

**AUDIT COMMITTEE MEETING HELD
WEDNESDAY 14 JUNE 2023**

Table of Recommendations

No	Item	Summary of key Recommendations
	Chair To Be Taken	Councillor S Callaghan
1.	Apologies	Patrick Barr, Alderman J McAuley, Councillor I Wallace
2.	Declarations of Interest	Director of Corporate Services; Independent Member; Senior Manager, Cavanagh Kelly
3.	Audit Committee Terms of Reference	Note
4.	Minutes of Audit Committee Meeting held Wednesday 8 March	Confirmed as a correct record
5.	Northern Ireland Audit Office (NIAO)	
5.1	Audit Strategy 2022/23	Note
6.	Draft Year-end Accounts 2022/23	Note
6.1	Annual Governance Statement 2022-23	Note
7.	Internal Audit (Causeway Coast and Glens Borough Council)	
7.1	Annual Report on Audit Committee Performance 2022-23	Note
7.2	Labour Market Partnership Internal Audit 2022-23	Note
7.3	Internal Audit Strategy (2023-2027)	Note
7.4	NIAO Fraud Assessment Questionnaire 2022-23 –completed assessment	Available on request
7.5	Managing Fraud Risk in a Changing Environment Self-Assessment Checklist 2022-23	Available on request

No	Item	Summary of key Recommendations Available on request
7.6	Proper Arrangements Questionnaire 2022-23	
8.	Internal Audit (Cavanagh Kelly)	
8.1	Energy Management and Climate Emergency (including Community Centres) Internal Audit 2022-23	Note
8.2	Harbours, Marinas, and Terminals Internal Audit 2022-23	Note
8.3	Peace IV Internal Audit 2022-23	Note
8.4	Tourism Services Internal Audit 2022-23	Note
8.5	Prior Year Recommendations 2022-23	Note
8.6	Annual Assurance Report and Opinion 2022-23	Note
9.	Annual Self-Assessment Report 2023/24	Note
10.	Appointment of Independent Member	to recommend that, after the cessation of the current three-year contract with the Independent Member, Council agree to advertise and recruit for the appointment of an Independent Member to the Audit Committee; to recommend that Audit Committee Chair sits on the Interview Panel, as part of the recruitment and selection process for the appointment of the Independent Member.
11.	Internal Audit resourcing paper 2023/24	Note
12.	Direct Award Contracts	Note
13.	Matters for Reporting to Partnership Panel	Nil
14.	Correspondence	
14.1	NIAO Change of Engagement Director	Information

No	Item	Summary of key Recommendations Information
14.2	NIAO Public Procurement in Northern	
	'In Committee' (Items 15-20 inclusive)	
15.	Absence Report Year End 2023	Note
16.	Corporate Risk Matrix	Note
17.	Legal Cases Activity	Note
18.	Whistle Blowing /Fraud	
18.1	Attempted Bank Mandate	Note
18.2	Management of Conflicts of Interest	Note
19.	Any Other Relevant Business (notified in accordance with Standing Order 12(o))	None
20.	Date of Next Meeting – Wednesday 20 September 2023 at 7PM	Information

**MINUTES OF THE PROCEEDINGS OF THE MEETING OF
THE AUDIT COMMITTEE
HELD IN THE COUNCIL CHAMBER AND VIA VIDEO CONFERENCE ON
WEDNESDAY 14 JUNE 2023 AT 7.00 PM**

In the Chair: Councillor S Callaghan (C)

Members Present: Alderman A Callan (R), M Coyle (R), J McAuley (R),
Councillors N Archibald (C), B Chivers (R), L Kane (C),
A Kyle (C), K McGurk (R), O McMullan (R), C McQuillan
(R), A Mairs (C), M Storey (C), J Wisener (C)

L Mitchell, Independent Member (C)

Officers Present: M Quinn, Director of Corporate Services (C)
A McPeake, Director Environmental Services (Item 8.1) (R)
D Wright, Chief Finance Officer (R)
P Donaghy, Democratic & Central Services Manager (R)
A Ruddy, Audit, Risk & Governance Manager (C)
S Duggan, Civic Support & Committee & Member
Services Officer (C)

In Attendance: C McHugh, Senior Manager, Cavanagh Kelly (R)
P O'Sullivan, Audit Manager, Northern Ireland Audit
Office (R)

A Lennox, ICT Mobile Operations Officer (C)
C Ballentine, ICT Officer (C)

Press 1no. (R)

Key: (C) = Attended in The Chamber
(R) = Remotely in attendance

SUBSTITUTIONS

Alderman Coyle substituted for Councillor Schenning.

The Director of Corporate Services undertook a roll call.

CHAIR TO BE TAKEN

In the absence of the Chair and Vice Chair and in accordance with Standing Order 6 (3), the Director of Corporate Services invited a nomination to Chair proceedings.

Proposed by Councillor Storey
Seconded by Councillor Kyle and

AGREED – to recommend that The Mayor, Councillor Callaghan Chair proceedings.

Councillor Callaghan moved to the top table.

- * **A recess was held.**
- * **Councillor C McQuillan joined the meeting at 7.08pm. The meeting reconvened at 7.10pm.**

1. APOLOGIES

Apologies were recorded for Patrick Barr, Alderman J McAuley and Councillor I Wallace.

