



Subject:	Audit and Risk Panel Annual Report to Strategic Policy and Resources Committee including Draft Annual Governance Statement
Date:	21 June 2024
Reporting Officer:	Claire O'Prey, Head of Audit, Governance and Risk Services (AGRS)
Contact Officer:	Claire O'Prey, Head of Audit, Governance and Risk Services (AGRS)

Restricted Reports	
Is this report restricted?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
<p>Please indicate the description, as listed in Schedule 6, of the exempt information by virtue of which the council has deemed this report restricted.</p> <p>Insert number <input type="checkbox"/></p> <ol style="list-style-type: none"> 1. Information relating to any individual 2. Information likely to reveal the identity of an individual 3. Information relating to the financial or business affairs of any particular person (including the council holding that information) 4. Information in connection with any labour relations matter 5. Information in relation to which a claim to legal professional privilege could be maintained 6. Information showing that the council proposes to (a) to give a notice imposing restrictions on a person; or (b) to make an order or direction 7. Information on any action in relation to the prevention, investigation or prosecution of crime 	
If Yes, when will the report become unrestricted?	
<p>After Committee Decision</p> <p>After Council Decision</p> <p>Sometime in the future</p> <p>Never</p>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

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

1.0	Purpose of Report or Summary of main Issues
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

1.2	<p>on the adequacy of the Council's risk management framework and associated control environment. The Panel also oversees the Council's financial reporting process.</p> <p>The purpose of this report is twofold:</p> <ul style="list-style-type: none"> ▪ To provide a summary to Committee of the key issues that have been considered and discussed by the Panel during the 2023/24 financial year, the assurances received and the areas requiring attention. ▪ To present the Annual Governance Statement for 23/24 for consideration and inclusion in the unaudited statement of accounts which will be certified by the Chief Finance Officer by 30th June 2024 and then subject to NIAO audit. The Statement has been considered by the Audit and Risk Panel and must be approved by the Chair of Strategic Policy and Resources Committee and the Chief Executive.
2.0	Recommendations
2.1	<p>The Committee is asked to:</p> <ul style="list-style-type: none"> ▪ Note the summary of the work of the Panel during 2023/24 as set out at Section 3. ▪ Review and approve the draft Annual Governance Statement for 2023/24 at Appendix A and, in particular, the disclosure of the significant governance issues contained in the statement. ▪ Note the minutes of the meeting of the Audit and Risk Panel on 4 June 2024 at Appendix B.
3.0	Main report
3.1	<p><u>Key Issues</u></p> <p>Summary of the work of the Audit and Risk Panel in 2023/24</p> <p>In March 2023 the Panel approved the internal audit strategy and plan for the 2023/24 year. The plan was designed to allow AGRS to provide independent assurance over the following areas:</p> <ul style="list-style-type: none"> ▪ Key financial systems / income generating activity ▪ Key programmes / projects ▪ Corporate priorities ▪ Management of key corporate risks ▪ Meeting external grant funding requirements ▪ Governance arrangements
3.2	<p>During 2023/24, the Panel met four times on a hybrid basis. At these meetings the Panel considered progress reports on delivery of audit plan and issues arising from audit activity, including the findings, assurance levels and recommendations arising from audit work and</p>

the progress being made to implement audit recommendations. It also received regular updates on:

- the Council's financial position, as set out in its financial statements
- reports from the Council's external auditors
- 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 Director of Finance 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 2022/23** (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 2022/23. (The accounts for 2023/24 are to be prepared by the end of June 2024)
- 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 regarding how the Council has discharged its performance improvement and reporting duties.

3.5 In terms of the improvement assessment the Panel learned that the LGA had provided an opinion, that the Council is unlikely to discharge its duties in respect of Part 12 of the Act during 2023-24 as it has not been able to demonstrate a track record of improvement. Regarding this matter, the Panel received a report from management on the

next steps for the indicators used in the Performance Improvement Plan 2023-24, with Strategic Policy and Resources Committee agreeing for the Performance Improvement Plan for 2023-24 to be updated and re-published. The Panel also received regular reports on the Performance Improvement activities.

3.6 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 2023/24 include:

- **internal audits** of key areas such as the Belfast Agenda, Neighbourhood Regeneration Fund, Budgetary Control and Financial Reporting, Fuel Procedures, Labour Market Partnership, Police and Community Safety Partnerships, Social Value Procurement Policy, Payroll Data Analytics, Cyber Security – Computer Use Policy, Data Migration Process for the new Accounting System, Belfast Waterfront and Ulster Hall Ltd and Visit Belfast.
- **audits of the management of corporate risks** such as Port Health, People Strategy, Customer Focus, Climate Change and Resilience Strategy.
- **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 and the In-Cab Technology project .

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.

Compliance with the CIPFA Position Statement

3.8 The CIPFA publication “Audit Committees: Practical Guidance for Local Authorities and Police” dated October 2022 sets out guidance on the function and operation of audit committees and represents best practice

3.9 In line with the guidance the Panel considered the evaluation of its impact and effectiveness and also the assessment against best practice in March 2024, following their training session in January 2024. This evaluation found the Panel to be compliant with the CIPFA position statement with one minor exception regarding how the Panel is appointed. Council policy is based on nomination of one member from each of the main political

	<p>parties with an external member to provide independence and expertise, rather than on members skills.</p> <p>Annual Governance Statement</p>
3.10	<p>At their meeting on 4 June 2024, the Panel considered the draft Annual Governance Statement for the Council for 2023/24 and, in particular, the significant governance issues contained in the statement.</p>
3.11	<p>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.</p> <p>Minutes of the Audit and Risk Panel meeting on 4 June 2024</p>
3.12	<p>In line with usual protocol, the minutes of the Audit & Risk Panel meeting are presented to Strategic Policy and Resources Committee for approval.</p>
	<p><u>Financial & Resource Implications</u></p>
3.13	<p>None</p> <p><u>Equality or Good Relations Implications/Rural Needs Assessment</u></p>
3.14	<p>None</p>
4.0	Appendices – Documents Attached
	<p>Appendix A – Annual Governance Statement for 2023/24</p> <p>Appendix B – Minutes of the meeting of the Audit and Risk Panel on 4 June 2024</p>