

AUDIT COMMITTEE MEETING WEDNESDAY 14 JUNE 2017

No	Item	Recommendations
3	Apologies	<i>Councillors Baird, Holmes and Hunter, NIAO Representatives</i>
4	Declarations of Interest	<i>None</i>
5	Minutes of Audit Committee held 8 March 2017	<i>Confirmed</i>
6	Northern Ireland Audit Office 6.1 Annual Improvement Report 2016/17 6.2 Report to those charged with Governance 2015/16 6.3 Verbal Update re CCGBC Year End Accounts	<i>Note For Information</i>
7	Internal Audit 7.1 Annual Internal Audit Plan 2017/18 7.2 Internal Audit Reports 7.2.1 Policing and Community Safety Partnership 7.2.2 Capital Projects 7.2.3 Animal Welfare 7.2.4 Budgetary Control 7.3 Annual Internal Audit Report 2016/17 7.4 Assessing Conformance with PSIAS and the Local Government Application Note	<i>Note To recommend that Council approves the Internal Audit Reports by Moore Stephens Note</i>
8	Review of Risk Management Strategy	<i>To recommend that Causeway Coast and Glens Borough Council Audit Committee approve the Draft Revised Risk Management Strategy, circulated.</i>
9	Matters for Reporting to Partnership Panel	<i>None</i>
10	Correspondence	<i>None</i>

No	Item	Recommendations
11	Draft Annual Governance Statement 2017/18	<i>To recommend that Council approves the Draft Annual Governance Statement subject to the changes being made as noted.</i>
12	Risk Management Update	<i>Note</i>
13	Legal Cases Activity	<i>Note</i>
14	Whistle Blowing/Fraud (Verbal Update)	<i>Note</i>

**MINUTES OF THE PROCEEDINGS OF THE MEETING OF
THE AUDIT COMMITTEE
HELD IN COUNCIL CHAMBER, CIVIC HEADQUARTERS ON
WEDNESDAY 14 JUNE 2017 AT 7 PM**

In the Chair: Councillor Beattie

Members Present: Alderman McKeown,
Councillors Blair, Callan, Deighan, Fitzpatrick,
Knight-McQuillan, McCandless, McCorkell,
McShane C, Watton and Wilson

Independent Member Present: G Ireland

Officers Present: M Quinn, Director of Performance
D Wright, Chief Finance Officer
S Bradley, Internal Auditor
A Finney, Corporate Support Officer

In Attendance: S Lindsay, Partner, Moore Stephens
C McDermott, Senior Internal Auditor,
Moore Stephens
Councillor Duddy

1 CHAIRPERSON'S REMARKS

The Chair welcomed those present to the Audit Committee meeting.

2 SUBSTITUTION

The Chair advised Councillor McCandless was in attendance to replace Councillor Baird and Councillor Wilson was in attendance to replace Councillor Holmes for the transaction of business at the meeting.

3 APOLOGIES

Apologies were recorded from Councillors Baird, Holmes and Hunter and NIAO representatives.

4 DECLARATIONS OF INTEREST

There were no Declarations of Interest.

5 MINUTES OF AUDIT COMMITTEE MEETING 8 MARCH 2017

The Chair advised that the minutes of Audit Committee meeting held 8 March 2017 had been ratified at the 28 March 2017 Council meeting.

6 NORTHERN IRELAND AUDIT OFFICE (NIAO)

6.1 Annual Improvement Report 2016/17

The Committee received a report from the NIAO on completion of 2016/17 Improvement Audit and Assessment – Annual Improvement Report for information.

The report set out the Auditors certificate of compliance following assessment of performance for 2015/16 and 2016/17 improvement plan in accordance with section 93 of the Local Government Act (NI) 2014 and the Code of Audit Practice for local government bodies.

An improvement assessment for 2016-17 in accordance with Section 94 of the Act and the Code of Audit Practice was also performed.

The Local Government Auditor was of the opinion that Council had discharged its duties in connection with 1. improvement planning and 2. publication of improvement information in accordance with the section 92 of the Local Government Act and has acted in accordance with the Department for Communities guidance sufficiently, including its guidance on the publication of improvement information in 2016/17.

With regards to improvement assessment, Council has as far as possible discharged its duties under Part 12 of the Act and has acted in accordance with the Department of Communities' guidance sufficiently.

2016/17 was the first year in which councils were required to implement the statutory performance improvement framework. Therefore arrangements to secure achievement of its improvement objectives at the Council are at an early stage of development & implementation.

There were no recommendations made by the Local Government Auditor.