2. DECLARATIONS OF INTEREST

Declarations of Interest were declared from:

- Director of Corporate Services, who read a prepared statement:
“Some reports may contain matters where I have a perceived or actual conflict of interest. I will leave the meeting during consideration of these reports, or as questions may arise, depending on the nature of the questioning. It would be inappropriate for me to deal with queries/questions in relation to certain matters at this time.

If members require any further information, other officers may assist, if they can at the meeting. Otherwise, the information will be provided as soon as possible after the meeting”.
- Independent Member in Item - Appointment of Independent Member. Independent Member did not leave the Chamber during consideration of the Item.
- Senior Manager, Cavanagh Kelly in Item - Internal Audit resourcing paper 2023/24, Senior Manager did leave the meeting during consideration of the Item.

3. Audit Committee Terms of Reference

Copy, previously circulated presented by the Director of Corporate Services.

Purpose of Report

The purpose of this report is to present the existing Terms of Reference (TOR) for the Audit Committee, For Information, attached at Appendix 1 (circulated).

Background

In line with good practice, the Terms of Reference for the Audit Committee should be reviewed on a regular basis, to ensure they remain effective, reflect best practice and align with CIPFA guidance. The last update of the Terms of Reference was September 2022.

Key Issues

CIPFA (Chartered Institute of Public Finance and Accountancy) have published Audit committees: practical guidance for local authorities and police. (2022) A further review of the TOR is currently pending, and will consider this guidance, alongside reporting of Health & Safety, Performance, NFI, and Insurance.

Recommendation

It is recommended that the Audit Committee notes the current Terms of Reference for the Audit Committee.

Committee NOTED the report

4. Minutes of Audit Committee Meeting held Wednesday 8 March 2023

Copy, previously circulated.

Proposed by Councillor Storey
Seconded by Councillor Wisener and

AGREED – to recommend that the Minutes of the Audit Committee meeting held Wednesday 8 March 2023 were confirmed as a correct record.

5. Northern Ireland Audit Office (NIAO)

5.1 Audit Strategy 2022/23

Copy, previously circulated presented by Audit Manager, Northern Ireland Audit Office, and taken as read. Audit Manager drew Elected Members attention to the following:

- Set out the Strategy for the approach to the Audit 2022 2023 Financial Statements and the Performance Improvement and Assessment Audit. Drew Elected Members' attention to page 4 which outlines what the Audit Committee is asked to do.

- Page 5 - outlines the materiality calculated at the planning stage of the Audit and explains how they assess misstatements or errors against that level of materiality and the impact on the Audit Opinion.
- Page 6 - a number of important areas influencing how the Audit is conducted, such as the independence of Council, management of personal data, and interaction with internal Audit and other experts relied upon.
- Page 10 - highlights the Audit Approach, which is a Risk Based approach across all audits, identify significant risks or areas that might have a potential impact on the Audit Opinion.
- The Audit carried out in accordance with International Standards in Auditing, in line with private sector firms as well as other supreme audit institutions across the UK and Ireland.
- In all Audits there is a presumed risk of material misstatement due to fraud management override of controls. A suite of tests has been designed to test against that risk. There is a second presumed risk, to do with revenue recognition but do not consider that to be a significant risk in this audit.
- As well as presumed risk, there are other significant risks identified set out in the document concerning financial resilience, procurement, management accounts and lands and buildings, these are areas they have come across in the Local Government Sector.
- Page 13 - Timetable for completion of the Audit, Audit Teams and Audit Fees for the Year.

Audit Manager referred Elected Members back to page 4 and asked whether the Audit Committee were content to consider the document and invited questions.

Councillor Storey queried how does the Audit Office highlight external activity, that may be relevant to Audit Committee.

Audit Manager clarified they work with National Audit Office, Audit Scotland, Audit Wales and the Audit Office South of Ireland and technical units, that liaise and are responsible for bringing to the attention any developments in the audit world and its impacts. Audit Managers and Directors then bring matters to the attention of clients, who will liaise with the Director of Corporate Services and Team and through the Audit Committee and Chair or private meetings and/or Internal Audit.

Committee NOTED the report.

6. Draft Year-end Accounts 2022/23

A verbal update was provided by the Chief Finance Officer.

Chief Finance Officer advised the Accounts have to be drafted and submitted to Department for Communities and Northern Ireland Audit Office by 30 June and were in the final stages of drafting for issue. He advised they do not need to be authorised by Council and will be in September,

following the conclusion of the Audit. He advised the Chief Executive has the authority to sign the Accounts for submission.

Chief Finance Officer stated preparation was in the final stages, a key piece, asset valuations, completed on a rolling 5 year programme and Council has now received valuation data from Land and Property Services, the reason why there has been no draft set of Accounts for the Audit Committee to consider. Chief Finance Officer advised a draft will be available during the Summer, and Council will be provided with the full set of accounts at the September meeting and be updated on any key issues.

Chief Finance Officer stated Management Accounts Period 12 had been presented to the Finance Committee. At the Year end, the result deficit budget of £1.8M, that has been clawed back and is approximately £900,000 in a favourable position against budget and in context of the adverse Rates Support Grant of £900,000 due to cuts and despite pressures, energy costs pressures, general maintenance pressures over the years.

Chief Finance Officer stated other accounting entries that will affect, and one will be the movement on discount Rates on Landfill provisions, which will generate a credit to Reserves. However, a report will come to Council, it will be put aside into a Reserve, if interests rates move in the opposite direction it can then be taken out of Reserve and is not an impact on the General Fund Summary.

