

AUDIT COMMITTEE MEETING WEDNESDAY 8 MARCH 2017

No	Item	Recommendations
3	Minutes of Audit Committee held 14 December 2016	<i>Confirmed</i>
4	Northern Ireland Audit Office 4.1 NIAO Causeway Coast and Glens Borough Council Audit Strategy 2016-2017	<i>Note</i> <i>Change September Audit Committee meeting to 20 September 2017</i>
5	Causeway Coast and Glens Borough Council – Progress Update on NIAO Reports 5.1 NIAO Fraud Pro-Forma Assessment 2016-2017 for Local Authorities 5.2 Managing Fraud Risk in a Changing Environment Self-Assessment Checklist 5.3 NIAO Report to Those Charged with Governance 2015-2016 (Progress Report attached)	<i>For Information</i> <i>For Information</i> <i>For Information</i>
6	National Fraud Initiative	<i>Report findings</i>
7	Internal Audit Reports – Moore Stephens 7.1 Revised Internal Audit Strategy 2016/2019 7.2 Annual Internal Audit Plan 2017/18 7.3 Internal Audit Events 7.4 Internal Audit Progress Quarterly Update Report December 2016 – February 2017	<i>7.1 – 7.4 Note</i>
8	Internal Audit – Causeway Coast and Glens Borough Council - Progress of Internal Audit Prior Year Recommendations	<i>Note</i>
9	Corporate Performance Dashboard	<i>Approve</i>
10	Matters for Reporting to Partnership Panel	<i>None</i>
11	Correspondence	<i>None</i>
12	Risk Management Update	<i>Note</i>

No	Item	Recommendations
13	Legal Cases Activity	<i>Note</i> <i>Forward details of Case No 200 to Councillor Clarke</i>
14	Whistleblowing/Fraud – verbal update	<i>None</i>
15	Any Other Relevant Business	<i>None</i>
16	Date of Next Meeting	<i>Wednesday 14 June 2017</i>

**MINUTES OF THE PROCEEDINGS OF THE MEETING OF THE AUDIT COMMITTEE
HELD IN COUNCIL CHAMBER, CIVIC HEADQUARTERS
WEDNESDAY 8 MARCH 2017 AT 7 PM**

- In the Chair:** Councillor C McShane
- Members Present:** Aldermen Finlay, McKeown, King and Robinson,
Councillors, Beattie, Clarke, Deighan, Fitzpatrick, Holmes,
Hunter, McGlinchey, McShane P and Watton
- Independent Member Present:** G Ireland
- Officers Present:** M Quinn, Director of Performance
D Wright, Chief Finance Officer
E McCaul, Committee and Member Services Officer
- In Attendance:** S Knox, Manager, Northern Ireland Audit Office
C McDermott, Senior Internal Auditor, Moore Stephens

CHAIRPERSON'S REMARKS

The Chair welcomed those present to the first Audit Committee meeting of 2017.

1 NOMINATIONS

The Chair advised Alderman King was in attendance to replace Councillor Baird for the transaction of business at the meeting.

2 APOLOGIES

Apologies were recorded from Councillor Stevenson

3 DECLARATIONS OF INTEREST

Councillor P McShane declared an interest in Agenda Item 13, Legal Cases Activity.

3 MINUTES OF AUDIT COMMITTEE MEETING 14 DECEMBER 2016

The Chair advised that the minutes of Audit Committee meeting held 14 December had been ratified at the 20 December 2016 Council meeting.

4 NORTHERN IRELAND AUDIT OFFICE (NIAO)

4.1 NIAO Causeway Coast and Glens Borough Council Audit Strategy 2016-2017

The Audit Manager of the Northern Ireland Audit Office presented to the Committee a covering letter and report on Causeway Coast and Glens Borough Council 2016/17 Audit Strategy.