The Audit Committee **NOTED** the report.

6.2 Report to Those Charged with Governance 2015-2016 (Progress Report for June 2017)

The Committee received a progress report from NIAO to those charged with governance following audit of 2015/16 financial statements for information.

Thirteen recommendations were listed by priority from the audit findings and the report set out the management response to each of the findings and current position on issues being addressed at June 2017.

The Audited Committee **NOTED** the report.

In response to a question, the Director of Performance advised the Register of Interest of the Senior Management Team could be accessed by members subject to Data Protection Legislation. Councillor C McShane welcomed this response.

6.3 Verbal Update re CCGBC Year End Accounts

The Chief Finance Officer presented an update on the year end accounts for 2016/17 which will be submitted to the Department for Communities (DfC) by the deadline of 30 June 2017.

In relation to an area highlighted by NIAO within the Report to Those Charged with Governance, members were informed that the bank reconciliation had improved with a minor difference at the end of the year.

Members were also advised provisions were being finalised and that the accounts were scheduled to be completed by the deadline of 30th June.

A report on the final accounts will be brought to the Corporate Policy & Resources Committee which will indicate the savings made and reserves available.

Proposed by Councillor Callan
Seconded by Councillor Watton and

AGREED – to change the order of business and discuss the draft Annual Governance Statement 2017/18 in committee at the end of the meeting.

7 INTERNAL AUDIT – MOORE STEPHENS IN ATTENDANCE

The Senior Internal Auditor, Moore Stephens presented the internal audit reports to Members.

7.1 Annual Internal Audit Plan 2017/18

The Annual Internal Audit Plan 2017/18 had been presented and approved at the previous Audit Committee meeting. Members were informed the number of days required for the audit on Animal Welfare had been reduced to four days. This was due to the majority of the work being carried out through a shared service, managed by Mid & East Antrim Borough Council.

Officers responded to Member questions.

The Audit Committee **NOTED** the update to the Annual Internal Audit Plan for 2017/18.

7.2 INTERNAL AUDIT REPORTS

7.2.1 Policing and Community Safety Partnership

The representative from Moore Stephens presented the Internal Audit Report on Policing and Community Safety Partnership. Based on the audit testing, Moore Stephens were able to provide a satisfactory overall level of assurance. That is, overall there is a satisfactory system of governance, risk management and control in place. Whilst there may be some residual risk identified this should not significantly impact on the achievement of system objectives.

The report outlined six observations made during the course of the audit; risk implication; recommendations made; management response and implementation date.

Examples of good practice were highlighted as well as enhancement to controls within the Priority 2 risk area.

7.2.2 Capital Projects

The representative from Moore Stephens presented the Internal Audit Report on Capital Projects. Based on the audit testing, Moore Stephens were able to provide a satisfactory level of assurance. That is, 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.

The report outlined six observations made during the course of the audit; risk implication, recommendations made, management response and implementation date.

Areas of good practice and recommendations for Priority 2 risks were highlighted to members.

7.2.3 Animal Welfare

The representative from Moore Stephens presented the Internal Audit Report on Animal Welfare, the first audit in the Annual Plan 2017/18. Based on the audit testing, Moore Stephens were able to provide a satisfactory level of assurance. That is, overall there is a satisfactory system of governance, risk management and control in place. While there may be some residual risk identified, this should not significantly impact on the achievement of system objectives.

There were no findings or recommendations from the audit. Areas of good practice were highlighted by the Senior Internal Auditor.

7.2.4 Budgetary Control

The representative from Moore Stephens presented the Internal Audit Report on Budgetary Control. Based on the audit testing, Moore Stephens were able to provide a limited level of assurance. 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.

The report outlined the seven observations made during the course of the audit; risk implication; recommendation; management response and implementation date.

Examples of good practice and a breakdown of priority rating of risks were given along with further details on the Priority 2 areas where controls could be enhanced.

In response to a Member's question, the Chief Finance Officer advised that the Efficiency Sub-Committee has not met as yet. The aim is to convene a meeting during the summer months. Councillor Callan hoped that this would be a priority.

7.3 Annual Internal Audit Report 2016/17

The Partner from Moore Stephens presented the Annual Internal Audit report for the year 2016/17. It was noted a shared service had been provided during 2016/17.

The report summarised the assurance work carried out and included; audit areas, the number of days dedicated to each area and the assurance rating in relation to the area being audited. Moore Stephens had fully completed audit work on all planned areas and had provided 14 assurance reports.

