

ARDS AND NORTH DOWN BOROUGH COUNCIL

18 March 2025

Dear Sir/Madam

You are hereby invited to attend a hybrid meeting (in person and via zoom) of the Audit Committee of the Ards and North Down Borough Council which will be held the Council Offices, 2 Church Street, Newtownards on **Monday, 24 March 2025** commencing at **7.00pm**.

Yours faithfully

Susie McCullough
Chief Executive
Ards and North Down Borough Council

A G E N D A

1. Apologies
2. Chairman's Remarks
3. Declarations of Interest

Reports for Noting:

4. Matters Arising from Previous Meetings
 - a) Committee Minutes from 16 December 2024 (report attached)
 - b) Follow-up Actions (report attached)
5. External Audit
 - a) Draft Audit Strategy 2024/25 (report attached)
6. Internal Audit
 - a) Internal Audit Progress Report 2024/25 (report attached)
 - b) PCSP Report (report attached)
 - c) LMP Report (report attached)
 - d) Transformation Programme Report (report attached)
 - e) Budgetary Control Report (report attached)
 - f) Cash Handling Report (report attached)
 - g) Digital Transformation Advisory Report (attached)
 - h) Governance Framework Report (report attached)
 - i) Draft Annual Assurance Report (report attached)
 - j) Draft Internal Audit Plan 2025/26 (report attached)

7. Work Plan and Meeting Schedule for 2025/26 (report attached)

8. Any Other Notified Business

ITEMS 9 – 11 *IN CONFIDENCE*****

Reports for Noting:

9. Single Tender Actions Update (report attached)

10. Fraud, Whistleblowing and Data-protection matters (verbal update)

11. Meeting with NI Audit Office & Internal Audit Service in the absence of Management

MEMBERSHIP OF AUDIT COMMITTEE (11 MEMBERS)

Alderman Armstrong-Cotter	Councillor McCollum (Vice Chair)
Councillor Harbinson	Councillor McKee
Councillor Ashe	Councillor McLaren
Councillor Cochrane	Councillor Thompson
Councillor Hollywood (Chair)	Councillor Wray
Mr P Cummings	

ARDS AND NORTH DOWN BOROUGH COUNCIL

A hybrid (in person and via Zoom) Special meeting of the Audit Committee was held at the Council Chamber, Church Street, Newtownards, on Monday 16th December 2024 at 7.00pm.

PRESENT: -

In the Chair: Councillor Hollywood

Councillors: Ashe (Zoom) McKee (Zoom)
Harbinson Thompson (Zoom)
Cochrane (Zoom) Wray (Zoom)

Independent Member: Mr P Cummings

In Attendance: Camile McDermott (Deloitte), Sarah Heanen (NIAO, Zoom)

Officers: Chief Executive (S McCullough), Director of Corporate Services (M Steele), Head of Finance (S Grieve), and Democratic Services Officer (S McCrea)

1. APOLOGIES

Apologies were received from Councillor McCollum for inability to attend.

NOTED.

2. CHAIRMAN'S REMARKS

The Chairman (Councillor Hollywood) welcomed Deloitte and Northern Ireland Audit Office representatives Camile McDermott and Susan Haanan respectively as well as Independent Member Paul Cummings.

3. DECLARATIONS OF INTEREST

Camile McDermott declared an interest in Item 9: Review of Internal Audit Contract. Members were reminded that they could declare an interest at any time throughout the meeting.

NOTED.

4. MATTERS ARISING FROM PREVIOUS MINUTES

4 (a) COMMITTEE MINUTES FROM 23 SEPTEMBER 2024

PREVIOUSLY CIRCULATED:- Copy of the above minutes.

AGREED TO RECOMMEND, on the proposal of Councillor Harbinson, seconded by Councillor Wray, that the minutes be noted.

4 (b) FOLLOW-UP ACTIONS

PREVIOUSLY CIRCULATED:- Report from the Director of Corporate Services detailing, in line with good practice, a register of actions was maintained to ensure that requests from previous meetings of the Committee had been followed up on.

