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| <b>Subject:</b>           | Audit & Risk Panel Annual Report to Strategic Policy & Resources Committee including draft Annual Governance Statement |
| <b>Date:</b>              | 17 June 2022   |
| <b>Reporting Officer:</b> | Ronan Cregan, Deputy Chief Executive / Director of Finance and Resources   |
| <b>Contact Officer:</b>   | Claire O'Prey, Head of Audit, Governance and Risk Services (AGRS)  |

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| <b>Restricted Reports</b>                                |   |
| <b>Is this report restricted?</b>                        | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> |
| <b>If Yes, when will the report become unrestricted?</b> |   |
| After Committee Decision                                 | <input type="checkbox"/>  |
| After Council Decision                                   | <input type="checkbox"/>  |
| Some time in the future                                  | <input type="checkbox"/>  |
| Never  | <input type="checkbox"/>  |

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| <b>Call-in</b>                               |   |
| <b>Is the decision eligible for Call-in?</b> | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> |

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| <b>1.0</b> | <b>Purpose of Report or Summary of main Issues</b>  |
| 1.1        | The Audit and Risk Panel is constituted as a working group of the Strategic Policy and Resources Committee. The purpose of the Panel is to provide an independent assurance on the adequacy of the Council's risk management framework and associated control environment. The Panel also oversees the Council's financial reporting process.   |
| 1.2        | The purpose of this report is twofold; <ul style="list-style-type: none"><li>▪ To provide a summary to Committee of the key issues that have been considered and discussed by the Panel during the 2021/22 financial year, the assurances received and the areas requiring attention.</li><li>▪ To present the Annual Governance Statement for 2021/22, for consideration and inclusion in the unaudited statement of accounts which will be certified by the Chief</li></ul> |

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|            | Financial Officer by 30 June 2022 and then subject to NIAO audit. The Statement has been considered by the Audit & Risk Panel but must be approved by the Committee Chair, the Chief Executive and the Chief Financial Officer.   |
| <b>2.0</b> | <b>Recommendations</b>  |
| 2.1        | <p>The Committee is asked to:</p> <ul style="list-style-type: none"> <li>• Note the summary of the work of the Audit and Risk Panel during 2021/22 set out at Section 3.</li> <li>• Review and approve the draft Annual Governance Statement for 2021/22 at <b>Appendix A</b> and, in particular, the disclosure of the significant governance issues contained in the statement.</li> <li>• Note the minutes of the meeting of the Audit and Risk Panel on 7<sup>th</sup> June 2022 at <b>Appendix B</b>.</li> </ul>   |
| <b>3.0</b> | <b>Main report</b>  |
|            | <p><u>Key Issues</u></p> <p><b>Summary of the work of the Audit and Risk Panel in 2021/22</b></p> <p>3.1 In March 2021 the Panel approved the internal audit strategy and plan for the 2021/22 year. The plan was designed to allow AGRS to provide independent assurance over the councils changed risk, control and governance frameworks, which is of particular importance during the pandemic response and recovery. The plan covered:</p> <ul style="list-style-type: none"> <li>▪ Key financial systems / income generating activity</li> <li>▪ Key programmes / projects</li> <li>▪ Management of key corporate risks</li> <li>▪ Meeting external grant funding requirements</li> <li>▪ Governance arrangements</li> </ul> <p>3.2 During 2021/22, the Panel met four times over MS Teams. At these meetings the Panel considered progress reports on delivery of audit plans and issues arising from audit activity, including the findings, assurance levels and recommendations arising from audit work and the progress being made to implement audit recommendations. It also received regular updates on:</p> <ul style="list-style-type: none"> <li>▪ the Council's financial position, as set out in its financial statements</li> <li>▪ reports from the Council's external auditors</li> </ul> |

- risk management
- business continuity
- fraud, financial irregularity and whistleblowing / raising concerns investigations
- governance related matters
- financial control
- health and safety
- performance management
- staff attendance.

3.3 The key assurances that the Panel received are as follows:

- the Council's **financial statements and annual governance statement**, as prepared by the Deputy Chief Executive and Director of Finance and Resources and their team; this provided a management assurance on the Council's financial position
- the audited accounts and the associated **external audit annual letters for 2020/21** (providing an opinion on the accounts) **and report to those charged with governance** (setting out control issues arising from the annual external audit), as prepared and presented by the Northern Ireland Audit Office. This provided an external assurance on the Council's financial position for 2020/21. (The accounts for 2021/22 are to be prepared by the end of June 2022)
- the **Head of Audit, Governance and Risk Service's annual assurance statement** on the adequacy and effectiveness of the Council's risk management, control and governance arrangements, based on the findings of audit work completed throughout the year.

3.4 The Panel received assurance from the NIAO regarding their performance improvement audit and assessment for the Council which resulted in a standard, unqualified opinion. The Panel also received regular reports on the development of the Improvement Plan in line with Part 12 of the Local Government (NI) Act.

3.5 Where areas for improvement have been identified, these have been reported and implementation of agreed recommendations is actively monitored and reported back to the Panel. The Panel has, on occasions, raised issues where either audit reports have identified significant issues or progress against recommendations has not been satisfactory, with Directors asked, where necessary, to attend the Panel and provide further explanation. The key areas considered during 2021/22 include:

- **internal audits** of key areas such as Accounts Payable, Payroll, Procurement and Contract Management, Externally Funded Projects, Grants, Fleet Management, Event Safety, Income and Accounts Receivable and Developer Contributions
- **audits of the management of corporate risks** such as Waste Management, City Regeneration and Development, Safeguarding and Organisational and Operational Recovery
- **assurance and advisory work over key programmes** including the project to replace the Accounting System, the Belfast Region City Deal programme, the new HR system, the Planning Portal and the Customer Focus Programme

3.6 In terms of areas that require attention, the Panel has received regular reports on the progress being made by management to implement agreed audit recommendations. These reports indicates that each time progress in this area is reviewed, the review finds that management have implemented approximately a third of recommendations. While there are a variety of reasons for delays in implementation, the Panel highlights that it is vitally important that agreed audit recommendations arising from internal audits are implemented in a timely manner in order to ensure that the Council's risk and control framework is maintained.

3.7 The Audit and Risk Panel have also received updates during the year on the Council's risk management arrangements, including reports on the management of the Council's key corporate risks.

### **Annual Governance Statement**

3.8 At their meeting on 7th June 2022, the Panel considered the draft Annual Governance Statement for the Council for 2021/22 and, in particular, the five significant governance issues contained in the statement.

3.9 The Annual Governance Statement is an important document, and it is important that the Committee is fully aware of its contents. The disclosures in the statement are based upon the Council's corporate risk register and take into consideration the disclosures made by Chief Officers in their individual annual assurance statements. The Annual Governance Statement also incorporates a summary of the Head of Audit, Governance and Risk Service's annual assurance statement.

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|            | <b>Minutes of the Audit and Risk Panel meeting on 7<sup>th</sup> June 2022</b>   |
| 3.10       | In line with usual protocol, the minutes of the Audit & Risk Panel meeting would be presented to the following Strategic Policy and Resources Committee for approval |
|            | <u>Financial &amp; Resource Implications</u>   |
| 3.11       | None   |
|            | <u>Equality or Good Relations Implications/Rural Needs Assessment</u>  |
| 3.12       | None   |
| <b>4.0</b> | <b>Appendices – Documents Attached</b>   |
|            | Appendix A – Annual Governance Statement for 2021/22   |
|            | Appendix B – Minutes of the meeting of the Audit and Risk Panel on 7 <sup>th</sup> June 2022   |