Independent Member questioned whether the Chief Finance Officer was expecting a surplus position of £900,000 to be confirmed through the process and queried whether that was in an around the outturn he was expecting, a £900,000 deficit? Independent Member queried any implications for accounting for leases, in terms of Revenue and Capital through IFRS 16?

Chief Finance Officer clarified £900,000 favourable against budget. The budget for the year was £1.8M applied balance and on budget £900,000 deficit for the year, and will protect the General Fund Balance. Chief Finance Officer advised he would expect a recommendation to come from Officers, out of the Financial Recovery Reserve to protect the General Fund Balance and he stated this was generally agreed at the Rate Setting process.

Chief Finance Officer clarified IFRS 16 was delayed, there were no implications on 2022/23 Accounts and will be for future Accounts.

Councillor Storey queried the status of the Financial Recovery Reserve Fund.

The Chief Finance Officer advised the Financial Recovery Reserve Fund at March 2022 was £8.88M and from £900,000 would bring it down to approximately £8M.

Committee NOTED the report.

6.1 Annual Governance Statement 2022-23

Copy, previously circulated presented by the Audit, Risk and Governance Manager as read.

The Audit Risk and Governance Manager advised of the draft Annual Governance Statement for inclusion in the draft financial statements as submitted to the NIAO (Northern Ireland Audit Office) for its annual financial audit. In line with CIPFA best practice for Audit Committees 2022, it is considered good practice to present the draft governance statement to the Audit Committee for consideration.

The Audit, Risk and Governance Manager pointed out that the narrative contained within the Annual Governance Statement will be updated as at the 30th September 2023, close to the signing off the Final accounts to be submitted to NIAO; therefore the narrative may change as the challenges facing the Council change towards September. The Annual Governance Statement is being presented in line with good practice. This document will be reviewed by the NIAO, who will advise of any amendments necessary to ensure that Council is in line with guidance.

Independent Member stated this was a very important statement included within the Annual Report and Accounts that will be audited and presented before Council. Independent Member advised this was a statement from the Chief Executive to the Department in terms of governance issues that have been in place within the Council over the last year. Independent Member advised the report follows the format, but highlighted this was a very worrying report, it documents the difficulties and challenges this Council is facing, stating a lot of the challenges will go into this financial year.

Councillor Storey stated Elected Members need to take cognisance of the previous speakers comments and importance of this document. Councillor Storey sought clarification of Council's Corporate Strategy 2021-2025, when it was to be reviewed and the process of what was in the Corporate Strategy and all that flows from the Statement. Councillor Storey requested that Audit Committee monitor progress.

The Director of Corporate Services referred Elected Members to page 4, at a high level, the Community Plan 2030 and sitting beneath that was the Corporate Strategy. The Director advised Council were currently reviewing its Annual Plans and alongside a workshop will be held in September, a Citizens Survey in the Autumn and a further workshop in February 2024. The Director stated reviews will be undertaken prior to the draft being presented to Council. The Director of Corporate Services agreed to have a Progress Report as a Standing Item on the Agenda.

Committee NOTED the report.

7. Internal Audit (Causeway Coast and Glens Borough Council)

7.1 Annual Report on Audit Committee Performance 2022-23

Copy, previously circulated presented by the Audit, Risk and Governance Manager.

The Audit Risk and Governance Manager referred to the annual report on Audit Committee Performance 2022/23, advising that previous Audit Committee members may remember that following the annual self assessment process for Audit Committee, an annual performance report was an action point or recommendation coming out of that process. She advised the report satisfies that requirement and provides a summary of the work of this Committee for the 2022/23 financial year. She advised it was good practice to look at the outputs from the Audit committee and consider the impact of the work Committee has delivered across council.

The Audit Risk and Governance Manager advised attached was the Audit Committee work plan for the year (circulated). Performance Improvement Audit Strategy and a Performance update will come back to Audit committee at the end of the year to scrutinise the performance of Council.

There were no questions put.

Committee NOTED the report.

7.2 Labour Market Partnership Internal Audit 2022-23

Copy, previously circulated presented by the Audit, Risk and Governance Manager.

Audit, Risk and Governance Manager advised that Elected Members may be aware that on 9th May 2023, Department for Communities (DfC) wrote to the Labour Market Partnership (LMP) Chair of Council and indicated a proposed pause of the 2023/24 funding. This was a partnership set up in 2023 year in relation to skills management in the Borough.

Audit, Risk and Governance Manager stated that following recent budget allocations announced by the Secretary of State, the Department has indicated they will be unable to fund LMP beyond the first quarter of this financial year. This decision will be EQIA'ed by the Department and following that process a final decision will be communicated to Council as to whether this partnership will continue or not.

Audit, Risk and Governance Manager advised this was an annual statutory audit but if LMP cease that will no longer be required.

Audit, Risk and Governance Manager advised there were 3 Recommendations contained within the report; 2 medium level and 1 considered low risk.

