



Title of Report:	Annual Assurance Report and Audit Opinion 2024-2025
Committee Report Submitted To:	Audit Committee
Date of Meeting:	18th June 2025
For Decision or For Information	For Information
To be discussed In Committee YES/NO	No

Linkage to Council Strategy (2021-25)	
Strategic Theme	Improvement and Innovation
Outcome	Satisfactory
Lead Officer	Audit, Risk and Governance Manager

Budgetary Considerations	
Cost of Proposal	Minimum
Included in Current Year Estimates	YES/NO
Capital/Revenue	In house Revenue Costs
Code	3601-61000
Staffing Costs	Internal staff costs

Legal Considerations	
Input of Legal Services Required	YES/NO
Legal Opinion Obtained	YES/NO

Screening Requirements	Required for new or revised Policies, Plans, Strategies or Service Delivery Proposals.		
Section 75 Screening	Screening Completed:	Yes/No	Date:
	EQIA Required and Completed:	Yes/No	Date:
Rural Needs Assessment (RNA)	Screening Completed	Yes/No	Date:
	RNA Required and Completed:	Yes/No	Date:
Data Protection Impact Assessment (DPIA)	Screening Completed:	Yes/No	Date:
	DPIA Required and Completed:	Yes/No	Date:

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1.0 Introduction

The Public Sector Internal Audit Standards (PSIAS) and the International Professional Practices Framework (IPPF) are the agreed professional standards for internal audit in local government. These standards set out the requirement for the Head of Internal Audit to produce an annual opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control framework.

The Head of Internal Audit must produce a report that can be used to support the Council's Annual Governance Statement. The Internal Audit Function within the Causeway Coast and Glens Borough Council for 2024/25 was provided by a co-sourcing arrangement between CavanaghKelly and the Audit, Risk and Governance Manager, who reports to the Director of Corporate Services.

In February, CavanaghKelly informed the Council that, due to staffing changes and shortages, they would be unable to fully complete the planned audit work for 2024/25. As a result, four audit assignments were undertaken by McHugh Lindsay (Table 1).

The Institute of Internal Auditors have produced new Global Internal Audit Standards which will apply in the UK public sector from 1 April 2025.

2.0 Audit Plan

The Audit Plan for 2024/25 is determined on the Council's 4-year Internal Audit Strategy which was presented to, and approved by, the Audit Committee in September 2024.

The plan of work is designed to ensure that:

- There is a robust system of internal audit of key Council activities and processes through a plan of work which affords suitable priority to the Council's objectives and risks.
- There is a process of ensuring improvements to the Council's control environment, providing management with advice, training, and recommendations for improvement, which will include a formal monitoring of the internal audit recommendations.
- The audit, risk and governance manager will be in a position to provide a professional, evidence-based opinion on the adequacy of the Council's risk management, control and governance arrangements which in turn will feed into the Council's Annual Governance Statement.
- The Council meets its legislative responsibilities for internal control, risk management and internal audit.

The audit approach is risk based, and the strategy and plan were developed following an audit needs assessment exercise with senior officers to identify and prioritise key risk areas. It must also be noted that the audit plan cannot address all risks across the Council and represents the best use of audit resources available.

3.0 Independence and Objectivity

The work performed by internal audit is an independent, objective assurance and consulting activity designed to add value and improve the Council's operations. All work has been conducted within the scope as defined in the Internal Audit Charter. We confirm that, during the year, there have been no matters arising which have impacted on the independence of the internal audit service. In the 2024/25 financial year, two internal audits were deferred and will be incorporated into the planned audit work for 2025/26. These audits include the Cyber Security Review and Fixed Asset Register and Management assessment.

No other limitations or inappropriate scope have been placed on the work performed by internal audit. Resourcing within internal audit continues to be an issue with a need to prioritise work to review ongoing irregularities and provide ad hoc advisory work arising due to complaints.

The internal auditors are independent of the management of the Council and have direct access to the Chair of the Audit Committee as required. They provide a regular update to the Committee at each of the quarterly meetings and attend any special meetings Committee that may be convened during the year.

The Audit, Risk and Governance Manager can confirm that there has been no evidence of impairment of the independence of the Internal Audit team during 2024/25 and no auditors have reviewed systems/controls which they have been responsible for delivering. Each member of the Internal Audit team completes an annual declaration of any interests which could represent a conflict of interest, and no relevant interests have been declared.