Item	Title	Action	Officer	Status
Dec 23 6b	Audit and Assessment Report	<ul style="list-style-type: none"> Drafting of formal consultation strategy 	Head of Comms & Marketing	Due March 2025
Jun 24 11	Draft Financial Statements	<ul style="list-style-type: none"> Review of Scheme of Allowances to remove the need for Members to claim SRA 	Head of Finance	Due March 2025
12	Private Meeting with Auditors	<ul style="list-style-type: none"> Need for progress with regard to Governance and Internal Audit issues 	Director of Corporate Services	In progress see item 7a
		<ul style="list-style-type: none"> Members requested earlier draft financial statements 	Head of Finance	Due June 2025
		<ul style="list-style-type: none"> Need for additional meeting to be considered during Annual Meeting 	Director of Corporate Services	June 2025
Sep 24 5a	Draft Report to those charged with Governance	<ul style="list-style-type: none"> Special Committee meeting to be held 	Director of Corporate Services	October 2024

RECOMMENDED that Council notes this update.

AGREED TO RECOMMEND, on the proposal of Councillor Harbinson, seconded by Councillor Wray, that Council notes the update.

4 (b) FOLLOW UP ACTIONS

PREVIOUSLY CIRCULATED:- Report from the Director of Corporate Services detailing that, In line with good practice, a register of actions WAS maintained to ensure that requests from previous meetings of the Committee WERE followed up on.

Item	Title	Action	Officer	Status
Dec 23 6b	Audit and Assessment Report	<ul style="list-style-type: none"> Drafting of formal consultation strategy 	Head of Comms & Marketing	Due March 2025
Jun 24 11	Draft Financial Statements	<ul style="list-style-type: none"> Review of Scheme of Allowances to remove the need for Members to claim SRA 	Head of Finance	Due March 2025
12	Private Meeting with Auditors	<ul style="list-style-type: none"> Need for progress with regard to Governance and Internal Audit issues 	Director of Corporate Services	In progress see item 7a
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		<ul style="list-style-type: none"> Need for additional meeting to be considered during Annual Meeting 	Director of Corporate Services	June 2025
Sep 24 5a	Draft Report to those charged with Governance	<ul style="list-style-type: none"> Special Committee meeting to be held 	Director of Corporate Services	October 2024

RECOMMENDED that Council notes this update.

AGREED TO RECOMMEND, on the proposal of Councillor Wray, seconded by Councillor Harbinson, that Council notes the update.

5. CORPORATE GOVERNANCE

5 (a) STATEMENTS OF ASSURANCE REPORT

PREVIOUSLY CIRCULATED:- Report from the Director of Corporate Services detailing that, in accordance with the Council's Risk Management Strategy, Heads of Service were required to provide Statements of Assurance. Assurance Statements comprised of four main sections to be completed by each Head of Service following consultation with each of their Service Units. Period of this report, 1 April 2024 - 30 September 2024.

Findings

General – Identification of Risk, Monitoring and Control measures

No key issues had been declared as not having appropriate internal controls in place. All Services have confirmed that any risks identified had appropriate internal controls and any further actions taken, or to be taken, to adequately mitigate or resolve the risk have been identified.

The Corporate Risk Register was reviewed by the Heads of Service Team and Corporate Leadership Team, assigning owners for each of the Risks.

Section 1 – Strategic and Operational Risk Management

Services reported appropriate controls were in place and had identified satisfactory actions to review, monitor, control, mitigate and resolve issues, where appropriate.

The Administration service had reported that the new Corporate Risk Register was now live* with assigned Risk Leads and action plans for each item. (*the new live Corporate Risk Register and associated Action plan was reported to Audit Committee in June 2024). Also reported, fortnightly data protection advice was being provided to staff via the News and Info, to address perceived trends in this area. The process of obtaining reinstatement valuations for insurance purposes had been formalised and a suitable surveyor would be appointed following a tender exercise in 2025.