Audit, Risk and Governance manager drew Elected Members attention to the following areas:

- Page 3 - Overall there is a Satisfactory system of Governance, Risk Management and Control.
- The first issue on page 5 of the report:
Issue 1, an amount of the LMP funding was used to finance STEM projects at the cancelled Airshow 2022. This expenditure on an event was not included within the LMP Action Plan for the 2022-23 financial year and represents approximately 12.5% of the total LMP funding.
- A Recommendation within the report is, if LMP funding is to be provided for the delivery of events this should be within the LMP Partnership Annual plan that is submitted for Departmental approval.
- Management have accepted the Recommendation and will include events funded by the LMP in its Annual Plan for approval, should funding be obtained to continue the Partnership.
- Issue 2, page 6-7 details the proposed pause of 2023/24 funding for the Council's Labour Market Partnership. In the interim period, Internal Audit recommends that a proposed options paper is brought back to Elected Members as to how the LMP might or could proceed until the final funding decision is made by the Department. Management have accepted this recommendation and will submit an options paper to the Council following further guidance from the Department and planned for later in the year.

Independent Member stated Satisfactory Assurance was a good result, providing reassurance to Audit Committee that controls are generally operating effectively. Independent Member stated it was a shame it may not be able to continue due to lack of funding, stating this Partnership has stabilised and functions in an appropriate manner.

Councillor Storey queried the timescale when the Department will conclude its EQIA and when Council will know if the LMP is going to survive.

Audit, Risk and Governance Manager advised the Department has approved funding for the first quarter of 2023/24 up to 30 June, options have been put forward to Department for low cost/no cost programmes to potentially use that funding to finance those posts in place to deliver skills across the Borough, but this has not been confirmed by the Department. The risk is Council will not have a decision until Autumn, and suggest to bring an options paper.

Chief Finance Officer clarified EQIA on the Department Budget Cuts includes Labour Market Partnership, and comments were to be lodged last week. A report was brought to Finance Committee and comments submitted. There was a 4-week EQIA timescale, normally there is a 12-week timescale. Comments were submitted for Labour Market Partnership, Affordable Warmth Scheme and Rates Support Grant and a position due during the Summer.

Councillor McGurk sought clarification on the Air Show budget and LMP funding it, she advised the assumption was the Air Show was externally funded from partners outside Council.

Audit Risk and Governance Manager advised the LMP funding income of £50,000 was included in the estimates, income line, LMP Budget. Audit, Risk and Governance Manager clarified the issue; it was not detailed on the LMP Plan for the year, there were separate governance arrangements for Partnerships, and does satisfy the LMP terms.

Committee NOTED the report.

7.3 Internal Audit Strategy (2023-2027)

Copy, previously circulated presented by the Audit, Risk and Governance Manager.

Audit, Risk and Governance Manager advised this document represents the planned audit work for Council for the next four years. She stated it was not completely set in stone but, as far as possible will stick to the Audit Strategy, and will bring quarterly updates of the plan and as risks emerge will add in one or two audits. Generally once set Officers can refer to it and know what year they are due an Internal Audit.

Audit, Risk and Governance Manager drew Elected Members' attention to the table on page 7 which summarised the proposed assignments over this term of Council, 2023-2027. Based on the risk level for each area, the time of previous audits and the knowledge gained by Internal Audit over the last three years where Committee need to focus its attention on

Council. Audit, Risk and Governance Manager stated proposing to do less assignments from 16 to 12 assignments, and she was undertaking more governance and advisory and had tabled reports on Fraud and Whistle Blowing.

No questions were put.

Committee NOTED the report.

7.4 NIAO Fraud Assessment Questionnaire 2022-23 –completed assessment

Report available on request.

7.5 Managing Fraud Risk in a Changing Environment Self-Assessment Checklist 2022-23

Report available on request.

7.6 Proper Arrangements Questionnaire 2022-23

Report available on request.

8. Internal Audit (Cavanagh Kelly)

8.1 Energy Management and Climate Emergency (including Community Centres) Internal Audit 2022-23

Copy, previously circulated presented by Senior Manager, Cavanagh Kelly as read, who referred Committee to the following areas:

- Page 3, looked at three specific areas, whether there was an appropriate framework around Council to manage Climate Change issues. Looked at an existing Energy Management Strategy to determine whether it was being appropriately implemented and looked at risk Energy costs that may not be consistently managed within Council Community Centres.
- Assurance Level Limited – there are significant weaknesses around this area and if not addressed could lead to objectives not being achieved for Council. The reason, there was a Priority 1 Finding, the highest and 5 Priority 2 Recommendations.
- Background - Page 5 provides the context and responsibility Council has in relation to Climate Change. Two key things Council must to do address Climate Change to ensure proper Mitigation Factors reducing carbon emissions and also an Adaptation exercise or plan dealing with the effects of Climate Change already impacting eg increased risk of flooding across the area.

- Looked at what Council was doing in relation to these aspects, Statutory obligations, and it was found are things happening across Council fleet, options are being explored how to make it more efficient, but unfortunately there is not a joined up, co-ordinated approach to Climate Change and increases the risk.
- Recommendation, page 9 and 10 that Council introduces a joined up approach, identify one or two Climate Change Champions within Councillors, with an interest or knowledge in this area. Senior Management Team needs to identify or employ a Climate Change Officer to bring all these matters forward and there needs to be a cross Council Working Group, in order that Council has all the information it needs to meet Statutory reporting.
- Second recommendation detailed page 10 and 11, developing a Climate Emergency Strategy. Some discussion has taken place in Council but it has not progressed because no-one was responsible for this when looked at this matter. Senior Management Team (SMT) have now identified the Director of Environmental Services will take forward and will be responsible for Climate Change matters and start addressing the first recommendation. He can identify the people to address the remaining of the recommendations.
- Recommending there has to be a Climate Emergency Strategy put in place by Council, or, at least a plan to develop that.
- Page 11 - there needs to be an Adaptation plan put in place within Council. Most Public sector organisations are expected to have so that they ensure things such as eg flood management are being properly addressed. Rising temperature and other climate matters have already impacted the environment. Council have accepted that Recommendation.
- Page 12, Recommendation around dealing with Climate Change is going to result in substantial costs, Council needs to identify and secure funding, in relation to that, that has been accepted and the Director of Environmental Services will take forward.
- Page 13, Recommendation in relation to the existing Energy Management Strategy 2018. Work has taken place to reduce carbon emissions, to being more energy efficient and that work is ongoing.

