Final Report	Satisfactory	08/01/2024	08/01/2024	Final report issued 05/06/2024.
ANDBC 23/24 - 12	IT General Controls	Head of Transformation and Performance	16	Final Report	Limited	04/03/2024	04/03/2024	Final report issued 13/06/2024.
ANDBC 23/24 - 13	Vehicle Management	Head of Assets and Property	10	Final Report	Limited	19/02/2024	19/02/2024	Final report issued 30/05/2024.

Progress to Date

Update on Annual Internal Audit Plan – 2024/25

In this section we have provided an overview of our progress regarding the 2024/25 Internal Audit Plan as at 14/06/2024.

Ref	Review Area	Sponsor	Planned Days	Audit Status	Assurance Level	Planned Start Date	Actual Start Date	Notes
Quarter 1								
ANDBC 24/25 – 01	Service Review – Parks and Cemeteries	Head of Parks and Cemeteries	15	Planning commenced	-	w/c 17th June 2024	-	Draft terms of reference issued 10/06/2024. Awaiting management responses.
Quarter 2								
ANDBC 24/25 – 02	Service Review – Economic Development	Head of Economic Development	15	Planning to commence	-	w/c 5th August 2024	-	Planning to commence.
ANDBC 24/25 -03	Procurement (below tender threshold)	Head of Strategic Transformation and Performance	14	Planning commenced	-	w/c 5th August 2024	-	Planning meeting scheduled for 18/06/2024.
ANDBC 24/25-04	Information and Data Protection	Director of Corporate Services / Head of Administration	15	Planning commenced	-	w/c 19th August 2024	-	Planning meeting held 13/06/2024. Draft terms of reference to be issued.
ANDBC 24/25 - 05	PCSP	Interim Head of Community and Wellbeing	9	Planning commenced	-	w/c 30th August 2024	-	Planning meeting held 13/06/2024. Draft terms of reference to be issued.

Agenda c. / item 7c ANDBC 24-25 June Audit Committee Progress Report (for...

Back to Agenda

117

Progress to Date

Update on Annual Internal Audit Plan – 2024/25

Ref	Review Area	Sponsor	Planned Days	Audit Status	Assurance Level	Planned Start Date	Actual Start Date	Notes
Quarter 3								
ANDBC 23/24 – 06	Budgetary Control	Head of Finance	10	Planning to commence	-	w/c 4th November 2024	-	Planning to commence.
ANDBC 24/25 – 07	Cash Handling	Head of Finance	10	Planning to commence	-	w/c 18th November 2024	-	Planning to commence.
ANDBC 24/25 – 08	Governance	Director of Corporate Services / CLT	10	Planning to commence	-	w/c 25th November 2024	-	Planning to commence.
Quarter 4								
ANDBC 24/25 – 09	Labour Market Partnership	Head of Economic Development	8	Planning to commence	-	w/c 3rd February 2025	-	Planning to commence.
Other Areas								
ANDBC 24/25 – 10	Digital Transformation	Director of Corporate Services / Head of Strategic Transformation and Performance	12	Planning to commence	-	TBC	-	Planning to commence.
ANDBC 24/25 – 11	Business Technology Governance	Head of Transformation and Performance	12	Planning to commence	-	TBC	-	Planning to commence.
N/A	Follow-ups	Head of Finance / HoST	17	Ongoing	n/a	Quarterly	-	Latest follow up exercise results presented in **Appendix II**.

Changes to the Internal Audit Plan and AOB

Amendments and AOB to be noted by the Audit Committee

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.

Agenda c. / item 7c ANDBC 24-25 June Audit Committee Progress Report (for...

Back to Agenda

119

Appendix II

Outstanding Recommendations Update

Deloitte.

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 2024/25 will be now reported to the Audit Committee.

Outstanding Recommendations

Update as at 14/06/2024

	Priority 1	Priority 2	Priority 3	Total
Total Open Issues as at the previous Audit Committee Meeting	3	23	18	44
Items added to tracker since the previous Audit Committee Meeting	-	1	13	14
Issues closed/superseded since the previous Audit Committee Meeting	(2)	(5)	(14)	(21)
Total items remaining open as at 14/06/2024	**1**	**19**	**17**	**37**
Items in progress / partially implemented	1	9	5	15
Items not yet implemented	-	10	12	22
Items not yet implemented and overdue	-	10	7	17
Items not yet implemented but not yet due	-	-	5	5

Outstanding Recommendations

Update as at 14/06/2024

Updated target date for overdue partially implemented Priority 1s and overdue not yet implemented Priority 2 and 3s

■ Priority 1 ■ Priority 2 ■ Priority 3

Quarterly Follow-Ups Update
June 2024

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

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
1	Review of IT controls in place to support remote working	During the review, we identified that there are a number of weaknesses in relation to the security configurations on the Council's network and devices. As such the below areas were determined: Windows Active Directory The Council's VPN is integrated with Windows Active Directory credentials to establish a connection to ANDBC's network. The following password parameters configured on Windows Active Directory are not in line with good practice standards: • Password Length: 7 characters (minimum number of characters in a password); • Reset Account Lockout Counter: after 30 minutes ((the number of minutes that must elapse from the time a user fails to log on before the failed logon attempt counter is reset); and • Lockout Threshold: 10 login attempts (the number of failed sign-in attempts that will cause a user account to be locked out). We identified 315 accounts with password set to not expire. These accounts consisted of user, system and generic accounts. Through inspection of the accounts we identified that 110 of these did not have any access and were unable to login as they were either email only accounts or training accounts used for presentations. From the remaining accounts we selected a sample of 20, through our testing we identified the following: • 4 user accounts had their password incorrectly set to "not expire"	1. Management should implement a documented password policy that outlines the following: • Minimum length of 8 characters • Complexity enabled i.e. a combination of letters, numbers and characters • Maximum login attempts before lockout of between 3 to 5 attempts • Password history of 10 or more i.e. password must be changed 10 times before it can be reused 2. All accounts whose passwords are set to never expire should be reviewed to ensure they are appropriately configured. The following should also be considered: • User accounts should not be set to never expire • A password vault tool should be considered for relevant privileged accounts. 3. Management should consider the implementation of multi-factor authentication to add an extra layer of security to support working from home. 4. It is recommended that disk encryption is enforced on all information assets owned by the organisation, especially removable media and laptops. AES-256 encryption should be enforced and a pin should be enabled to decrypt laptop hard drives for user access. 5. Management should implement a clear remote working policy defining at a minimum: • Acceptable use • Minimum required security controls • Permissible device types. 6. Management should ensure that all employees are informed and trained in relation to security and privacy practices outlined in the remote working policy. 7. Management should consider configuring logging mechanisms to capture user activities on the system. Therefore, all user activities are logged, and any unusual or unauthorised actions can be identified through monitoring actions on the logs.	1	1. Password requirements will be changed to minimum length of 8 characters with a maximum number of 5 attempts before account lockout. Staff information campaign will be carried out over the summer to advise of change. (**implemented January 2022**) 2. identified accounts have been set to expire. A review of accounts to be conducted with any other user accounts that are found to be set to not to expire to be changed (**Implemented January 2022**) 3. Multi Factor authentication is currently being enabled, currently 10% of users are set up. Disc encryption will be rolled out, commencing November 2021, prioritising the laptop estate and enforcing all USB devices to be encrypted (business case for resources approved June 2021). (**Advised implemented March 2024, evidence not yet received.** 4. Review ICT Policy with the suggested amendments (**Implemented March 2024**) 5. Training will be rolled out once Interim Home Working and updated ICT Policies have been approved (**Implemented March 2024**) 6. A manual, weekly, review of authentication logs will commence straight away with any unusual activity investigated. An automated SIEM will be introduced by target date. (business case for resources approved June 2021). (**Not implemented**)	31/03/2024	Head of Service advised "Applied for funding for SIEM. Budget is not ratified until rate set on 14 Feb." Updated target date of implementation; **31/12/2024** ~~31/03/2024~~

Agenda c. / item 7c ANDBC 24-25 June Audit Committee Progress Report (for...

Back to Agenda

124

Quarterly Follow-Ups Update
June 2024

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

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
1	Review of IT controls in place to support remote working	• 2 shared privileged accounts passwords used by the Business Technology team are stored in a restricted folder however the password for both accounts is set to "not expire". Multi-factor Authentication (MFA) It was determined that there is no multi-factor authentication used within ANDBC. As a result, remote users are not required to use MFA to authentic through the Councils VPN. Encryption Through inquiry with management it was identified that encryption is implemented on Council mobile phones. However, no encryption is in place on any other types of devices held by the Council, for example laptops. Use of personal devices During our review it was identified that ANDBC's policy "Information Security and Technology Policy" does not permit the use of any device on its network that is not owned and controlled by the Council. In response to COVID 19 employees were allowed to use personal devices to access cloud-based systems while working remotely such as Office 365, OneDrive, SharePoint and Teams. Since March 2020, no further controls or guidance have been issued in relation to minimum security requirements. Logging and monitoring During our review it was determined that logging and monitoring is not implemented within the Council. As a result, attempts to authenticate both successfully and un-successfully to the Council's network are not captured or monitored.	*See previous slide.*	1	*See previous slide*	31/03/2024	*See previous slide*

Quarterly Follow-Ups Update
June 2024

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

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
2	Travel and Subsistence	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.	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.	2	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.	31/03/2019	The Head of Service advised "Up-to-date policy currently being drafted" Updated target date of implementation; **31/03/2025** ~~31/03/2024~~ ~~01/10/2023~~ ~~31/03/2022~~
3	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 "Up-to-date policy currently being drafted" Updated target date of implementation; **31/03/2025** 31/03/2024 01/10/2023 31/03/2022

125

Quarterly Follow-Ups Update
June 2024

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

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
4	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 "Work ongoing." Updated target date of implementation; 30/09/2024 31/03/2024 30/06/2023 01/12/2022

Quarterly Follow-Ups Update
June 2024

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

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
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 £62k. We noted that the Procurement Handbook specifies an annual frequency of review by the Procurement Service Unit of cumulative spend to identify areas where competitive tenders should be obtained, but that this was in practice an ad-hoc review due to staff capacity and had not been documented or resulted in a formal report in the previous year.	To support value for money and efficiency in procurement, an analysis of spend should be produced and documented by Procurement on an annual basis, with input sought from budget holders on the feasibility of obtaining corporate contracts / putting out to tender for areas where similar goods or services are obtained.	2	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. 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. 2. in addition to the above, any corporate reviews that are carried out on an ad hoc basis during 2020/21 will be documented	01/12/2020	The Head of Service advised "There was no formal review of spend since the last update due to limited PSU resources and additional Capital Projects work." Updated target date of implementation; **01/01/2025** 01/01/2024 30/04/2023 30/04/2022

Quarterly Follow-Ups Update
June 2024

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

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
6	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	The Head of Service advised "Daft is prepared , however, still needs approval and consultation, work ongoing." Updated target date of implementation : 31/03/2025 31/03/2024 30/09/2023 01/04/2022

Quarterly Follow-Ups Update
June 2024

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

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
7	Grant Funding	We reviewed the processes in place to monitor grant expenditure and performance and noted the following: 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: • 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. 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.	The Council should consider the following: 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 LOO/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	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	The Head of Service advised "Included in the cross departmental grants policy review which is underway at present " Updated target date of implementation; 30/09/2024 ~~31/03/2024~~ 30/09/2023 ~~31/03/2023~~

Quarterly Follow-Ups Update
June 2024

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

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
7	Grant Funding	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. 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.	See previous slide.	2	See previous slide.	See previous slide	See previous slide.