The Parks & Cemetery Service had reported that the staff restructuring had taken longer than expected but new momentum had been achieved by weekly meetings with HR. They anticipated that this process would be complete by March 2025. In addition, the Service had continued to report that grave space across the borough was running low, this was being progressed by the Cemetery Provision Project Board.

Waste and Cleansing Service had continued to report on the significant financial liability for the Council should the bidding process for the Residual Waste Treatment project be collapsed by the client. The current landfill being used by the Council was due to close in January 2025, so award of the interim residual waste contract was critical for the Council.

Environmental Health, Protection and Development Service had continued to report that they were working with funding organisations and other Councils to understand the impact of changes in regulation in relation to the Safeguarding the Union document.

Tourism Service had reported that in relation to the leak at the Ards Visitor Information Centre, the Council was in protracted discussions with the landlord to seek clarity on whose responsibility it was to fix. The leak was a potential Health and Safety hazard and had also caused damage to the space. Lands Officers are seeking legal advice on the matter.

Section 2 – Internal Control

Generally, there were no key issues arising to cause significant concern or requiring immediate action.

Parks and Cemeteries had reported that they have two new systems, PSS Live and Plotbox, which were being introduced on a phased basis with a further stage of Plotbox being considered.

Human Resources and Organisational Development had reported that possible improvements were identified for the Core system to be able to notify managers of absence triggers being met and to notify them when suitable action had been taken.

Both Regulatory Services and Communications and Marketing had reported regarding a Facebook page which was outside the Council's control. Facebook had been contacted regarding removal of this page.

Finance Service had noted that the lack of an electronic purchase ordering system meant that the service did not have a full understanding of financial commitments on a live basis. A project to introduce a system was underway.

Administration Service had reported successes with completing a title deed scanning exercise and the establishment of a Policy register to ensure a consistent development process for Council policies.

Leisure Service had reported that there were concerns within the section that lower than acceptable staffing levels in Leisure and an unsuccessful recruitment exercise had resulting in service delivery being negatively impacted and staff welfare compromised. A transformation process was underway to address this but there were concerns regarding the speed at which it was being implemented.

Section 3 – Governance

The Finance Service had previously reported on challenges involving the interaction of overtime and holiday pay which were still being examined.

On the subject of complaints, the Parks and Cemeteries Service had responded to recent complaints regarding cemetery and sports turf maintenance by implementing solutions based around increased monitoring and record keeping of maintenance together with the inclusion of the Service in the Council-wide Te-Care system; a report on this was being prepared for the Community and Wellbeing Committee.

The Administration Service had reported that Council had approved the extinction of a Public Right of Way which may result in a public enquiry; legal advice was being sought.

Some services reported deviations from the Procurement Policy for single tender actions or Direct Awards, however for each of these a deviation from Procurement policy form was completed and submitted.

The Planning Service had reported that an objection to Planning Approval had progressed to the lodging of Pre-Action papers, followed by full papers seeking a Judicial Review. If this action was successful, Council may be held responsible for reimbursing the legal fees of the objector.

Regulatory Services had reported two main pressures, the first was the recent introduction of XL Bully legislation which would require additional training for staff and additional housing for the dogs which would add a financial burden. The second pressure as due to an overall drop in car parking income and a greater demand for maintenance of car parks.

Assets and Property Service had reported that legal action continued regarding Aurora construction defects. The Service had reported that the tender for the sale of electricity from the wind turbine in Balloo Wood Bangor had been extended due to changes in the electricity market.

Section 4 – Miscellaneous

Parks and Cemeteries Service had reported that the impacts of changing weather patterns and the lessening 'seasonal' variation was affecting service delivery. This had resulted in criticism of the service regarding grass cutting and sports pitch availability across the Service. Mitigations were planned with increased investment in drainage projects and realignment of staffing structures and maintenance schedules.

RECOMMENDED that Council note this report.

Councillor Wray proposed, seconded by Councillor Harbinson, that the recommendation be adopted.