4.0 Audit Committee

The Audit Committee meets on a quarterly basis and internal audit reports are presented to the Committee, summarising the results of internal audit assignments completed since the last meeting.

These reports detail progress against the Internal Audit plan and for each assignment completed, a report provides a summary of the audit objectives tested, audit findings and overall assurance rating in relation to that area.

The Audit Committee met four times during the year on the following dates:

- 12th June 2024
- 18th September 2024

- 11th December 2024
- 12th March 2025

This annual report builds on the information contained in these internal audit reports and does not replicate details of the audit objectives, identified risks and our findings for each area tested. Rather, the report focuses on the overall conclusion in each area audited. This annual report should, therefore, be read in conjunction with the internal audit reports produced and presented to the Audit Committee throughout the year.

5.0 Assurance Work - Audit Approach and Assurance Process

The primary objective for each assurance assignment is to provide an overall assurance rating in relation to the area being audited. For each assurance assignment, the audit commences with the identification of audit objectives and risks for the area being audited. Audit testing is then carried out in relation to each risk to evaluate the efficiency and effectiveness of the controls within that area.

The internal audit assurance process involves a two-stage assessment:

- Firstly, based on the audit work we report findings in relation to each risk. Each finding is given a priority ranking, ranging from 1 to 3, with 1 being a high-risk exposure and requiring urgent attention. If there are no findings in relation to an audit area, and the controls are operating effectively, we report this.
- Secondly, based on our assessment at risk level, we provide an overall assurance rating in relation to the area being audited. The overall assurance ratings are unacceptable assurance, limited and satisfactory. A full explanation of these is provided at Appendix I to this report.

6.0 Summary of Assurance Work – Year 2024/25

As noted previously, Causeway Coast and Glens Borough Council delivers the internal audit service through a co-sourcing arrangement. This consists of an in-house Audit, Risk and Governance Manager and a contract with CavanaghKelly to ensure that the programme of internal audit work is delivered. CavanaghKelly were appointed in September 2022.

Approximately 85% of the audit plan has been completed, with the remaining fieldwork and reports rolling forward into the next financial year (2025/26).

Council continues to implement the Risk Management Strategy which will strengthen the risk management processes in place.

The in-house section continues to experience concerns raised by officers, councillors and members of the public, addressing this work is given precedence over routine internal audit work. Fourteen audits set out in the 2024/25 internal audit plan were completed resulting in eleven assurance reports.

- Ten reports in 2024/25 audit planned work received a satisfactory assurance rating,
- One report in 2024/25 audit planned work received a limited assurance rating
- One report in the 2024/25 audit planned work had an assurance rating withheld
- Two reports in the 2024/25 audit planned work were carried forward.

The audit assignments planned and completed in 2024/25 are summarised in the following Table 1 below.

Table 1 Planned Audit Work 2024-2025

Audit Area	Auditor	Status	Outcome
Environmental Services Directorate			
1. Building Maintenance	McHughLindsay	Complete	Limited
2. Environmental Health (in place of Building Control)	CavanaghKelly	Complete	Satisfactory
3. Capital Projects	In-house	Complete	Withheld
4. Waste Services	McHughLindsay	Complete	Satisfactory
Leisure Services Directorate			
5. Arts and Cultural Centres	In-house	Complete	Satisfactory
Finance			
6. Accounts Payable and Creditors	CavanaghKelly	Complete	Satisfactory
7. Fixed Asset Register and Management	In-house	Deferred	
Chief Executive Directorate			
8. Corporate Health and Safety	CavanaghKelly	Complete	Satisfactory
Corporate Services Directorate			
9. ICT – Cyber Security	Contract Out	Deferred	-
10. Land and Property	McHughLindsay	Complete	Satisfactory
11. Risk Management	CavanaghKelly	Complete	Satisfactory
Planning			
12. Enforcement, Development Control and Development Plan	CavanaghKelly	Complete	Satisfactory
Regulatory Audits			
13. Policing & Community Safety Partnership (PCSP)	McHughLindsay	Complete	Satisfactory
14. Labour Market Partnership (LMP)	In-house	Complete	Satisfactory
Routine Assignments			
Review of Prior Year Recommendations	In-house	Complete	
Fraud, Whistleblowing, Raising Concerns	In-house	Complete	
Additional Audit			
Procurement – Annual Tender Lists	McHugh Lindsay	Complete	Limited