Agenda c. / item 7c ANDBC 24-25 June Audit Committee Progress Report (for...

Back to Agenda

Quarterly Follow-Ups Update
June 2024

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

	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
8	Grant Funding	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. Due to an absence of documented policy, we identified the following in relation to grants administered via SLAs: 1. Reconciliation of SLA Expenditure • 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. • 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. • 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.	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: 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. 2. Guidance on administering advance payments through SLAs, including guidance on the amount to be distributed and any supporting documentation to be obtained.	2	1. A financial assistance policy will be developed for approval by Council. 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.	31/03/2023	Head of Service advised "Included in the cross departmental grants policy review which is underway at present" Updated target date of implementation; **30/09/2024** 30/09/2023

Quarterly Follow-Ups Update
June 2024

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

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
8	Grant Funding	2. Advance Payment Guidance • 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. • 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. • 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.*	31/03/2023	*See previous slide.*

Quarterly Follow-Ups Update
June 2024

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

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
9	Business Continuity Planning	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. 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. 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. 4. 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.	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. 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.	2	Once the updated BCP is finalised the Policy and Procedures will be revised and submitted to Corporate Committee for approval.	31/03/2023	The Head of Service advised, "Policy updated. Some internal BCP training completed as part of Emergency Planning training. Independent testing and training to be completed for new BCP." Updated target date of implementation; **31/10/2024** 30/04/2024 31/10/2023

Quarterly Follow-Ups Update
June 2024

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

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
10	Procurement (Contract Management)	We noted from review of contract documents for sample five tenders that: • The roles and responsibilities for the management of a sample of four out of five contracts within Council were not clearly defined in the Contract document. • In three out five sample tenders there are no agreed Performance Indicators documented in the contract document with Contractor. Further there was lack of agreed format for the contractor to provide regular updates to the Council. We were advised that in three out five contracts the site supervisor is present on-site when the work is carried out by the contractor. However no regular formal updates are requested from the Contractor. We were advised that Procurement Service Unit advise Contract Managers of the Contract Management responsibilities at the time of tendering process.	1. The Council should ensure the following is included in the Tender Document to ensure compliance with Council's Procurement Handbook -: a. Roles and responsibilities for the post procurement contract management are clearly defined and documented in the Contract document; b. Measurable performance indicators are clearly defined and documented for each contract. In instances where the contract deliverable is treated as the performance measure, this should be clear within the service contract; and 2. PSU to remind contract management staff within the council of the requirement to obtain formal updates from the contractor as per the defined contract management arrangements and performance indicators.	2	1. a. For each procurement, this will be discussed and agreed with the responsible Council Officer at the procurement initiation meeting and detailed in the tender documents as and when required. (1/12/2023) b. For each procurement, this will be discussed and agreed with the responsible Council Officer at the procurement initiation meeting and detailed in the tender documents as and when required. (1/12/2023) 2. PSU will issue reminder updates to CLT, HoST & SUMs via internal communications on a quarterly basis (1/2/2024)	01//02/2024	The Head of Service advised, "Lack of Resources preventing this being actioned." Updated target date of implementation; **01/01/2025** ~~01/02/2024~~

Quarterly Follow-Ups Update
June 2024

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

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
11	PCSP	We were unable to obtain supporting documentation to evidence expenditure claims relating to the Community Safety team direct delivery project (total value of claim £4,000). Management advised that supporting evidence for this project is not required to be submitted to the PCSP/maintained as it is an internally-delivered project and the Community Safety team are responsible for submitting invoices to Finance internally. A similar finding was raised as a Priority 2 in the 2022/23 review of the PCSP - for 1/6 sampled large grants, small grants and partner delivery projects there were no completed Project Budget Profiles, Project Invoice Summaries or Period Expenditure Claim Forms. Management advised this was because this project was an internal project delivered by the Council and agreed an action that budget profile, project invoice summary and period expenditure claim forms will be completed for every project in the 2022/2023 financial year. This recommendation was reported by management as implemented in January 2023. We note that this is a different internal team to that reported in 2022/23 but the process should be the same.	Management should ensure that all internally-delivered PCSP project expenditure is monitored in line with the process for monitoring expenditure for external projects, including requirement to submit supporting evidence for all expenditure claims.	2	Claim forms – all funding for 2024/25 will be issued with appropriate claim forms which will be required prior to any funding being reimbursed.	01//02/2024	The Head of Service advised, "Will be undertaken when LOO is received from Joint Committee." Updated target date of implementation; 30/09/2024 01/04/2024

Appendix III

Statement of Responsibility

Agenda c. / item 7c ANDBC 24-25 June Audit Committee Progress Report (for...

Back to Agenda

137

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 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.

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

Deloitte

Belfast

June 2024

Agenda c. / item 7c ANDBC 24-25 June Audit Committee Progress Report (for...

Back to Agenda

138

Deloitte.

Deloitte.

Ards and North Down Borough Council

Internal Audit Review – Review of Vehicle Management

May 2024

This document is a draft report. This document is confidential and is issued to a limited circulation for discussion only. Matters of fact and opinion have yet to be fully clarified and finalised. Details may change between this draft and the final report. It is not intended that management rely on the contents of this document until a final report is issued.

Matters noted in this draft report are only those, which came to our attention up to this point of our work and are not necessarily a comprehensive statement of all issues that exist, or all actions that might be taken. This draft report is made solely to Ards and North Down Borough Council for discussion purposes only.

We do not accept or assume responsibility for our work to anyone other than Ards and North Down Borough Council. This draft document must not be circulated or referred to without our express written consent.

Ards and North Down Borough Council – Review of Vehicle Management – Final Draft for Audit Committee

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

1

Deloitte.

Contents

Ards and North Down Borough Council – Review of Vehicle Management – Final Draft for Audit Committee

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

2

Deloitte.

1. Overview

1.1. Introduction

This assurance review was an additional review to the 2023/24 Internal Audit Plan requested by management. The scope of this review was the governance framework and controls in place to manage risks around vehicle management including procurement, replacement, disposal, and maintenance.

1.2. Overview

Vehicle Procurement / Replacement

Ards and North Down Borough Council (the Council) has implemented an Assets Management Policy to establish a collaborative approach to the allocation of responsibilities, communication, and records management; formalize useful life framework and documents processes for acquisition security maintenance redeployment replacement and disposal of assets across the Council.

The Transport Service Unit Manager follows a documented vehicle replacement strategy to assess the need for vehicle procurement. A Vehicle Replacement Form is completed to identify vehicle requirements based on operational needs, usage patterns, technological advancements, and regulatory compliance. In cases where a vehicle with similar specifications is not available within the fleet, the Transport Service Unit Manager arranges for a new vehicle with the same specifications after completing the need assessment form. The Council maintains a vehicle replacement schedule, outlining when vehicles are scheduled for replacement based on their expected lifespan.

Vehicle Disposal

The Transport Service Unit Manager uses a Vehicle Replacement Form to record the assessment of vehicles before disposal, which requires him to document vehicle inspections, evaluating maintenance records, and consideration for alternative uses or disposal methods.

Following the disposal of a vehicle, the Transport Service Unit Manager is responsible for initiating the notification via email to the Finance team. This ensures the timely updating of the fixed asset register.

Ards and North Down Borough Council – Review of Vehicle Management – Final Draft for Audit Committee

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

3

Deloitte.

Vehicle Maintenance and Stock Management

The Council has implemented standardized inspection checklists for drivers to conduct daily walk-around checks of their vehicles. These checklists cover essential components such as fluid levels, tyre condition, lights, signals, brakes, mirrors, and other vital elements. Drivers document their daily walk-around checks on paper forms, and the results are compiled and reviewed monthly by the service unit managers. These compiled documents are maintained in hard copy at Council Depots. These checks are conducted both before and after each shift, with any identified defects or deficiencies requiring rectification before vehicle use.

Periodic safety inspections as per the inspection schedule are performed by internal mechanic staff at the Council. The frequency of internal inspections is based on the vehicle type, with the inspection schedule and allocation managed by the Transport Service Unit Manager.

The Transport Store staff update Council's current Inventory Management System (Jamma) with the stocks in on receipt and stock out as per the physical log maintained outside the storeroom. A formal annual stock count of vehicle spare parts is conducted by the Finance team, while informal ad hoc stock counts are performed by the Transport Service Unit Manager.

The Council has introduced a new fleet management system and is currently in the process of digitizing several manual processes related to vehicle maintenance and stock management.

1.3. Scope and Objectives

The scope of this internal audit included a review of the governance framework and controls in place to manage risks around vehicle management including procurement, replacement, disposal, and maintenance. The objectives of the Internal Audit review were to:

- Determine whether up-to-date policies and procedures are in place covering vehicle procurement, replacement, and disposal.
- Determine whether up to date policies and procedures are in place covering vehicle maintenance and stock management for vehicle parts.
- Review the processes for vehicle procurement and replacement.
- For a sample of vehicle procurements from November 2022 - November 2023:
  - Determine whether an assessment of need for the new / replacement vehicle had been completed and approved, and a clear rationale provided for the choice of either procurement or leasing.
  - Determine if a purchase order was in place and was appropriately approved prior to the purchase.