The purpose of the report was to highlight to the Chief Financial Officer and Audit Committee how NIAO plan to audit the financial statement for the year ending 31 March 2017; addressing significant risks of material misstatement to transactions and balances; matters of interest in financial reporting and legislation; planned timetable and matters required to be communicated under International Standards on Auditing.

It was recommended - that the date of the September Audit Committee meeting would be changed from 6 to 20 September 2017 to comply with the legislative timetable for producing and publishing audited financial statements.

AGREED to recommend that the date of the September Audit Committee meeting would be changed from 6 to 20 September 2017 to comply with the legislative timetable for producing and publishing audited financial statements.

The Audit Committee **NOTED** the report.

5 CAUSEWAY COAST AND GLENS BOROUGH COUNCIL – PROGRESS UPDATE ON NIAO REPORTS

5.1 NIAO Fraud Pro-Forma Assessment 2016-2017 for Local Authorities

The Audit Committee received a NIAO Fraud Pro-Forma Assessment 2016 -17 for local authorities. This set out Audit inquiries and relevant response which had been completed by Councils Internal Auditor.

The information report was **NOTED**.

5.2 Managing Fraud Risk in a Changing Environment Self-Assessment Checklist

The Committee received a self-assessment checklists on Managing Fraud Risk in a Changing Environment. The checklist included a traffic light system on preventing fraud by assessing the organisational culture; risk assessment and role of Audit Committee. It also included mechanisms for detecting fraud through internal controls, having whistleblowing arrangements in place and the way fraud is responded to.

The self-assessment checklist was **NOTED** by the Audit Committee.

5.3 NIAO Report to those Charged with Governance 2015-2016

The Committee received a progress report on the Audit of 2015-2016 Financial Statements from NIAO to those charged with governance. The report listed 13 Audit recommendations, management response and position at March 2017 on issues being addressed.

The Audit Committee **NOTED** the progress report.

6 NATIONAL FRAUD INITIATIVE

Causeway Coast and Glens Borough Council has, together with all other public bodies, committed to participating in the National Fraud Initiative (NFI). All four legacy Councils participated in the process for the last few cycles. This is the first participation for Causeway Coast and Glens Borough Council.

The National Fraud Initiative (NFI) is an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud. There are three dataset provided by Council, these are;

- 1 Payroll Data
- 2 Creditors payment data
- 3 Creditors standing data

These and other datasets supplied by a wide range of bodies and organisations are then compared in order to identify “matches” ie: data which appears in more than one dataset. Once the National Audit Office has completed this matching process each organisation involved receives a summary of data included within their datasets which has similarly appeared in another organisations dataset. The matched data has a traffic light system by which the data matches are prioritised, those with a high priority should all be investigated fully whilst those of a low priority may be investigated by way of a sample.

Council has received their data matches from the current round of NFI detailing are 501 matches for Causeway Coast and Glens Borough Council, 484 of which are trade creditor matches. Thirty two matches have been recommended for investigation. In addition to those recommended for investigation a random sample will also be investigated and action taken where necessary. All findings will be brought back to Council at a later date.

The information report was **NOTED**.

7 INTERNAL AUDIT REPORTS

7.1 Revised Internal Audit Strategy 2016-2019

The Committee considered a report from Moore Stephens on revised Internal Audit Strategy for 2016/19. The report set out the internal audit strategic objectives, the scope of Internal Audit’s work, the resources available and the

approach to delivering the Internal Audit service. The Internal Audit Strategy would be used to inform the development of an annual Internal Audit Plan detailing work to be completed each year covered by the strategy.

It was recommended that the revised Internal Audit Strategy for 2016/19 be approved.

7.2 Annual Internal Audit Plan

The Committee received a report on the provision of Internal Audit services to Causeway Coast and Glens Borough Council for 2017/18 based on an audit needs assessment. The Internal Audit service comprising an in house Head of Internal Audit and Moore Stephens would carry out 224 days detailed assurance work to cover an adequate range of risks and systems to provide an overall assurance statement on Council's system of risk management and internal control to inform the Annual Governance Statement.