Table 2 Backlog Audit Work Carried Forward

Backlog Assignments			
Audit Area	Auditor	Status	Outcome
Freedom of Information	Deferred	Carry Forward	
Code of Governance	Deferred	Carry Forward	
Animal Welfare	In-house	Complete	Satisfactory
Fuel Stamp	In-house	Complete	Satisfactory

In total four audit assignments currently fall into backlog audits. A backlog audit refers to an audit that is not completed within the usual timeframe. Internal audit will endeavour to complete these assignments at the earliest possible time.

7.0 Management Responses

As noted previously, our approach is to identify risks for each area under review and to assess the controls in place to mitigate these risks. If we find that controls are not adequate or effective, we raise the matter in the management action plan contained in the assignment report, setting out our observation, the risks arising from the issues identified and our recommended action to address the issues. These matters are discussed with management and their response is also included in the reports.

During 2024/25 a positive response has been received from management in respect of all the recommendations made and a course of action to address the issues identified has been agreed.

8.0 Other Areas of Assurance

In addition to the assurance work carried out by the internal audit service in preparing our annual report, we also considered the reports arising from the following pieces of assurance work performed outside of the Internal Audit function.

- Health and Safety: Reviews of Health and Safety by professional qualified officers, the Corporate Health and Safety Committee, and various Health and Safety sub committees.
- External funding: throughout the year is subject to independent audits from relevant funders i.e. Europe, Government Departments, SEUPB etc.
- Local Government Auditor: work carried out by the Local Government Auditor during 2024/25.

9.0 Other Work

In addition to routine internal audits performed, the internal audit section delivers the following additional work:

- > Ad hoc advice and assistance
- > Advising on Whistleblowing (Raising Concerns Policy)
- > Provision of Training for Audit Committee and Fraud Awareness
- > Co-ordination of risk management processes
- > NIAO Liaison/preplanning meeting
- > Fraud and Proper Arrangements Questionnaire

Internal audit provides responses to the annual fraud assessment questionnaire required to be submitted each year to the Northern Ireland Audit Office by 31st March.

Internal Audit delivered Audit Committee training to Elected Members with the aim of improving awareness and knowledge in relation to the role of the Audit Committee and their responsibilities with regards to the Committee.

In preparing the overall opinion the Audit, Risk & Governance Manager has reviewed all audit and risk activity carried out in the period from April 2024 to March 2025. Internal audit has also considered the outputs from the proper arrangements audit and the financial audit performed by the Northern Ireland Audit Office.

10.0 Effectiveness of the Internal Audit Service

As a pre-requisite for giving an assurance opinion on the overall adequacy and effectiveness of the control environment within Council, we are required to confirm the effectiveness of our internal audit service and therefore its fitness for purpose to carry out work that informs the opinion.

An external assessment must be completed at least every five years and an external review was undertaken in March 2025. Lisburn and Castlereagh City Council undertook a peer external review of the Internal Audit service for Causeway Coast and Glens Borough Council and concluded that the service is operating in general conformance with the standards. Appendix III lists the recommendations from the external peer review that are listed for action by senior management.

Continuing professional development (CPD) is a key aspect of the quality assurance programme, to ensure staff have the skills to carry out their responsibilities. Internal Audit utilise webinars, external training events and team meetings to fulfil this requirement.

11.0 Conclusions

In line with PSIAS, Internal Audit are required to provide an opinion as to the adequacy and effectiveness of the governance, risk management and control environment.

Specifically, this opinion has been arrived at after considering the following:

- The outcome of audits completed in the 2024/25 audit plan, with satisfactory levels of assurance for the majority of audits performed.
- The progress made in relation to implementing the findings contained in external review reports of governance, land and property and record keeping undertaken as part of the recommendations arising from an Extraordinary Audit of the Council by NIAO. We note good progress by management is being made. Council should continue its efforts in implementing the recommendations from these reviews to further mitigate any risks identified.
- Council continues to work with its statutory partners in addressing suspected irregularities reported in prior years.