Ards and North Down Borough Council – Review of Vehicle Management – Final Draft for Audit Committee

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

4

Deloitte.

- o Determine if a preferred supplier had been established by the Council for the particular vehicle / vehicle type and, if so, whether it was used.
- o Determine whether the vehicle procurement complied with Council procurement procedures for quotations, tenders, or direct award contracts as relevant.
- o Confirm whether the final procurement and procurement price was appropriately approved, in line with delegated authority limits and the Council's Procurement Policy.
- o Determine if Finance were notified of the procurement / replacement in a timely manner to ensure the fixed asset register was updated.
- Review the processes for vehicle disposal.
- For a sample of vehicle disposals from November 2022 – November 2023:
  - o Determine whether an assessment was completed and approved to confirm the vehicle should be disposed of.
  - o Consider how the vehicle was disposed of and whether there was a documented rationale given for the method (e.g., sale, scrap, trade-in).
  - o Where the vehicle was sold, consider how the sale price was determined to ensure Council received best value and whether this was approved.
  - o Determine if Finance were notified of the disposal in a timely manner and the fixed asset register updated accordingly.
- Review the processes for vehicle maintenance and stock management:
- For a sample of vehicles operated from November 2022 - November 2023:
  - o Determine whether daily driver walk-around checks of the vehicle are completed and documented.
  - o Determine whether periodic safety inspections (including annual MOT) are completed in accordance with the inspection schedule as outlined in the Council's operator's licence.
  - o Determine whether adequate records are kept for 15 months in compliance with operator licencing requirements for all driver daily checks, periodic safety inspections and all repairs (including service job cards/reports)
- Determine whether Council policies are complied with regarding inventory control and stock counts for vehicle parts.

The period in scope for this internal audit review will be November 2022 to November 2023 and anything which has not been outlined in the scope section above is deemed to be outside of scope.

1.4. Approach

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

Ards and North Down Borough Council – Review of Vehicle Management – Final Draft for Audit Committee

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

5

Deloitte.

- Discussions with Transport Service Unit manager and Head of Assets and Properties to walkthrough the vehicle procurement, disposal, and maintenance processes.
- Review of key items of documentation such as Asset Management policy and procedures and procurement / replacement / disposal / maintenance documentation such replacement strategy, need analysis, disposal forms and internal inspection reports.
- A limited programme of sample testing of two sample vehicles procured during the audit period to assess control operating effectiveness of vehicle procurement and replacement policy.
- A limited programme of sample testing of three sample vehicles disposed of during the audit period to assess control operating effectiveness of vehicle disposal process.
- A limited programme of sample testing of fifteen vehicles to assess control operating effectiveness of the vehicle maintenance and inspection process.
- Consideration of possible improvements or alternatives for the controls in place.
- Reporting of findings with practical recommendations for improvement where appropriate.

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

Our work was performed in accordance with the Deloitte Internal Audit Methodology which is consistent with the standards of the Chartered Institute of Internal Auditors. Our work was conducted both remotely and on-site between February and March 2024.

1.5. Summary of findings

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

Priority 1	Priority 2	Priority 3
2	3	-

Ards and North Down Borough Council – Review of Vehicle Management – Final Draft for Audit Committee

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

6

Deloitte.

There were two **Priority 1** findings identified during our review. These can be summarised as follows:

- Inadequate controls and operational deficiencies for vehicle procurement and replacement. (See **Section 2.1**)
- Inadequate vehicle maintenance and stock management system. (See **Section 2.2**)

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

- Inadequate governance arrangements for vehicle procurement, disposal, and maintenance. (See **Section 2.3**)
- Inadequate documentation of vehicle disposal. (See **Section 2.4**)
- Inadequate documentation of inventory control and stock counts. (See **Section 2.5**)

There were no **Priority 3** findings identified during our review.

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

1.6. Conclusion

Overall, 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.

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

Deloitte.

2. Detailed findings and recommendations

2.1 Inadequate controls and operational deficiencies for vehicle procurement and replacement.

Finding	Recommendation	Priority
The Council's Asset Management Policy states that replacement of assets should be made in line with duly approved replacement strategies setting out criteria by which the need for replacement is to be made and including indicative useful lives for each class of asset. There were two procurement exercises completed during our review period for the purchase of six refuse disposal vehicles. Our review identified the following: **Vehicle Replacement Strategy** 1. The Vehicle Replacement Strategy does not consider buy/lease cost analysis at the time of vehicle replacement and therefore there was a lack of documented rationale for the purchase of vehicles rather than leasing. The Transport Service Unit Manager advised that lease vs buy options are considered at the time of procurement, however this is informal and not documented. **Vehicle Procurement** 2. There was lack of documented approval from the Head of Assets and Property and the Head of Finance on the need analysis completed by the Transport Service Unit Manager required as per the Vehicle Replacement form.	1) The Vehicle Replacement Strategy should be reviewed to include the decision-making process between buying and leasing of new vehicles. This should include conducting cost-benefit analysis, considering strategic objectives, assessing operational needs, and documenting the rationale behind the chosen approach on the Vehicle Replacement form. 2) Management should ensure the needs analysis on the Vehicle Replacement form is completed by Transport Unit Manager and approved from the Head of Assets and Property and the Head of Finance before initiating any new or replacement vehicle acquisition. 3) Management should ensure that POs for vehicle procurement are fully completed and authorised in line with Council's Authorisation limits. 4) Records of quotations obtained any evaluation criteria for assessing the quotations and the vendor selection rationale (particularly if a direct award is made under a framework) should be retained.	Priority 1

Ards and North Down Borough Council – Review of Vehicle Management – Final Draft for Audit Committee

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

8

Deloitte.

3. The Vehicle Replacement forms were incomplete and did not record, as required, details of decommissioning and what would happen to the vehicles replaced (redeployed, traded, sold at auction, scrapped, or used as spare).

4. The Purchase Orders (POs) were not formally approved in line with Council's Authorisation Limits. For the procurement values of £116,950 and £223,076 respectively, the Director's authorisation is required on the PO; however, these two POs had only been signed by the Transport Service Unit Manager whose delegated authority level is £10,000.

5. The two POs reviewed were incomplete as they did not capture all required details on the Council's PO template such as date of quotations/price obtained, and Council Approval reference.

6. There was lack of documented rationale as to why the direct award option had been selected rather than a further competition from suppliers on the multi-supplier framework. There was no evidence to confirm that a comparative assessment of prices or consideration of alternative suppliers or formal quotations were obtained before the PO was raised.

Potential Impact

1. Failure to provide a clear rationale for the chosen procurement method can lead to a lack of accountability in decision-making processes.

2. Lack of documented approvals could lead to unauthorised purchase.

3. Failure to plan for the disposal or redeployment of replaced vehicles may result in wasted resources or missed opportunities to optimize fleet management and asset utilization.

4. Lack of documented rationale for direct award vehicle procurement may lead to Inefficient procurement processes and higher costs.

Ards and North Down Borough Council – Review of Vehicle Management – Final Draft for Audit Committee

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

9

Deloitte.

5. The absence of a formal quotation is not in line with the Council's procurement practices, with the potential to result in inefficiencies and missed opportunities for cost savings or value optimization.

Management response		
Action Plan	**Owner/ Title**	**Target Date of Implementation**
1. Vehicle Replacement Strategy Transport Manager to introduce an Excel based calculator to review the whole-life costs of the buying or leasing, allowing for easy comparison.	Jeff Shaw, Transport Manager	1st June 2024
Vehicle Procurement 2. Needs analysis forms: The samples obtained during the audit highlighted some non-compliance soon after the implementation of the replacement form. More recent forms have been fully completed and fail-safe checks are now in place with admin and Heads of Service to ensure that vehicles are not ordered unless the forms are fully complete.	Jeff Shaw, Transport Manager	Already implemented
3. Purchase orders are now signed by Heads of Service, and where necessary, the Director, prior to orders being placed. The forthcoming electronic purchasing system will have a built-in fail-safe feature to prevent orders being issued without the necessary sign-off approvals in place.	Jeff Shaw, Transport Manager	Already Implemented
4. Obtaining quotes when utilising frameworks. For every vehicle purchased, a basic specification will be devised by the transport manager. Key features from end-users will be established and incorporated into the specification. This process already happens informally, although this will now be formalised and recorded on a purchase record sheet for each vehicle. This will clearly set out the key factors that lead to an order being placed with a particular supplier.	Jeff Shaw, Transport Manager	1st June 2024

Ards and North Down Borough Council – Review of Vehicle Management – Final Draft for Audit Committee

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

10

Deloitte.

2.2 Inadequate vehicle maintenance and stock management system.

Finding	Recommendation	Priority
A record of the drivers' daily walk-around checks for each vehicle at the start and end of shift are maintained on a hard copy form called the Daily Vehicle Nil Defect Report. This form has a list of defect codes, which can be referenced by the driver should a defect arise. On a monthly basis, the daily check results are submitted to the Transport Service Unit and reviewed by the Transport Service Unit Manager. We reviewed the records of daily driver walk-around checks for 15 sample vehicles and noted the following: • For 2 out of 15 samples, no evidence of checks performed was maintained for the life of the vehicle. • For 4 out of 15 samples, no evidence of checks performed during the last 15 months was maintained. • For 13 out of 15 samples, the dates and signature of supervisor inspection and the review by the Transport Service Unit Manager were not documented on the Daily Vehicle Nil Defect Report, as required in the form. We also reviewed the Periodic Safety Inspections report for the 15 samples and noted the following: • For 13 out of 15 periodic safety inspections performed by Council's Mechanics, some sections of the reports were left incomplete. We were advised they were deemed not applicable.	1) Management should ensure daily walk-around checks are appropriately recorded for all vehicles, including supervisor inspections and Transport Service Unit Manager review of the reports. 2) Management should ensure that all sections of the periodic safety inspection reports are considered, and where they are not applicable are recorded as "N/A" to denote that they have been considered (rather than missed).	Priority 1

Ards and North Down Borough Council – Review of Vehicle Management – Final Draft for Audit Committee

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

11

Deloitte.