There were 37 actions in the Strategy, many have been addressed, some are some no longer relevant, or technology has advanced, or changed, or funding has not been available. A Recommendation, a full overall evaluation of that Strategy takes place, to see what worked, what the challenges were, what actions need to be taken forward in terms of the Climate Emergency Strategy.

- Page 14, Recommendation around Energy costs in Community Centres. Officers have been carrying out detailed analysis within Community Centres to develop options for paying subsidies to Community Groups who manage Council Owned Community Centres and that will be brought to Council in September 2023. Recommending that this type of exercise should be carried out annually and a review of Agreements in place between the organisations and Council on an annual basis to ensure they remain valid.

Independent Member stated the report was helpful, she advised that normally a Limited Assurance Internal Audit report would be concerning, but given the fact focusing on Climate Change is a new topical area, the Internal Audit report is helpful for Council in identifying some of the developments that need to happen to take forward.

Councillor Storey, whilst taking on board the comments and nature of the report, sought clarity of what has been agreed by the Director of Environmental Services and approved previously by Council. Councillor Storey stated issues for example, flooding was the responsibility of the Department for Infrastructure and the issue should not be a cost incurred by Council. Councillor Storey stated major concern being tied to recommendations within the report, an audit process that has serious financial implications for Council.

Senior Manager, Cavanagh Kelly clarified Senior Management Team agreed to look at this issue, to look at ensuring someone was responsible to coordinate what is happening across Council as it is already initiating projects. Council has a Statutory duty, to report under the Climate Change Act Change Act 2022 through DAERA and there was no clarity how Council would manage that. Senior Management Team (SMT) has agreed Director of Environmental Services will co-ordinate all the activities and ensure the information is available for statutory reporting. Expenditure could be an endless amount of money required, Council needs to have to a plan and Strategy in place to determine what needs to be done, what statutorily needs to do, what it can could do if it had the money and then look at the resources for it.

Director of Environmental Services clarified expenditure used to date had went through Environmental Services committee and approved eg: proposal to using hydro treated vegetable oil as an alternative to diesel to help reduce CO2 emissions, bringing through proposals to assist climate change objectives. Director of Environmental Services referred to the prior set up Climate Emergency Forum as a working group from Environmental Services and as part of the Terms of Reference for Environmental Services Committee he has gained approval to re-establish this. This will be a forum for elected Members to view proposals and obtain a view prior to Environmental Services Committee for costs impact. It will be budget restrained until a budget has been set aside for larger objectives.

Alderman Callan referred to no definition of costs and resource implications for Council, a very important reports that needs to be addressed and within the how develop Corporate Strategy going forward, investigate Energy Management, identify what savings can be made. Alderman Callan stated fear a blank cheque was being signed and Council was not aware until a report brought to Committee and they have to do it.

Alderman Callan stated Council need to know what statutory obligations it has to meet, where Council are at in terms of impact on Council's Carbon footprint and how Council are encountering that, for example, planting thousands of trees for the Queens Platinum Jubilee. Alderman Callan stated Council do not see action points arising from SMT meetings and that would have to happen in addition, in order that Councillors can understand the priorities from SMT.

Councillor McMullan stated there was a lack of reference to being a coastal Council and losing land and facilities with encroaching tides, eg: one hundred acres lost in Limavady and Council do have to do something. Councillor McMullan suggested Council look to other Councils in England and Wales who have received grants from Central Government carrying out investigations and University, Coleraine could be used.

Alderman Coyle suggested a lot of work has been done over the world, he queried what other Councils were doing for example in line with that has been progressed with waste management.

Councillor Kane stated the role of this Committee was to look at auditing and ensuring governance; the issue looking at what Council needs to plan, to cost, needs to go back to Environmental Services and other Committees.

Following questions, Senior Manager, Cavanagh Kelly recommended Council need to decide what they need to do and provided an example of

an Energy Strategy that was going through procurement, however, it she advised that it should be for the whole of Council. She clarified the Adaptation plan was free. Senior Manager, Cavanagh Kelly advised there are things other Councils are doing, that Council could learn from, and contacting other Councils would be worthwhile, stating there were resources and funding.

Committee NOTED the report.