However, some areas for improvement have been identified through audit work.

- Good progress has been made in relation to addressing outstanding audit recommendations from previous years. However, whilst we note an improvement in the number of recommendations addressed and the tracking and monitoring of outstanding recommendations by the audit committee during the year, concerns remain around the time it takes management to progress recommendations especially in critical areas such as Commercial Waste at Household Recycling Centres, Asset Management Policy and CCTV Policy. It is important that there is an ongoing commitment from Council senior management to ensuring that there is a robust control environment to support the delivery of services.

12.0 Overall Assurance Statement

For the reasons outlined above, Internal Audit can provide a **satisfactory** level of assurance as to adequacy and effectiveness of the 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.

Internal Audit will continue to support management in reviewing the level of fraud risks associated with their key activities and ensuring that appropriate mitigations are put in place. However, it should be noted that it is management's responsibility to ensure that there are robust systems of internal control in place to help manage the risk of fraud.

Looking ahead, the matters highlighted above, together with ongoing financial pressures continue to present risks that could affect the Council's ability to deliver in its objectives. In our view, it is important that senior management continue to place importance on the development and maintenance of adequate and effective audit, risk and governance arrangements within Council. It is also important that audit recommendations to address control weaknesses and recommendations highlighted are implemented in a timely fashion and Internal Audit receives adequate cooperation to ensure delivery of the annual audit plan throughout 2025/26.

This report has been prepared for the Members of Causeway Coast and Glens Borough Council and should not be disclosed to any third party, quoted or referred to without prior written consent of the author.

Appendix I: Definition of Assurance Ratings

Satisfactory Assurance Evaluation opinion:

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 Assurance Evaluation opinion:

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 Assurance Evaluation opinion:

The system of governance, risk management and control has failed or there is a real and substantial risk that the system will fail to meet its objectives.

Appendix II: Performance of the Internal Audit Service in 2024/2025

Performance indicators

The table below sets out progress against performance indicators for the internal audit function.

Quality Assurance and Improvement Framework

There have been no significant deviations from this framework during the year.

Ongoing performance monitoring has been conducted throughout the year through:

- supervision of the in-house auditor by the Director of Corporate Services
- supervision of the CavanaghKelly internal audit team by the Internal Audit Partner
- the production of regular update reports to the Audit Committee including an overview of assurance work completed during the quarter and progress against performance indicators (see above)
- a peer review of the in-house audit service by against the Public Sector Internal Audit Standards.

The Institute of Internal Auditors have produced new Global Internal Audit Standards which will apply from January 2025 and this needs to be considered by the Internal Audit team. The Quality and Improvement framework for the Internal Audit service for the year ahead includes aligning processes with the new Global Internal Audit Standards.

Appendix III: Observations from Self-Assessment for PSIAS at March 2025

Standard Ref:	Recommendation	Management Response	Ownership	Implementation Date
Code of Ethics	<p><u>Recommendation 1</u></p> <p>Declaration of Interest and Compliance with PSIAS</p> <p>In my opinion the Internal Audit team fully conforms to the PSIAS Code of Ethics. However, to ensure best practice I have included the following recommendation.</p> <p><u>Recommendation</u></p> <p>When drafting the Terms of Reference for each audit review the following statement or similar be added.</p> <ul style="list-style-type: none"> • Prior to assignment of this audit review any conflicts of interest have been discussed between auditor and Internal Audit Manager and there are none. • This audit will be conducted to conform to the Public Sector Internal Audit Standards. 	Accepted	Audit, Risk and Governance Manager	June 2025

1100	<p><u>Recommendation 2</u></p> <p>Organisational Independence</p> <p>Currently the position of the Internal Audit Team within the organisational chart could compromise the in-house team's perceived independence.</p> <p><u>Recommendation</u></p> <p>That the organisational chart should reflect the independence and objectivity of the Internal Audit team.</p>	Accepted	Audit, Risk and Governance Manager	June 2025
1300	<p><u>Recommendation 3</u></p> <p>Self-assessment</p> <p>Annual self-assessments are not routinely carried out</p> <p><u>Recommendation</u></p> <p>Consideration should be given to carry out an annual self-assessment against PSIAS on an exception basis.</p>	Accepted	Audit, Risk and Governance Manager	June 2025