- For all 15 samples, we noted that the declaration of vehicle being safe and roadworthy which is signed by the Transport Service Unit Manager and the Inspector was not dated on the Periodic Safety Inspection report.

Potential Impact

i) Inadequate daily driver walk - around checks may lead to safety hazards, vehicle breakdowns, operational disruptions, increased maintenance costs.

ii) Absence of review from Supervisor and Transport Service Unit Manager could lead to defect identified by the driver for un-noticed which may lead to accidents.

iii) Failure to denote inapplicable sections as "N/A" may result in incomplete documentation, making it difficult to determine which aspects of the inspection were considered and which were deemed irrelevant.

Management response

Action Plan	Owner/ Title	Target Date of Implementation
1. Daily walk-around checks. An older form was being used that has signature boxes for supervisor and transport manager. It would be unnecessary and impractical for a supervisor and transport manager to sign each of the 200+ check sheets, every month. A new form has been developed with these signature boxes removed. The current system whereby the forms are reviewed monthly by admin staff and updated a database, will continue. Any discrepancies are highlighted to the relevant Service Unit Manager.	Jeff Shaw, Transport Manager	Already implemented.

Ards and North Down Borough Council – Review of Vehicle Management – Final Draft for Audit Committee

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

Deloitte.

2. Periodic safety inspection reports. On the sample forms mechanics had left some "not applicable" sections of the forms blank, rather than stating "N/A". Mechanics have now been advised to always state if a particular section is not applicable.	Jeff Shaw, Transport Manager	Already Implemented.

Ards and North Down Borough Council – Review of Vehicle Management – Final Draft for Audit Committee

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

13

Deloitte.

2.3 Inadequate governance arrangements for vehicle procurement, disposal, and maintenance

Finding	Recommendation	Priority
The Council's Asset Management Policy sets out requirements generally for procurement, disposal, and maintenance of assets. However, there are no specific documented policies or procedures to supplement this for: • Vehicle procurement, replacement, and disposal process, including the definition of the roles and responsibilities of Transport Service Unit Team. • Vehicle maintenance and stock management for vehicle parts. **Potential Impact** i) Lack of defined and approved procedures for vehicle management may lead to inefficiencies and inconsistencies in vehicle procurement, replacement, and disposal. ii) Lack of formal procedures for defining maintenance schedules and inventory management could impact operational efficiency and increase the risk of accidents or breakdowns.	Management should develop procedures for: • Vehicle Procurement, Replacement and Disposal, including clearly defined roles and responsibilities, particularly about the review and approval of replacements or disposals. • Vehicle maintenance and inventory management. Once developed policy and procedures per above, should be approved by Council and a periodic review frequency should be assigned.	Priority 2

Management response		
Action Plan	**Owner/ Title**	**Target Date of Implementation**
1. Procedures for Vehicle Procurement, Replacement and Disposal. The vehicle replacement policy will be amended to incorporate clear roles and responsibilities as set out in the recommendation.	Head of Assets & Property Services & Transport manager.	September 2024
2. Procedures for vehicle maintenance and inventory management will be developed, including relevant roles and responsibilities.	Head of Assets & Property Services & Transport manager.	September 2024

Deloitte.

3. The above documents will be reported to the Environment Committee, for approval and an appropriate periodic review frequency specified.	Head of Assets & Property Services & Transport manager.	September 2024

Ards and North Down Borough Council – Review of Vehicle Management – Final Draft for Audit Committee

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

15

Deloitte.

2.4 Inadequate documentation of vehicle disposal.

Finding	Recommendation	Priority
We examined all the vehicles disposed during the review period and we noted the following: • The Vehicle Disposal Forms do not require that approval from the Head of Assets and Property or Head of Finance is documented. • Absence of documented rationale for disposing of the vehicles with a third party. The three vehicles disposed of were all recorded on the form as being in poor condition. They were traded in on 14/08/2023 for £1,300, £2,200, and £2,500, however there was no documented rationale as to how the trade in price was reached. • Management advised that the Transport Service Unit Manager informally evaluates the disposal method however this is not documented. • There is no established process for approving the disposal method and price by the Head of Assets and Property. **Potential Impact** i) Unauthorized disposal of vehicles may raise concerns about the misuse or misappropriation of organizational assets. Lack of approval for disposal assessments may indicate inadequate controls over asset management practices, increasing the risk of fraud, theft, or asset misappropriation. ii) Absence of a documented rationale for the method of vehicle disposal and trade in price may lead to financial loss, asset undervaluation and inefficient resources allocation.	1) Management should document procedures for the assessment and approval of vehicle disposals including defining approval authorities, conducting assessments of disposal options, documenting the rationale for the method of vehicle disposal and price to be achieved and documenting decisions.	Priority 2

Ards and North Down Borough Council – Review of Vehicle Management – Final Draft for Audit Committee

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

16

Deloitte.

iii)   Lack of evaluation of alternative disposal methods, could result in missed opportunities for cost savings, revenue generation, or environmental benefits.

iv)   Absence of approval for a disposal method and price may lead to a lack of accountability in the disposal process. Without clear justification for the chosen method, it may be difficult to hold individuals responsible for the decision and its consequences.

Management response

Action Plan	Owner/ Title	Target Date of Implementation
1. Procedures for the assessment and approval of vehicle disposals. A supplementary sheet will be completed, detailing the rationale for the method of disposal that has been indicated on the Vehicle replacement form. (scrap, trade-in or auction).	Head of Assets & Property Services & Transport manager.	September 2024

Ards and North Down Borough Council – Review of Vehicle Management – Final Draft for Audit Committee

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

17

Deloitte.

2.5 Inadequate documentation of inventory control and stock counts.

Finding	Recommendation	Priority
During our review of the vehicle parts inventory control and stock count process we noted the following: • There is no documented process for conducting stock counts of vehicle spare parts. The Transport Service Unit Manager indicated that informal periodic stock counts were performed during the year; however, these are not documented. • The access to the storeroom is not limited to specific staff members. Currently drivers and engineers can walk in the storeroom if they need any specific vehicle parts, and they then record the details on physical logbook maintained on the door of storeroom. • Despite the presence of barcodes on the spare parts box organizers, the stores unit is not currently utilizing barcode technology for inventory management purposes and relying instead on manual methods for inventory tracking and then manually updating inventory management system. • We requested a total stock count as at 27/02/24 from the inventory management system (Jamma), on the day of the site visit however he Transport Service Unit Manager and storekeeper were unable to extract this information. Management explained that the Jamma system was not user-friendly in terms of generating reports. Potential Impact i) The absence of a formal process for stock counts may increase the risk of fraud or theft within the Council. Without regular stock counts	1) Management should document processes for conducting regular stock counts of vehicle parts, including defining roles and responsibilities, implementing counting procedures, and documenting inventory reconciliation processes. As part of this, management should ensure that users of inventory control systems are trained and able to produce stock reports to support stock management. 2) Consideration should be given to implementing a barcode scanning system for spare parts inventory management. This system would involve scanning barcodes on spare parts' box organizers during receiving, issuing, and inventory counts, enabling real-time tracking and accurate record-keeping.	Priority 2

Ards and North Down Borough Council – Review of Vehicle Management – Final Draft for Audit Committee

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

18

Deloitte.

and reconciliation procedures, fraudulent activities such as inventory shrinkage or misappropriation of assets may go undetected.

ii) Manual inventory tracking methods often lack real-time visibility into inventory levels and movements. This can make it difficult for the Council to accurately assess stock levels, identify trends, and make informed decisions about inventory replenishment and allocation.

Management response		
Action Plan	**Owner/ Title**	**Target Date of Implementation**
1. Regular stock counts of vehicle parts. The old computer-based vehicle maintenance did not allow for stock control. A new system has now bene implemented, and all users trained. A written process will be developed to reflect the recommendation above.	Head of Assets & Property Services & Transport manager.	September 2024
2. The old computer-based system did not allow for the use of bar codes however the new system does. The transport manager is currently discussing the use of tablets to implement the use bar code stock management, subject to implementation of the necessary hardware installation.	Head of Assets & Property Services & Transport manager.	December 2024

Ards and North Down Borough Council – Review of Vehicle Management – Final Draft for Audit Committee

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

19

Deloitte.

3.   Statement of Responsibility

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

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

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

David Kinsella
For and on behalf of
Deloitte (NI) Ltd
Lincoln Building, 27-45 Great Victoria Street,
Belfast, BT2 7SL
Date: xx/xx/2024

Contact persons	Partner: David Kinsella	T: 028 9592 3616
	Senior Manager: Camille McDermott	E: cammcdermott@deloitte.ie
	Auditors: Prachi Jain; Roshan Alexander	

Ards and North Down Borough Council – Review of Vehicle Management – Final Draft for Audit Committee

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

20

Deloitte.

Appendix I: Reporting Definitions

Assurance Opinion

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

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

Deloitte.

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.

Ards and North Down Borough Council – Review of Vehicle Management – Final Draft for Audit Committee

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

22

Deloitte.

At Deloitte, we make an impact that matters for our clients, our people, our profession, and in the wider society by delivering the solutions and insights they need to address their most complex business challenges. As the largest global professional services and consulting network, with over 415,000 professionals in more than 150 countries, we bring world-class capabilities and high-quality services to our clients. In Ireland, Deloitte has over 3,000 people providing audit, tax, consulting, and corporate finance services to public and private clients spanning multiple industries. Our people have the leadership capabilities, experience and insight to collaborate with clients so they can move forward with confidence.

This publication has been written in general terms and we recommend that you obtain professional advice before acting or refraining from action on any of the contents of this publication. Deloitte Ireland LLP accepts no liability for any loss occasioned to any person acting or refraining from action as a result of any material in this publication.

Deloitte Ireland LLP is a limited liability partnership registered in Northern Ireland with registered number NC1499 and its registered office at Lincoln Building, 27-45 Great Victoria Street, Belfast, BT2 7SL, Northern Ireland.

Deloitte Ireland LLP is the Ireland affiliate of Deloitte NSE LLP, a member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"). DTTL and each of its member firms are legally separate and independent entities. DTTL and Deloitte NSE LLP do not provide services to clients. Please see www.deloitte.com/about to learn more about our global network of member firms.

Deloitte.