8.2 Harbours, Marinas, and Terminals Internal Audit 2022-23

Copy, previously circulated presented by Senior Manager, Cavanagh Kelly who referred Committee to the following areas:

- Risks looked at on page 3 - Looked at the possibility there might be a lack of strategic approach to managing Harbours; there may be in inadequate framework around the management of Health and Safety matters; there might be inadequate assessment of risks within Harbours and Marinas.
- Overall Satisfactory level of Assurance, the highest level. The Recommendations - 1 Priority 2 Recommendation under Risk 1, 1 Priority 2 Recommendation under Risk 2, 2 Priority 3 Recommendations under Risk 2, 2 Priority 2 Recommendations and 2 Priority 3 Recommendations under Risk 3.
- Overall a lot of work has taken place in this area in the last 12-18 months, framework, staffing, structure, in place. Consultant brought in to reassess all the risk assessments, all the facilities, reviewed 40 on page 10. Key risk areas being assessed detailed risk assessments, complete, signed off and a review period. Recommendation page 10, the review period is 12 months, but because the risk assessments level of detail has not been looked at previously, there are a lot of actions that need to be addressed and to ensure they are not overlooked, that risk assessments, at least for the first year, are reviewed on a quarterly basis to keep the risk low and this has been accepted by the Senior Harbour Master.
- Page 10, Priority 2 Recommendation, there are separate risk assessments for the control of hazardous substances, they were all completed and signed off, there is no review period in them, and part of the recommendation to add a review date in them. There is no risk Assessment for COSHH in relation fuel, petrol and diesel. Refuelling is covered in a general Risk assessment but there should be a separate COSHH (Control of Hazardous Substances to Health) risk

assessment for fuel. Recommending any further COSHH gaps are identified, any control hazardous substances and Risk Assessment put in place as quickly as possible.

- Priority 2 Recommendation, Page 9, there is a need for a more formalised documented training plan and records. In the past there has been a lot of Agency staff, and training not as formal. Senior Harbour Master wishes to change that and Council are recruiting permanent staff, these staff will have an individual training plan.
- Page 7, provision of Harbour and Marina Services – an expensive area, maintenance, planning for future costs. Council has undertaken strategic reviews, economic appraisals and strategic decisions disposing of and planning to disposed of. There needs to be in place a Strategy for the future of Harbours and Marinas to ensure Council knows what costs are coming and Council can consider how it has that funding available.
- Overall a Satisfactory Assurance Level and a lot of good work has happened around managing risk.

Committee NOTED the report.

8.3 Peace IV Internal Audit 2022-23

Copy, previously circulated presented by Senior Manager, Cavanagh Kelly who referred Elected Members to the following:

- Page 3 looked at the risk there may be an ineffective closure of Peace IV; and that there may be ineffective planning for Peace Plus, as this would put at risk the funding for Peace IV and future funding for Peace Plus.
- Overall there is a Satisfactory Assurance Level. Page 6-8 discusses the actions and various activities undertaken in relation to closing the Peace IV programme. SEUPB verification of Peace IV expenditure continues, there is a backlog of verification, and this is not unique to Causeway Coast and Glens Council. Peace IV Manager, has put in place a schedule of verification visits for SEUPB to speed up the process, in order that Council can get the money owed to them reimbursed which is over £1M.
- Recommendation 1, page 8, that a formal process for matching Peace IV receipts and expenditure incurred and adjustments required

because of ineligible identification through verification, that a formal process is put in place. That is already happening, but would like a formal process for expenditure. A very small percentage of ineligible expenditure identified, 1.8%, equates to £32,000 of £1.5M verified and is not a huge risk.

- Page 9 - Preparedness for Peace Plus, preparations are already underway, and content to learn the lessons in terms of what happened Peace 4, and where possible Council Officers are dealing with and addressing. However, did note consistently there where issues of having continuity of staffing, especially managing the finances of Peace IV and this created a huge challenge. The use of different staff and agency staff created difficulties. Before Peace Plus, Council should investigate options to ensure continuity of staff to manage Peace funds going forward.

There were no questions put.

Committee NOTED the report.

8.4 Tourism Services Internal Audit 2022-23

Copy, previously circulated presented by Senior Manager, Cavanagh Kelly, who referred Elected Members to the following:

- Page 3, risks considered, that there may be ineffective management of Visitor Information Centre (VIC) provision, inefficient controls, receipt and management of income, security of cash, and management of stock.
- Overall Satisfactory Level of Assurance, 1 Priority 2 Recommendation and 5 Priority 3 Recommendations.
- Page 7, there was an analysis of VIC's costs, enquiry levels and decision making made around cost reduction. From the review of the analysis and minutes, content the information feeding through to the decision making of Council was accurate and proper decisions were taken.
- Recommending a brief record for daily reconciliation kept and signed off.

There were no questions put.

Committee NOTED the report.

8.5 Prior Year Recommendations 2022-23

Copy, previously circulated presented by Senior Manager, Cavanagh Kelly who referred Elected Members to the following:

- Reviewed 92 recommendations, going as far back as 2016/17, and for earlier years only looked at the higher Priority 1 and Priority 2 Recommendations otherwise, it would have become unmanageable.
- For the last two years looked at Priority 1 Recommendations, Priority 2 Recommendations and Priority 3 Recommendations, and asked Officers to advise what progress has been made in addressing and looked for and tested evidence in relation to Priority 1 Recommendations and Priority 2 Recommendations, there were 2 Priority 1 Recommendations, 67 Priority 2 Recommendations, 23 Priority 3 Recommendations.
- Summary and Outcome on page 6, section 5. 29 Recommendations have been fully addressed since last year, 60 Recommendations are being addressed, and 3 Recommendations have not yet been addressed. Since the report has finalised information and evidence has come that some recommendations have been resolved in the last number of days or weeks, and some will be resolved in September 2023, eg Financial Regulations update is complete and approved and Debt Management Policy.
- The key is that the time it takes to fully address the Recommendations is still of concern. The detail, responses and evidence are in Appendix 1.