The Internal Audit Plan detailed audit areas to be covered over the 224 days.

It was recommended – that Internal Audit Plan for 2017/18 be approved.

7.3 Internal Audit Report – Events

The representative from Moore Stephens presented the Internal Audit Report on Events. Based on the audit testing, Moore Stephens were able to provide a satisfactory level of assurance. Overall there is a satisfactory system of governance, risk management and control in place. While there may be some residual risk identified this should significantly impact on the achievement of system objectives.

Risk	Number of Recommendations & Priority Rating		
	1	2	3
Events may be delivered by Council without sufficient consideration and approval leading to potential poor event management and experience by the public and potential unnecessary expenditure by Council	-	1	1
There may be no assessment of the risks relating to holding a Council event prior to the event being held and risks may not continue to be monitored, leading to hazards and control risks not being managed and adverse impacts for the Council and the public attending the events.	-	1	1
Council events may not be appropriately managed leading to a poor event experience and increased risk of the event not proceeding to plan.	-	1	2

There may be no post-event evaluation of Council events resulting in missed opportunities to identify lessons learned.	-	1	-
Total recommendations made	0	4	4

The findings, recommendations and management response within the report were **NOTED** by the Audit Committee.

7.4 Internal Audit Progress Quarterly Update Report

The Audit Committee received a report to inform members of work carried out by the Internal Audit from Moore Stevens as part of the shared service arrangement during the period December 2016 – February 2017. Full details were contained in the update on work carried out, completed assignments, planned audit areas, current status and assurance rating.

The Update Report was **NOTED** by the Audit Committee.

8 INTERNAL AUDIT – CAUSEWAY COAST AND GLENS BOROUGH COUNCIL – PROGRESS OF INTERNAL AUDIT PRIOR YEAR RECOMMENDATIONS

The Audit Committee received a report which summarised the findings arising from a review of the progress made by Council in implementing the prior year internal audit recommendations.

In the ten internal audit assignment completed in 2016/17, all priority 1 recommendations were addressed, 81% priority 2 recommendations were addressed and 94% priority 3 were addressed.

The progress report was **NOTED** by the Audit Committee.

9 CORPORATE PERFORMANCE DASHBOARD

The Audit Committee considered a report on dashboard style approach to reviewing corporate performance against strategic themes identified in the Council strategy. This is in line with the legislative duty that requires the Council to demonstrate that arrangements are in place to secure continuous improvement in the exercise of its functions

A workshop was held on 3 December 2016 to introduce the dashboard style approach and to allow Members to take an initial qualitative view of performance against the Corporate Strategy.

The dashboard uses colour coding as follows:

- Green – the target has been achieved or on track
- Yellow – the target is progressing but is slightly behind target
- Amber – the target is progressing but is moderately behind

Red – the target is significantly behind or not achieved.

It is recommended that Audit Committee consider the performance dashboard as a method of assessing corporate performance.

AGREED – that the performance dashboard is recommended for approval by the Audit Committee as a method of assessing corporate performance.

10 MATTERS FOR REPORTING TO PARTNERSHIP PANEL

There were no items for reporting to the Partnership Panel.

11 CORRESPONDENCE

There were no items of correspondence

Proposed by Councillor Fitzpatrick
Seconded by Councillor Hunter and

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

12 RISK MANAGEMENT UPDATE

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

The Committee were advised on potential risks associated on impact of Brexit and assumptions made when the rates was being struck.

It was suggested that Business Continuity should be progressed as a priority risk.

13 LEGAL CASES ACTIVITY

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

The Director of Performance agreed to forward details of case no 200 to Councillor Clarke.

The new layout on how the report was presented was welcomed.

10 WHISTLEBLOWING/FRAUD

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

Proposed by Councillor Beattie
Seconded by Councillor Hunter and

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

The business concluded at 7.40 pm

Chairperson