Ards and North Down Borough Council

Internal Audit Review – Review of HR (Absence Management)

June 2024

Ards and North Down Borough Council – Internal Audit of HR (Absence Management) - FINAL REPORT

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

1

Deloitte.

Contents

Ards and North Down Borough Council – Internal Audit of HR (Absence Management) - FINAL REPORT

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

2

Deloitte.

1. Overview

1.1.   Introduction

This assurance review was undertaken as part of the 2023/24 Internal Audit Operational Plan to review 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.

The HR (Employee Relations) team within Ards and North Down Borough Council are responsible for providing advice on absence to all employees across the organisation at all levels. In line with the Council's Managing Absence Policy (implemented October 2021), the team are responsible for advising Line Managers on staff absences and attendance including their role in conducting return to work meetings and completing relevant paperwork. The HR department updated the policy with input from the Staff Consultative Committee (made up of staff members from every department) and relevant trade unions. Last review of the policy was during COVID19 and was approved by Corporate Leadership Team (CLT).

1.2.   Process Overview

Reported absence rates as at 22nd September 2023 as follows;

Absence type	%
Overall Absence	5.96
Short Term	1.40
Long Term	4.57

Line Managers are responsible for updating CORE with any short or long-term absences. Ideally the Line Manager would upload all supporting documentation to the CORE system. However, as the system is unable to automatically send notifications to HR that information has been added, Line Managers currently send all relevant information directly to HR. Information may be uploaded to CORE but the Line Manager must still notify HR of this due to the lack of functionality of the system. Receipt of the paperwork notifies HR when an employee returns to work or breaches a trigger point. For absences between 4-7 days an employee is required to provide a self-certification form. If absent for more than seven days, the employee must submit a GP Fit Note covering from the 8th day onwards. All supporting documentation provided by the staff member is saved to the HR shared folders. Upon the employee's return to work, their Line Manager will conduct a return-to-work interview and if this interview triggers a review, this review will be conducted within five working days of the interview.

Ards and North Down Borough Council – Internal Audit of HR (Absence Management) - FINAL REPORT

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

3

Deloitte.

Occupational Health:

All employees on sick leave for 4 weeks or more will be referred to the Occupational Health Service (OHS). HR hold a spreadsheet to monitor OHS appointments and this is reviewed on a weekly basis. Line Managers and HR hold a formal meeting with the employee to review OHS reports. HR and Line Managers attend absence review meetings and minutes are retained. OHS records are stored in the HR shared folders. Pre COVID, employees on long term sick leave were not allowed to return to work until an OHS appointment was complete. However, due to the difficulty in obtaining additional appointments they can now return provided their GP fit note states they can come back, and their job role does not require an OHS opinion as to the fitness to perform specific tasks.

Absence Monitoring:

Trigger points for action within the Council are set out in the policy and monitored as follows:

In any rolling 12-month period, an employee has met any of the following criteria:

1. Recorded at least 5% absence rate in total of intermittent/short term absences (whether self-certified or medically certified) - monitored via HR spreadsheet OR
2. Displayed an unacceptable pattern of absence (e.g., regular Fridays and Mondays, after a bank holiday or annual leave etc.- monitored via Line Manager OR
3. Reached 4 weeks' continuous absence - monitored via HR spreadsheet (long term absence).

HR maintain a separate spreadsheet of staff off sick and also highlight any staff where absence supporting documents (i.e., return to work form, self-certification, GP Fit Note) have not been submitted by the Line Manager. HR perform ad-hoc spot checks on the documents and follow up any missing documents. Live targets are also monitored by HR via a spreadsheet. Spreadsheets are maintained within shared folders and access to the overall shared drive is maintained by IT. Access to this is granted via a Service Desk request and requires manager approval. Only HR staff have access to this drive.

Depending on length of service, most employees are entitled to full pay for the first six months of sickness which then reduces to half pay for another six months. After 12 months of sickness, employees receive no pay. Payroll maintain a spreadsheet to monitor length of sickness periods.

Absence Reporting

HR and Line Managers use absence data from Insights, an integrated BI module for CORE, in order to calculate absence figures. Tableau is the Business Reporting tool used outside of CORE for cross modular reporting. Power BI is also used to complete some management reports, such as Absence Dashboards. The Council have a limited number of staff licensed to use Power BI and there is one HR Officer within HR with a license. The report is sent to Council on a quarterly basis.

Following an Association for Public Service Excellence (APSE) Absence review, the Council prepared an action plan to ensure the recommendations were put in place. As part of this action plan, the Council now use an updated format of report using dashboard. One report has been submitted to Council (October 2023) and one report is currently in draft at the time of fieldwork. Overall absence and sickness rates are reported to CLT on a quarterly basis. The Parks and Cemeteries Service receive monthly reports from the HR Officer. Other Services can receive reports via request to HR, but there are resource implications regarding this.

Deloitte.

Destruction of Absence Documentation:

The HR Office Manager has responsibility for destroying staff sickness records and supporting documentation. The retention period is either seven years after termination of employment for non-operational staff and 40 years after termination for technical staff (e.g., Waste, recycling, maintenance, parks and cemeteries), in line with the Council's retention and disposal schedule.

Hard Copy

Once an employee is terminated, any absence related records are held in one of three places as follows:

1. HR Office - Files are initially stored here in a filing cabinet which is under lock and key, only accessible by the HR Office Manager. Once they have been held here for a period they are moved downstairs to the basement.
2. Basement - Files are then stored within one of two filing cabinets which are under lock and key, only accessible by the HR Office Manager. Once there is a significant amount of documentation to be transferred, they are moved to an off-site warehouse.
3. Warehouse - before files are destroyed, they are held at a Council-owned off-site warehouse. The warehouse is locked and only accessible via the Compliance Office. HR files are held within a separate room within the warehouse, which is also locked with keys held by the Compliance Office. HR Office Manager will request access whenever files are required to be transferred there.

Soft Copy

Once an employee is terminated, soft copy absence documents are moved to a leavers folder within the HR shared drive. Again, as per hard copy, the HR Office Manager maintains a spreadsheet which contains all the disposal dates for HR records.

Access to the overall shared drive is maintained by IT. Access to this is granted via a Service Desk request and requires manager approval. Only HR staff have access to this drive.

1.3. Scope and Objectives

The scope of this internal audit includes a 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.

The objectives of the Internal Audit were to:

- Determine what governance arrangements are in place around Council staff absence management, including staff absence management policy which outlines clear roles and responsibilities for managing staff attendance and absences, and the processes for occupational health and return-to-work.
- Ascertain whether the staff absence management policy is accessible to all staff members and is reviewed and approved periodically.
- For a sample of Council staff absences from November 2022-November 2023, determine whether the following processes are in place and operating effectively:
  - Notification of short and long-term absences which is made by the staff member and recorded in line with Council policy.

Deloitte.

- o Maintenance of absence-related documentation, including completion and record of self-certification forms (as well as relevant required supporting documentation, such as medical certification) by Council staff which have been sent to HR.
- o Completion of return-to-work processes such as interviews with HR/Line Manager and completion of required documentation by staff in line with Council policy.
- o Information security controls around staff sickness records and supporting documentation.
- o Employee payments relating to sick leave/absence have been made in line with policy.
- Determine whether there is a process in place to provide support to Council staff regarding occupational health referral and review this process for a sample of relevant Council staff who had a period of longer-term sickness absence during November 2022-November 2023.
- Determine whether there is a process of triggers for frequent periods of absence which require management/HR engagement with staff (including numbers of absence in a set period, length of absence, etc). For a sample of staff, confirm if trigger points were activated as required.
- Determine whether there are processes in place to periodically monitor and analyse Council staff absence rates and causes of sickness absence.
- Determine whether there are processes in place to periodically report to Council on overall absence and sickness rates.

1.4.   Approach

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

- Discussions with key members of HR such as Head of HR and Organisational Development and Employee Relations Manager to walkthrough key processes.
- Review of key items of documentation such as policies and procedures.
- A limited programme of sample testing to assess control operating effectiveness.
- Consideration of possible improvements or alternatives for the controls in place.
- Reporting of findings with practical recommendations for improvement where appropriate.

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

Our work was performed in accordance with the Deloitte Internal Audit Methodology which is consistent with the standards of the Chartered Institute of Internal Auditors. Our work was carried out during January 2024 - February 2024.

Ards and North Down Borough Council – Internal Audit of HR (Absence Management) - FINAL REPORT

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

Deloitte.

1.5.   Summary of Findings

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

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

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

Priority 1	Priority 2	Priority 3
-	2	2

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

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

- Lack of Absence Trigger Notification on CORE System (See **Section 2.1**).
- Incomplete return to work process and supporting documents (See **Section 2.2**).

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

- Lack of monitoring of absence for each Service (See **Section 2.3**).
- Key Person Dependency – monitoring and reporting of absences (See **Section 2.4**).

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

Ards and North Down Borough Council – Internal Audit of HR (Absence Management) - FINAL REPORT

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

7

Deloitte.

1.6.   Conclusion

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

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

Ards and North Down Borough Council – Internal Audit of HR (Absence Management) - FINAL REPORT

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

8

Deloitte.

2. Detailed findings and recommendations

2.1. Lack of Absence Trigger Notification on CORE

Finding	Recommendation	Priority
Absence Trigger Notification We identified that there is no automatic notification to assist HR in monitoring when the following trigger points are hit; • Recorded at least 5% absence rate in total of short-term absences (whether self-certified or medically certified) – monitored via HR spreadsheet OR • Displayed an unacceptable pattern of absence (e.g. regular Fridays and Mondays, after a bank holiday or annual leave etc.- monitored via Line Manager OR • Reached 4 weeks' continuous absence – monitored via HR spreadsheet (long term absence). **Return to Work Notification** In addition, after each period of absence, an employee is required to complete a return-to-work interview with their Line Manager. Once completed, the Line Manager uploads this form to CORE. However, there is no notification to alert HR to the absence / completed Return to Work form. Therefore, in order for HR to be aware, Line Managers are also required to email the completed Return to Work form to the HR Administration team. This causes a duplication of effort. Potential Impact There is a risk that, as HR are reliant on the information manually provided by Line Managers, absences which breach trigger points may not be identified in a timely manner.	Management should examine the possibility of implementing system controls within CORE which allow for HR to create reports which will: • Identify when the 5% absence trigger is hit. • Notify HR and Managers when the return to work has been completed and uploaded on to CORE. Management should remind Line Managers of their responsibility to track unacceptable patterns of absence.	Priority 2

Management response

Ards and North Down Borough Council – Internal Audit of HR (Absence Management) - FINAL REPORT

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

Agenda a-ii / Item 7c-ii Final ANDBC - HR (Absence Management) Final Repo...