Based on audit work carried out, Moore Stephens were able to provide Council with overall assurance rating of limited in relation to its systems of internal control. 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.

Discussion followed on improving the overall assurance rating, in particular, in relation to Business Continuity and Emergency Planning. In response to Members' questions, further details were provided on the cost of the Moore Stephens work and feedback on the audits carried out.

As the Annual Internal Audit Report will be reproduced in full in the Annual Governance Statement, a suggestion was made to clearly demonstrate that recommendations are being implemented going forward and an explanation given into the legal issues.

Proposed by Councillor Fitzpatrick
Seconded by Councillor C McShane and

AGREED – to recommend Council approves the Internal Audit Reports by Moore Stephens

7.4 Assessing Conformance with PSIAS and the Local Government Application Note.

The Audit Committee received an information report on Assessing Conformance with PSIAS and the Local Government Application Note.

The Public Sector Internal Audit Standards (PSIAS) apply to all internal audit service providers, whether in house, shared services or outsourced.

Moore Stephens and in house Internal Audit have developed and completed a checklist for assessing conformance with the PSIAS and Local Government Application Note, which demonstrates compliance. This follows the recommended checklist provided in the CIPFA Local Government Application Note for the UK Public Sector Internal Audit Standards 2013.

The checklist covers code of ethics, attributable standards and performance standards.

The Audited Committee **NOTED** the report.

The Director of Performance, on behalf of the committee, thanked Moore Stephens for the audit work carried out during the previous financial year.

8 REVIEW OF RISK MANAGEMENT STRATEGY

The Director of Performance presented a report on review of risk management strategy.

Risk Management is an integral part of good management practice and a formal systematic approach to risk management is important to improving decision making, performance and accountability and fostering confidence in the Council's Corporate Governance arrangements.

It is best practice to address risk management through a Risk Management Strategy that sets out how risk will be identified, assessed, managed, reviewed and audited. Roles and responsibilities for the management of risk need to be defined and communicated to staff with appropriate training in place.

Effective implementation of a Risk Management Strategy will achieve the following objectives:

- a) Provide a framework that enables Causeway Coast and Glens Borough Council to achieve its strategic objectives in a consistent and controlled environment.
- b) Improve decision making, planning and prioritisation of activities, and enhance the understanding of opportunities and threats;
- c) Safeguard the Council's assets – people, financial, property and information; and
- d) Create an environment where all staff assume responsibility for risk management.

The Risk Management Strategy for the Causeway Coast and Glens Borough Council was approved in October 2015. A review has been carried out of the Strategy and a copy of the Draft Revised Strategy was circulated, showing the suggested changes.

It is recommended that the Causeway Coast and Glens Borough Council Audit Committee approve the Draft Revised Risk Management Strategy circulated.

Proposed by Councillor McCorkell
Seconded by Alderman McKeown and

AGREED – to recommend that the Causeway Coast and Glens Borough Council Audit Committee approve the Draft Revised Risk Management Strategy circulated.

9 MATTERS FOR REPORTING TO PARTNERSHIP PANEL

There were no items for reporting to the Partnership Panel.

10 CORRESPONDENCE

There were no items of correspondence

Proposed by Councillor Wilson
Seconded by Councillor Knight-McQuillan and

AGREED - that the Committee proceeds to conduct the following business 'in committee'.

11 DRAFT ANNUAL GOVERNANCE STATEMENT 2017/18

Causeway Coast and Glens Borough Council has prepared an Annual Governance Statement which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. The statement explains how the Council meets the requirements of Regulation 4 of the Local Government (Accounts and Audit) Regulations (Northern Ireland 2015) in relation to the publication of a statement on internal control.

The Director of Performance presented the draft Annual Governance Statement to Members, as circulated. She then responded to a Member question.

Proposed by Councillor McCorkell
Seconded by Councillor Callan and

AGREED – to recommend that the Causeway Coast and Glens Borough Council approve the Draft Annual Governance Statement subject to the changes being made as noted

12 RISK MANAGEMENT UPDATE

The Audit Committee were given an overview of top risks identified to Council via a risk matrix chart.

13 LEGAL CASES ACTIVITY

Members received, for information, an updated report with regard to Causeway Coast and Glens Borough Council's legal cases.

14 WHISTLEBLOWING/FRAUD

The Director of Performance reported that there had been no whistleblowing/fraud incidents during the quarter.

Proposed by Councillor Fitzpatrick
Seconded by Councillor Knight-McQuillan and

AGREED - that the Committee would conduct the remainder of the business '**In Public**'.

The business concluded at 7.56 pm

Chairperson