Independent Member thanked Internal Audit for a lot of work to determine where implementation of Internal Audit Recommendations are. She stated it is concerning how quickly Recommendations are being implemented, referring to Appendix 1, a range of Internal Audit Recommendations stretching back to 2016/17, five Items, seven years ago, there is an issue for this Committee – Independent Member queried of Committee, are those issues relevant, when are they going to be implemented, what impact is it going to have, 2 items go back to 2017/18. There is a Priority 1 Recommendation, when Internal Audit is saying it is an urgent issue for implementation and relates to 2018/19.

Independent Member posed questions to Management - what action is Management taken to ensure these recommendations are being taken forward, particularly the old recommendations being taken forward or else discussion to Internal Audit as to whether they are still relevant seven years on? Independent Member emphasised the importance of the outstanding Internal Audit recommendations and the need, particularly for older Recommendations to have them cleared this year.

The Director of Corporate Services responded, that following the March Committee meeting a comprehensive document used by Senior Management Team (SMT) tracking prior year recommendations and SMT met in April May and June. In the report there are issues being addressed, finalising the recommendations and it is resource intensive, it is a manual

task, there is no software and is a Standing Item on the Senior Management Team Agenda. The Director stated she co-ordinates responses, collecting information in order to keep the momentum.

Committee NOTED the report.

8.6 Annual Assurance Report and Opinion 2022-23

Copy, previously circulated presented by Senior Manager, Cavanagh Kelly who referred Elected Members to the following:

- Summarise Internal Audit work for 2023/24, section 10, page 8 how to ensure the effectiveness of Internal Audit in line with Public Sector Internal Audit Standards, eg undergoing external assessments at a minimum every five years, and the most recent August 2021 and found to be in compliance with Public Sector Internal Audit Standards. Cavanagh Kelly undertakes its own annual review internally, using the CIPFA check list, available for Elected Members should they wish to see and confirmed compliance with Public Sector Internal Audit standards.
- Page 5 section 6, summary of actual Internal Audit Assurance work undertaken during 2023/204, 80% planned work was completed, table 1 provides detail of the areas covered, areas have come to Audit Committee, some low risk areas have not been reviewed and will be carried forward and reassessed to determine if the risk has changed and need to be prioritised for audit in future years.
- Section 8 page 7, other areas of assurance considered when determining the overall level of assurance for Council 2023/24.
- Section 11 and 12, page 9, Conclusion and Assurance, the key part of the report. In considering the level of Assurance thought about other Assurance reports, other external audits happening across Council, the level of outstanding prior year recommendations, the length of time to address them, Internal Audits carried out during the year and content a small number of Limited Assurances. It is acknowledged that Management have accepted the Recommendations and are doing their best to deal with issues raised.
- Overall a Limited Level of Assurance, as Internal Audit feel there are significant weakness in Governance, Risk Management and Control environment, which, if not addressed could lead to Council not achieving its objectives.

Independent Member advised Elected Members that what you would want from the Internal Audit function is, at the end of the year, they would give a Satisfactory Assurance that internal controls and governance is operating generally, as they should do. There is also a category *Unacceptable*, and in determining a Limited Assurance, she questioned was any consideration given to that it may be close to an *Unacceptable Assurance*?

Senior Manager, Cavanagh Kelly stated that in considering the Assurance Level, there were a lot of factors, and given some of the reports published about Council in the last year, there was consideration of Unacceptable. However, she advised balanced that out with the areas that Internal Audit know are working. She stated a number of areas have been audited and a low level of Limited Assurance eg Climate Change which is a very new area for Council and comfortable to bring to Limited but struggled to a Satisfactory Assurance overall.

Independent Member referred to the considered approach around the level of assurance, the onus on Council to address some of these issues eg prior year implementation of the Internal Audit Recommendations that would help to improve the position next year.

Committee NOTED the report.

9. Annual Self-Assessment Report 2023/24

Copy, previously circulated presented by Audit, Risk and Governance Manager.

Audit, Risk and Governance Manager advised Committee was required to complete self-assessment every year (appendix 1 circulated) the proposed self assessment check list to be completed for 2023/24, was based on the National Audit Office template. Last year it was the CIPFA template, and rotating the guidance year on year, to reach all areas to implement for the attention of Committee.

For the 2023/24 financial year the Audit Committee will be asked to complete the National Audit Office checklist to consider the effectiveness of the Audit Committee, rotating the audit checklist completed year on year to ensure that this Committee captures all good practice as recommended by the relevant regulatory bodies.

This will be issued via a survey monkey as per 2022/23 and ask that as many as possible complete, to learn lessons and improve going forward. The invitation will be extended to the current Independent Member for the Audit Committee for her insights into how this committee is operating and recommendations she may have.

Committee NOTED the report.

- * **Having declared an interest, Senior Manager, Cavanagh Kelly, left the meeting at 9.00pm and did not rejoin.**
- * **Having declared an interest, Independent Member did not leave the Chamber.**

10. Appointment of Independent Member

Copy, previously circulated presented by Audit, Risk and Governance Manager.

As part of Guidance Audit Committee has Independent Member, the benefit it provides to Audit Committee on a quarterly basis of an independent professional element to Committee.

The position is due to expire on the 8th September 2023 and would like to have someone in place for the September audit Committee Meeting.