Back to Agenda

171

Deloitte.

Action Plan	Owner/ Title	Target Date of Implementation
Line Managers are responsible for calculating absence figures and assessing trigger points. HR had initially requested that the CORE system have the capability to calculate % absence rates and to notify Line Managers and HR if any target set has been breached. Further examination of the notification functionality of CORE and/or a separate add on system.	Digital Services Manager	31 May 2024

Ards and North Down Borough Council – Internal Audit of HR (Absence Management) - FINAL REPORT

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

10

Deloitte.

2.2. Incomplete return to work process and supporting documents

Finding	Recommendation	Priority
We reviewed a sample of 25 staff absences during the period of November 2022 – November 2023. We noted the following issues with compliance with the Absence Management Policy: • For 5/25 sampled absences, the required return-to-work was not completed. • For 3/25 sampled absences, the relevant supporting documents, including GP notes and self-certifications, were not completed or submitted to HR. **Potential Impact** There is a risk that: 1. Staff returning to work after a period of absence are not supported without adequate return-to-work interview. 2. Reasons for absences are not evidenced due to lack of provision of absence related documentation.	Management should remind Line Managers to ensure that: 1. All staff should complete a return-to-work interview when they have returned from a period of absence. 2. Line Managers should follow up on any supporting documents not provided in line with Council Absence Management Policy and provide these to HR.	Priority 2

Management response		
Action Plan	**Owner/ Title**	**Target Date of Implementation**
Line Managers to be reminded of their responsibilities in ensuring that they follow the processes as outlined in the Managing Absence Policy and Procedure.	Head of HR & OD / Employee Relations Manager	30 June 2024

Ards and North Down Borough Council – Internal Audit of HR (Absence Management) - FINAL REPORT

Deloitte.

2.3. Lack of monitoring of absence for each Service

Finding	Recommendation	Priority
Management advised that a monthly analysis is performed for Parks and Cemeteries, at their request. We were further advised that HR will also provide similar reports to other Services upon request but there is no routine monthly Service absence reporting. Potential Impact There is a risk that a lack of data regarding absences may result in delays in resolving any work-related causes and therefore absence rates will remain at a similar level.	Management should ensure that Heads of Service are informed of absence rates and repeat causes of absence on a periodic basis.	Priority 3

Management response		
Action Plan	**Owner/ Title**	**Target Date of Implementation**
Additional resource to allow the completion of timely absence reports / consider add on to the CORE system to allow Heads of Service to run reports. Explore benefits of recruiting a dedicated resource to provide technical support to internal stakeholders as required for the effective and efficient delivery of CORE. Digital Service Manager (DSM) to review current Absence Dashboard and adapt for multiple stakeholders.	HoS STaP Digital Services Manager	30 June 2024 with agreement 30 June 2024

Ards and North Down Borough Council – Internal Audit of HR (Absence Management) - FINAL REPORT

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

12

Deloitte.

2.4. Key Person Dependency – monitoring and reporting of absences

Finding	Recommendation	Priority
Power BI is used to create an absence dashboard which is reported to the Corporate Services Committee and to the Council. Only one member of staff within the HR team is licensed to use Power BI and has the knowledge to develop the dashboard. Therefore, there is a key person dependency risk in relation to the monitoring and reporting of absences. Potential Impact There is a risk that if the Power BI license holder is unavailable (due to sickness, leave or otherwise), the report could not be generated and subsequently reported to the Council leading to a lack of oversight.	Management should: 1. Ensure that additional staff are trained on developing the dashboard. 2. Investigate the possibility of acquiring further Power BI licenses for other users within HR or ensure that other staff trained to use Power BI can use the existing licence if the HR Officer was absent.	Priority 3

Management response		

Action Plan	Owner/ Title	Target Date of Implementation
Liaise with Digital Services regarding Power BI licence cost and approval and training on relevant systems. Consider the recruitment of a systems expert within HR. 1. Licence Cost 2. Training - DSM is currently sourcing training 3. Explore benefits of recruiting a dedicated resource to provide technical support to internal stakeholders as required for the effective and efficient delivery of CORE.	Digital Services Manager Digital Services Manager HoS STaP	On receipt of names for licences 30 June 2024 30 June 2024 with agreement

Ards and North Down Borough Council – Internal Audit of HR (Absence Management) - FINAL REPORT

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

13

Deloitte.

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 establishes accuracy or completeness.

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

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

David Kinsella

For and on behalf of
Deloitte Ireland (NI) Ltd

Lincoln Building
27-45 Great Victoria Street
Belfast
BT2 7SL

Date:

Contact persons	Partner: David Kinsella
	Senior Manager: Camille McDermott
	Assistant Manager: Niamh Sammon
	Auditor: Eddy Breslin, Sophie Ellison
Contact details	T : 0044 2895 923616
	E : cammcdermott@deloitte.ie

Ards and North Down Borough Council – Internal Audit of HR (Absence Management) - FINAL REPORT

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

14

Deloitte.

Appendix I: Reporting Definitions

Assurance Opinion

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

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

Deloitte.

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.

Deloitte.

Deloitte.

Ards and North Down Borough Council

Review of Access Management controls on Core HR & Windows Active Directory (AD)
Final Draft Report for Audit Committee

June 2024

Ards and North Down Borough Council – Review of access management controls on Core HR & Windows AD – Final Draft Report for Audit Committee

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

1

Deloitte.

180

Contents

Ards and North Down Borough Council – Review of access management controls on Core HR & Windows AD – Final Draft Report for Audit Committee

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

Deloitte.

1. Overview

1.1.   Introduction

This report presents the results of an IT audit review of Ards North Down Borough Council, herein referred to as ANDBC or the Council. This review focused on user access management controls in place on Core HR and Windows Active Directory (AD) for the in-scope domain controller *'PRANDDC6'*. The review was undertaken as part of the agreed 2023/2024 internal audit operational plan for ANDBC and fieldwork was conducted in March 2024.

1.2.   Overview

User Access Management Policies and Procedures

While ANDBC are not currently ISO-27001 certified, the Council has documented IT policies and procedures to align with this recommended guidance.

There are two procedures in place relating to user access management:

- **ISO 27001-2022 Access Control Policy and Procedure Draft:** This procedure is owned by the Digital Services Manager. It defines the scope and the responsibilities and procedures for access control, identity management, authentication, and access rights for ANDBC systems. This procedure was established in November 2023 and was in draft state at the time of our review.
- **Digital Services ICT Starters, Movers, and Leavers Procedure**: This procedure is owned by the Digital Services Manager. It defines the scope and the responsibilities and procedures for the identity lifecycle (Joiners, Movers, and Leavers). This procedure has been newly implemented in March 2024 and was approved by the Head of Strategic Transformation and Performance.

Provisioning and modification of user IT access within the Council.

The Council has a documented procedure in place for the provisioning of users to their IT systems called the *'Digital Services ICT Starters, Movers, and Leavers Procedure'*. As this procedure came into effect in March 2024 at the time when our fieldwork was being initiated, we performed testing for this control by focusing on the design of the new procedures that have been put in place for joiners, movers, and leavers.

When an employee joins the Council, the line-manager is responsible for ensuring that user IT accounts and associated permissions are requested for the new employee before they are due to commence employment via the New User Request form on the Service Desk system.

If any new starter is a temporary, agency or contractor employee, they require an expiration date on their account. Their account should be disabled on that date unless informed by the Line Manager or instructed otherwise by HR.

Ards and North Down Borough Council – Review of access management controls on Core HR & Windows AD – Final Draft Report for Audit Committee

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

3

182

The Line Manager must fully detail the levels of access required as it is not permissible for Digital Services to "copy" another user account. The Digital Services team then sets up the user account in the AD as per the New User Request and applies relevant Core HR permissions as per the New User Request provided by the Line Manager. Movers are controlled in the same process through a request from the service desk.

Access Termination of user access within the ANDBC

When a user is leaving ANDBC their line manager notifies HR of the leaver's details such as the person's name, their department, and their effective date of termination. All requests for disabling an account must be raised via the Service Desk and the line manager is required to complete a leavers IT request on service desk to remove access rights to any IT systems e.g., AD and Core HR and advise Digital Services of delegated access to email and folders. The Digital Services team will then set the account's expiration date in the AD to the last working day. They will also revoke any privileged access to the network and applications such as Core HR. Terminated employees will retain basic access to Core HR for 30 days after their leave date to gain access to documentation such as payslips, p60s and p45s. This access is basic access through direct web link and leavers do not log in through the Council Windows AD. The Service Desk will then revoke any remaining access after 30 days.

Core HR

Authentication

Authentication on Core HR is facilitated through two methods depending on the staff type. Office-based staff log in to Core HR using their AD credentials while non-office-based staff log in to the application directly without having an ANDBC AD account.

Office-based users

ANDBC users with an AD account access the Core HR application by inputting their unique AD username and password when logging onto the ANDBC network. The password parameters (i.e., length, complexity, and password age/expiration) used for the passwords are defined at the domain level. Once users authenticate to the network, the users must authenticate to the Core Application again using their AD credentials.

Non-office-based users

Some users within ANDBC have access to Core HR without having an AD account, such as Council staff who work outside of the Council's main offices. These users' login to the application directly and password requirements are defined in the Core application for these users.

Privileged Access

There are three key areas of privileged access within the application which are Security access (IT access), Payroll access and HR privileged access. Privileged access is granted to users on Core HR through assignment of profiles and roles. Access to these roles is controlled through the defined user access policy in place and requires a request through the Service Desk with relevant manager approvals.

Deloitte.

Accounts with *Security privileges* within Core HR present the user with access to administrative functions relating to the application's security and configurations such as account management, access control and system configurations. This access is granted to two members of the IT team as well as one generic account which Core the third-party support vendor has access to. Core login to this account through OKTA MFA which is enabled in their organisation.