Internal Audit is seeking the approval of the Audit Committee to re-advertise and fill the position of an Independent Member to the Audit Committee.

Recommendation

It is recommended that after the cessation of the current three year contract with the Independent Member, Council agree to advertise and recruit for the appointment of an Independent Member to the Audit Committee.

It is recommended that the Audit Committee Chair sits on the Interview Panel, as part of the recruitment and selection process for the appointment of the Independent Member.

Proposed by Councillor Storey
Seconded by Councillor Kyle and

AGREED – to recommend to Council that, after the cessation of the current three-year contract with the Independent Member, Council agree to advertise and recruit for the appointment of an Independent Member to the Audit Committee;
to recommend to Council that Audit Committee Chair sits on the Interview Panel, as part of the recruitment and selection process for the appointment of the Independent Member.

11. Internal Audit resourcing paper 2023/24

Copy, previously circulated presented by the Director of Corporate Services.

Purpose of Report

The purpose of this report is to inform Members approval of the resourcing requirements for the Internal Audit section of council in relation to the 2023/24 financial year.

Background

For the 2022/23-year Council retendered the co-sourcing internal audit contract and CavanaghKelly were the successful tender. The Internal Audit programme of work for the Council is delivered via a co-sourcing contract with the current in-house Audit, Risk and Governance Manager.

Council is being asked to note the extension of the co-sourcing contract for 2023/24 financial year, dependent upon the contractor being able to deliver the 80 audit days as determined by the annual programme of work. This decision may be subject to further consideration when the recommendations contained with the Review of Governance is being considered by the Council.

Recommendation

It is recommended that the Audit Committee notes that Council will extend the co-sourcing contract for 12 months, securing the additional 40 days to deliver the Internal Audit schedule of work.

There were no questions put.

Committee NOTED the report.

12. Direct Award Contracts

Copy, previously circulated, presented by the Chief Finance Officer as read and advised it was a Standing Item under Procurement Process.

Chief Finance Officer drew Elected Members' attention to Table 1, there were two Direct Award Contracts which have been approved since 1 January 2021 from the Operations Department and Finance Department, approved in March 2023 and April 2023.

No questions were put.

Committee NOTED the report.

13. Matters for Reporting to Partnership Panel

There were no matters for reporting to the Partnership Panel.

14. Correspondence

14.1 NIAO Change of Engagement Director

Copy correspondence circulated.

14.2 NIAO Public Procurement in Northern Ireland

Copy publication circulated.

MOTION TO PROCEED 'IN COMMITTEE'

Proposed by Councillor Storey
Seconded by Councillor Wisener and

AGREED – to recommend that Council move *'In Committee'*.

*** The time being 9.01pm.**

The Chair reminded Committee of its obligations during the *'In Committee'* session.

15. Absence Report Year End 2023

Copy, previously circulated presented by the Director of Corporate Services.

Purpose of Report

The purpose of this report is to provide Members with Quarter 4 (1 April 2022 to 31 March 2023) information regarding Absenteeism throughout the Council.

Background

Absenteeism within the Council is closely monitored and managed in accordance with Councils Policies and Procedures, and in line with NJC Terms and Conditions.

The Director drew Elected Members' attention to areas within the report.

There were no questions.

Committee NOTED the report.

16. Corporate Risk Matrix

Copy, previously circulated presented by the Director of Corporate Services.

The Director of Corporate Services advised the Risk Matrix follows the Risk Management Strategy, risk likelihood and impact and referred Elected Members to the document and appendices.

There were no questions.

Committee NOTED the report.

17. Legal Cases Activity

Copy, previously circulated presented by the Director of Corporate Services.

The table circulated provided information on the number of cases open and closed across the service areas during the period 13th February 2022 to 7th June 2023.

First Registration and Car Parks were circulated within the confidential report.

Recommendation

It is recommended that Audit Committee note the Legal Cases Activity Report.

Alderman Callan stated he had never seen associated ongoing costs and sought costs for live and ongoing legal cases.

The Director of Corporate Services agreed to include costs going forward.

Committee NOTED the report.

18. Whistle Blowing /Fraud

18.1 Attempted Bank Mandate

Copy, previously circulated presented by the Audit, Risk and Governance Manager.

The purpose of this report is to provide Audit Committee members with an update in relation to an attempted bank mandate fraud in Payroll as reported to the Audit Committee in January 2023.

Committee NOTED the report.

18.2 Management of Conflicts of Interest

Confidential report, previously circulated, presented by the Audit, Risk and Governance Manager.

The purpose of this report is to provide Audit Committee Members with an update in issues identified in the management of conflicts of interest identified within Council. This report contains details of the conflicts of

interest and controls established to avoid or manage the conflicts of interest as deemed appropriate.

Recommendation

This report is to inform Members of the ongoing controls work performed by Internal Audit.

There were no questions put.

Committee NOTED the report.

19. Any Other Relevant Business (notified in accordance with Standing Order 12(o))

There were no Items of Any Other Relevant Business.

20. Date of Next Meeting – Wednesday 20 September 2023 at 7PM

MOTION TO PROCEED ‘IN PUBLIC’

Proposed Councillor Storey
Seconded Councillor Kane and

AGREED – that Audit Committee move ‘*In Public*’.

There being no further business the Chair thanked those in attendance and the meeting concluded at 9.13pm.

Chair