Accounts with *Payroll* privileges within Core HR allow users access to functions relating to the payroll process. This access is assigned to 18 accounts, made up of 17 members of the Finance and Human Resources (HR) teams as well as one generic account which Core the third-party support vendor has access to.

Accounts with *HR privileges* within Core HR allows the user access to functions relating to human resource management including employee personal records / information. This access is assigned to 17 accounts assigned to personnel from the HR team.

If a user requires privileged access, it is subject to additional level of approval from the Head of Strategic Transformation and Performance, and if a third party or contractor requires privileged access both the Digital Services Manager and the Head of Strategic Transformation and Performance approvals are required.

There is one generic account with privileged access on Core HR used to provide support to the Core HR environment. This account is used by the vendor, Core HR IT Support and ANDBC Support and Development teams when resolving issues, dealing with change requests, and carrying out project work. To prevent any delays in problem resolution, Core have access to this account on a full-time basis and OKTA Multi-Factor authentication is used by Core to login to this account.

In line with the *'ISO 27001-2022 Access Control Policy Procedure (Draft)'*, twice a year, the Digital Services Manager is to oversee that Asset Owners conduct a review of user access rights, including review of privileged access, with observations from the review documented, reviewed, and addressed in a timely manner. The policy also outlines a report of authentication events, unused user accounts and events with login attempts to service accounts is produced and reviewed every month by the Digital Services Manager.

Active Directory (AD)

Windows AD is Microsoft's proprietary directory service used to manage devices, users, domains, and objects within a network. The ANDBC Windows AD domain controller 'PRANDDC6' is currently running on Windows Server 2016 standard. There is also an Azure Active Directory within the ANDBC environment. Azure Active Directory is an identity and access management solution from Microsoft that helps organizations secure and manage identities for hybrid and multi-cloud environments.

As Azure AD is a direct mirror of the local on-premises AD and authentication on Core HR is configured through the on-premises AD, our review focused on the controls in place for the on-premises AD only.

Authentication

ANDBC employees access their AD account by inputting their unique AD username and password when logging onto their network account. The password parameters (i.e., length, complexity, password age and expiration) used for the setting of passwords are defined for the Windows AD at the domain level.

Ards and North Down Borough Council – Review of access management controls on Core HR & Windows AD – Final Draft Report for Audit Committee

This report is intended solely for the information and internal use of Ards and North Down Borough Council and should not be used or relied upon by any other person or entity.   5

Deloitte.

Privileged Access

Users with *Domain Level* privileged access in the Windows AD have the highest level of administrative access within the domain. They have full control over all domain resources, including user accounts, group policies, and domain controllers. They can make changes to the domain such as configuration changes, and as such, should be carefully managed and monitored to mitigate the risk of unauthorized access or misuse. For our review, we focused on accounts with access to the domain admin, enterprise admin and administrator groups including any sub-groups that are members of these groups. An overview of privileges granted to each group has been summarised below:

Windows AD Privileged Group	Associated Privileges
Domain Admins	Default owners of any object created in AD. The Domain Admins group controls access to all domain controllers in a domain and can modify the membership of all admins in the domain.
Enterprise Admins	Members of this group are authorised to make forest-wide* changes in Active Directory, like adding child domains. Members can also modify members of all admin groups.
Administrators	Members of this group have complete, unrestricted access to the computer. If the computer is promoted to a domain controller, members of this group have unrestricted access to the domain.

A forest is the highest level of organization within Active Directory and is used to group one or multiple domains together. An Active Directory Forest simply refers to all domains within a single AD installation and represents the security boundary of Active Directory.

At the time of our fieldwork, there were 7 end-user accounts and 17 generic accounts made up off 12 interactive accounts, 4 service accounts and 1 computer account with privileged access on the AD. Generic accounts on the AD are configured to have their passwords set to never expire and are accessible by the Digital Services Manager, Business Technology and Digital Services Officers alongside members of IT Assist Server Support.

Ards and North Down Borough Council – Review of access management controls on Core HR & Windows AD – Final Draft Report for Audit Committee

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

6

Deloitte.

1.3 Scope and Objectives

The scope of the review was to assess the design and implementation effectiveness of access management controls on the Core HR system and Windows AD. The review focused on the enforcement of the principle of least privilege on in scope IT systems. The review also assessed if access management controls are performed in line with ANDBC documented policies and procedures.

For Core HR, the audit focused on the following areas:

- **Authentication:** Establish if there are adequate logical security controls in place on Core HR e.g., secure password controls are enforced in line with ANDBC systems authentication policy.

- **Adding and removing user access:** Establish if appropriate governance controls are in place relating to adding, removing, and reviewing user access on Core HR.

- **Privileged Access:** Establish if privileged access rights are defined and appropriately restricted on Core HR and Segregation of duties are defined and enforced within the system.

For Windows AD the audit focused on the following areas:

- **Authentication:** Establish if AD is authenticated for all users through unique user IDs and passwords or other methods as a mechanism for validating users are authorized to gain access to the system.

- **Privileged Access:** Establish if IT administrator access is authorized and restricted to appropriate personnel.

- **Removal of user access:** Establish if AD access for terminated users is removed or modified in a timely manner.

Ards and North Down Borough Council – Review of access management controls on Core HR & Windows AD – Final Draft Report for Audit Committee

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

7

Deloitte.

1.4 Approach

The Internal Audit approach included:

- Discussions with systems owners for Core HR and AD to gain an understanding of processes in place in relation to managing users access on both systems.
- Review of key items of documentation such as policies and procedures.
- A limited programme of sample testing to assess control operating effectiveness. *To note for our testing of Joiners and Movers, as a new procedure had been introduced at the start of our fieldwork, we have only performed a design review of these controls.*
- Consideration of possible improvements or alternatives for the controls in place
- Reporting of findings with practical recommendations for improvement where appropriate.

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

Our work was performed in accordance with the Deloitte Internal Audit Methodology which is consistent with the standards of the Chartered Institute of Internal Auditors and the Information Systems Audit and Control Association (ISACA). Our work was carried out remotely during March 2024.

The Deloitte Automated Controls Testing Tool (ACTT) was utilised as part of this review to assess the AD environment within ANDBC. ACTT is a read-only audit tool which extracts relevant user and configuration data required for controls testing.

Ards and North Down Borough Council – Review of access management controls on Core HR & Windows AD – Final Draft Report for Audit Committee

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

8

Deloitte.

1.5 Summary of findings

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

Priority 1	Priority 2	Priority 3
2	2	1

There were two **Priority 1** findings identified during our review. These can be summarised as follows:

- **2.1 Management of Privileged Generic accounts on Windows AD** – At the time of our review, there was no password management tool in place to secure the passwords for generic accounts. These passwords are not subject to rotation. Confirmation of whether all privileged generic accounts on the AD were granted the appropriate level of access could not be obtained at the time of our review.
- **2.2 Password Management on Windows AD and Core HR** – Password requirements on Windows AD and Core HR do not meet the organisation's requirement for minimum length. There is a cohort of end-users on the Windows AD configured with non-expiring passwords. There is no multi-factor authentication required to access Windows AD or Core HR.

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

- **2.3 Lack of Third-Party Oversight Controls** – ANDBC do not receive any third-party assurance reports to ensure the operating effectiveness of the vendor's IT controls.
- **2.4 Core HR Conflicting Segregation of Duties** – Two accounts were identified with access to both Payroll and Security privileged permissions. There is no formally documented user access review conducted for privileged users on Core HR.

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

- **2.5 Windows AD Leaver Account Accessed After Leave Date** – One leaver's AD account was identified to have logged in after their leave date.

Ards and North Down Borough Council – Review of access management controls on Core HR & Windows AD – Final Draft Report for Audit Committee

Deloitte.

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

1.6 Conclusion

Overall, there is a limited system of governance, risk management and control in relation to user access management controls on Windows AD and Core HR. 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.

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

Ards and North Down Borough Council – Review of access management controls on Core HR & Windows AD – Final Draft Report for Audit Committee

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

10

Deloitte.

2 Detailed findings and recommendations

2.1 Management of privileged generic accounts on Windows AD

Finding	Recommendation	Priority
During our review, it was identified that there are 17 generic privileged accounts on the Windows AD. It is noted that 4 of these accounts are system accounts, 1 is a computer running Microsoft System Center Configuration Manager while the remaining 12 accounts have their passwords stored in an excel password file. At the time of our review, the Council could not confirm the appropriateness of these accounts to have the level of privileged access and we were informed an exercise was being undertaken to review these accounts. 1. Generic accounts within the ANDBC Windows AD are set to not expire and these passwords have not been rotated in several years, ranging from 2014 to 2021. 2. At the time of this review, there was no password management tool used to safeguard the protection of these passwords and activity performed on these accounts is not actively monitored. 3. Deloitte acknowledges that a review control of administrator activities has been defined in the 'ISO27001 2022 Access Control Policy and Procedure', however this review was not yet in place at the time of our fieldwork. **Potential Risk** The use of privileged generic accounts increases the risk of unauthorised activity on the Windows AD and results in a lack of accountability when there are no controls in place regarding the safeguarding and rotation of generic account passwords.	In Line with *ISO27001:2002 5.16 Identity Management*, Management should ensure: 1. Where possible privileged generic accounts should not be used to perform administrator activities with privileged access roles assigned via individual administrator user accounts. 2. An assessment of all privileged generic accounts should be undertaken to assess that each account is required. Accounts which are not required should be disabled. Accounts which are required should have their password appropriately secured with access restricted to the password only to users who require it to complete their job responsibility. 3. Where possible, generic account passwords should be rotated on a frequent basis to prevent unauthorised access to the domain. 4. A password tool or vault solution should be considered to safeguard the protection of passwords and prevent unauthorised access to generic accounts.	Priority 1

Deloitte.

	5. A review control should be implemented to ensure activity performed on privileged generic accounts is authorised and appropriate.

Management response		
Action Plan	**Owner/ Title**	**Target Date of Implementation**
1. Generic Accounts are being reviewed and the required access assessed with Vendors to ensure business operations are not impacted by any changes.	DSM	30 August 2024
2. 2.Generic accounts are being reviewed to assess if they are needed	DSM	30 August 2024
3. Operation of changing generic account passwords will be reviewed with Vendors to ensure business operations are not impacted by any changes.	DSM	30 August 2024
4. All end-user generic accounts have been replaced.	DSM	31 May 2024
5. 4.Keeper password vault in place	DSM	17 May 2024
6. Management will investigate available tools which will analyse and report on user behaviours and permissions across Active Directory, a review control will be put in place to monitor the reports.	DSM	30 August 2024

Ards and North Down Borough Council – Review of access management controls on Core HR & Windows AD – Final Draft Report for Audit Committee

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

12

Deloitte.

2.2 Password Management on Windows AD and Core HR

Finding	Recommendation	Priority
Testing was performed on the authentication controls for both Windows AD and Core HR. The following was identified: 1. Through review of the 'ISO 27001-2022 Access Control Policy and Procedure' it was identified that this policy requires ANDBC systems to enforce a minimum password length requirement of 14 characters within *Authentication Information – Responsibilities and Procedure*. Through review of password settings enforced on both Windows AD and Core HR, it was noted that the password minimum length is set to 8 characters. 2. Through review of the passwords that don't expire on Windows AD, Deloitte identified 42 end-user accounts that are set to not expire. Through confirmation with management, it was noted that these users are elected members with no access to directory resources other than printing. 3. Through review of the '*ISO 27001-2022 Access Control Policy and Procedure*' it was identified that this policy states the preferred method of authentication is single-sign on, confirmed by 2-Factor Authentication (2FA) within *Authentication Information – Responsibilities and Procedure*. Multi-Factor Authentication, sometimes referred to as MFA or 2FA, is a multi-step account login process that requires users to enter more information than just a password, e.g., a text or email code, a secret question or the use of biometrics may be used. While the Core Vendor account uses Okta	In Line with *ISO27001:2002 5.17 Authentication Information, Management* should ensure that: 1. Password parameters on Core HR and Windows AD are aligned with requirements set out in the *"ISO27001 2022 Access Control Policy and Procedure'*. 2. All end-user accounts should have their passwords set to expire on the Windows AD to reduce the risk of unauthorised access. 3. Multi-factor authentication should be implemented to safeguard the ANDBC environment to reduce the risk of unauthorised access, particularly for remote access connections.	Priority 1

Ards and North Down Borough Council – Review of access management controls on Core HR & Windows AD – Final Draft Report for Audit Committee

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

13

Deloitte.

MFA on the Core HR environment to access the application, Deloitte noted that there is no Multi-factor Authentication required to access the ANDBC AD network or Core HR for ANDBC employees.

Potential Risk

Passwords with a small character minimum length and/or those that don't expire are more at risk of password hacking threats such as brute force attacks, shoulder surfing and other attacks.

The lack of multi-factor authentication when accessing ANDBC systems increases the risk of unauthorised access if a user's password is known.

Management response

Action Plan	Owner/ Title	Target Date of Implementation
1.Password requirements have been updated to 14 characters	DSM	31 May 2024
2.Councillors accounts will be brought into line with default password policy	DSM	31 May 2024
3.Digital Services is currently reviewing the use of Windows Hello for Business – this will be piloted and will be phased in across the organisation for all suitable devices.	DSM	30 September 2024

Ards and North Down Borough Council – Review of access management controls on Core HR & Windows AD – Final Draft Report for Audit Committee

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

14

Deloitte.

2.3 Lack of Third-Party Oversight Controls.

Finding	Recommendation	Priority
Core HR provide application support to the Council's Core application and manage the database and operating system underlying Core HR. The Core HR support account has full-time access to the Core application to assist with resolving any issues in a timely manner. A Service Organisation Controls (SOC) report is a way to verify that an organisation is following best practices when outsourcing a business function to that organisation. During our review, it was identified that ANDBC do not have any oversight controls in place to review the environment within Core HR through review of a SOC or equivalent monitoring controls. **Potential Risk** Without oversight in to the third party's control environment, there is a risk that the third party's IT and business controls could be ineffectively designed and/or operating ineffectively which results in the hiring organisation being put at risk.	In Line with *ISO27001:2002 5.21 Managing Information Security in the ICT Supply Chain,* Management should ensure that: 1. Vendor access controls should be limited where possible to ensure the vendor does not have full-time access to the application and can perform actions without the council's knowledge. 2. A Service Organisation Controls (SOC) Report is obtained from the Core HR vendor on at least an annual basis to ensure the operating effectiveness of the vendor's IT control environment. Management should review this report and ensure relevant controls are operating effectively and satisfactory to safeguard their own IT environment.	Priority 2

Management response		
Action Plan	**Owner/ Title**	**Target Date of Implementation**
1. Cannot accept this recommendation as it is time prohibitive and not in the interests of operating business as usual.	DSM	Risk Accepted
2. The Digital Services Manager will ensure that the principle of least privilege is enforced to grant only the minimum level of access that is necessary for Core HR to perform their tasks. In addition, regular reviews of Core HR access permissions will	DSM	30 August 2024

Ards and North Down Borough Council – Review of access management controls on Core HR & Windows AD – Final Draft Report for Audit Committee

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

15

be conducted to ensure alignment with their current tasks and responsibilities and to ensure access it is still valid, necessary, and secure. The Digital Services Manager will discuss this recommendation at the next Contract Review meeting with AccessXD.

Ards and North Down Borough Council – Review of access management controls on Core HR & Windows AD – Final Draft Report for Audit Committee

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

16

Deloitte.

2.4 Core HR Conficting Segregation of Duties

Finding	Recommendation	Priority
Privileged access on Core HR is made up of three different categories: Payroll access, HR access and Security access. 1. During our review, it was identified that two accounts, one end-user and one generic account, have privileged level access to both Payroll and Security menus resulting in a Segregation of Duties conflict. While management confirmed there are manual monitoring controls in place within the business to detect unauthorised actions, having both IT and Business privileged access does not adhere to best practice guidelines. 2. It was also noted during our review that there is no formal procedure in place to review privileged level users' access on Core HR to ensure that they are appropriate and aligned with the user's job responsibilities on a frequent basis. While management informed Deloitte this process takes place on an ad-hoc basis, there is no formal procedure and formal documentation is not maintained of this review. **Potential Risk** As users daily job responsibilities and teams change over time, there is a risk that by not having a formal review process in place of user's access rights, the principle of least privilege is not being enforced and users may have unnecessary access rights to the application. There is a risk that unauthorised activity could be performed by users who don't require their level of system access to carry out their daily job responsibilities.	In Line with *ISO27001:2002 5.18 Access Rights,* Management should: 1. Define and implement a Segregation of Duties Matrix, highlighting what roles can and cannot be assigned to Core HR users. 2. Implement a review control to ensure privileged users on Core HR are assigned appropriate access rights for their job duties. This review should include: • A formally documented review control procedure outlining the steps and personnel involved in conducting the review: • A review of both users with privileged level access to Core HR and what access rights these users are assigned. An SOD matrix can be used in the review to ensure no Segregation of Duties Conflicts exist within the application. • Controls to ensure no user is signing off on their own access as part of the review. • Formally documented evidence of the review to act as an audit trail.	Priority 2

Management response		
Action Plan	Owner/ Title	Target Date of Implementation

Ards and North Down Borough Council – Review of access management controls on Core HR & Windows AD – Final Draft Report for Audit Committee

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

17

Deloitte.

1. Agreed	DSM / Head of Finance / Head of HR and OD	30 September 2024
2. Formal review control procedure will be put in place	DSM / Head of Finance / Head of HR and OD	30 September 2024

Ards and North Down Borough Council – Review of access management controls on Core HR & Windows AD – Final Draft Report for Audit Committee

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

18

Deloitte.

2.5 Windows AD Leaver Account Accessed After Leave Date

Finding	Recommendation	Priority
During our review, testing was performed on the design of the 'ICT Starters, Movers and Leavers Procedure' as well as fieldwork testing of leavers for the in-scope systems. The following was noted: Through review of the *'ICT Starters, Movers and Leavers Procedure'* in place within the ANDBC, it was noted that as part of the leavers process, there is no formally defined handover process for employees to ensure all relevant work and documents are transferred to an appropriate team member or share drive location. During our testing, it was identified that one leaver account had a last login on Windows AD after their leave date. Through inquiry with management, it was confirmed that this was performed by IT and not the leaver to obtain a document for an FOI request. At the time of the review, the approval and monitoring process for accessing a leavers account was not defined in the leavers policy. **Potential Risk** When employees don't perform necessary handover of important work and documents prior to their leave date, there is a risk of data loss. IT subsequently having to access employees' resources after their leave date poses a risk of unauthorised access to sensitive information and data on the employees' devices and potential non-compliance with guidance such as GDPR.	In Line with *ISO27001:2002 5.18 Access Rights,* Management should Review the 'ICT Starters, Movers and Leavers Procedure' to ensure sufficient handover activities are properly defined within the procedure. This is to ensure relevant backups and handovers are conducted prior to an employee's leave date to prevent loss of documentation and unauthorised access to sensitive information after the employee's leave date.	Priority 3

Management response		
Action Plan	**Owner/ Title**	**Target Date of Implementation**
1. Starters, Movers and Leavers Procedure updated to reflect the recommendation	DSM	23 May 2024

Ards and North Down Borough Council – Review of access management controls on Core HR & Windows AD – Final Draft Report for Audit Committee

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

19

Deloitte.

3 Statement of Responsibility

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

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

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

David Kinsella
For and on behalf of
Deloitte (NI) Ltd
Lincoln Building, 27-45 Great Victoria Street,
Belfast, BT2 7SL
Date:

Contact persons	Partner: David Kinsella	T: 01 4173010
	Director: Charlene Frazer	
	Auditors: Sarah Keating and Jeff Rohu	

Ards and North Down Borough Council – Review of access management controls on Core HR & Windows AD – Final Draft Report for Audit Committee

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

20

Agenda a-iii / Item 7c-iii FINAL Draft_Report Ards and North Down Borough...

Back to Agenda

Deloitte.

Appendix I: Reporting Definitions

Assurance Opinion

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

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

Ards and North Down Borough Council – Review of access management controls on Core HR & Windows AD – Final Draft Report for Audit Committee

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

21

Deloitte.

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.

Ards and North Down Borough Council – Review of access management controls on Core HR & Windows AD – Final Draft Report for Audit Committee

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

22

Deloitte.