Councillor Wray noted the leak at Ards Arts Centre, the bid for residual waste and lack of grave space in cemeteries. He asked what implications may occur in working with other organisations and councils around regulation changes in the Safeguarding the Union document and what work might be entailed.

The Director of Corporate Services explained that the document was produced every six months. Risk Management received assurances from eighteen departments in Council. Within those, notes would range from ongoing tasks, mitigations, and provided opportunities for Heads of Service to outline key issues in their service areas. This report extracted and summarised information as opposed to supplying the Audit Committee with eighteen different reports. The Director advised that he would seek and provide further information. Councillor Wray queried whether further information could be provided on the facebook page and extinction of right of way mentioned within the report. The Director of Corporate Services advised that he would also procure further information on both items.

Councillor McKee asked who the client referred to on page 2 regarding Waste and Cleansing Services and for clarification on the bidding process. The Director of Corporate Services confirmed that Arc21 was the client and explained that as the Audit Committee only met quarterly, the information in the report was based on April-September, but since then, the situation had progressed to allow for more certainty in costs that would be incurred with financial liability not being as great as first perceived. Councillor McKee asked for further clarity on wording as one part spoke of an interim contract whilst the other appeared to reference the collapse of Arc21 in its entirety. The Head of Finance advised that Arc21 were undertaking the tender process for the residual waste treatment plant that had been amidst the planning

process for a number of years. There had been various court cases on the matter but there was an agreement with the preferred bidder should the tendering process collapse due to the client withdrawing. There was a contingency agreement with Arc21 and other Councils and there was no intention of the client collapsing the tender process with difficulties instead lying with getting planning permission.

AGREED TO RECOMMEND, on the proposal of Councillor Wray, seconded by Councillor Harbinson, that the report be noted.

5.B. CORPORATE RISK REGISTER

PREVIOUSLY CIRCULATED:- Report from the Director of Corporate Services which explained that the Corporate Risk Register had last been reported to Committee in June 2024, providing the first detailed Action Plan. This report focused on the period 1 June 2024 – 30 September 2024. As this report covered a 4-month period, a significant number of updates were not expected, particularly for those actions with long completion target dates. The next report to Audit Committee was to cover the period October 2024 to April 2025.

The Corporate Leadership Team together with the Heads of Service reviewed the Corporate Risk Register in October. There were no changes to the Corporate Risk Register. Within the Action Plan, there were a number of updates recorded for the period, as summarised below. This summary did not include Corporate Risks or associated Actions without specific updates (reflecting no change), or where the update reflected that the action was ongoing or under development.

CR1 – Inability to meet targets set out within *The Integrated Strategy for Tourism, Regeneration and Economic Development*, Under the Action Plan, sub-risk of *Failure to Increase the share of overnight NI Trips* and *Failure to increase visitor spend*, the NISRA statistics for 2023 had been received, however NISRA had advised that they could not be compared to the 2019 data as the methodology used had been changed.

CR3 – relating to **Member engagement in development plan and more targeted Corporate Plan**. The first action in relation to the design and development of the Corporate Plan had been complete. There was one status update in relation to the second action to use the Corporate Plan to shape the future direction of the council, *the Review of Organisational Redesign has restarted with a target date for completion of the first phase of March / April 2025*.

CR4 – the risk of **Failure to adequately plan for the impact of climate change**. There were no officers in post to take these actions forward at the time of writing. The current target date for completion of the five identified risks was March 2025.

CR5 – the risk of **Not achieving the Council's Net Zero targets**. Under the first (control) detail risk, it was noted that there was no officer in place. Under the control risk *Poor monitoring of progress*, the action for the *Roadmap to Sustainability* had been updated reporting that work was underway with SNI to review the roadmap to incorporate current obligations. The deadline for completion had been adjusted to March 25 due to the lack of internal resource to support this work. The *Routine*

Carbon budget progress reporting action had been updated, reporting that that work on Co-Design with DAERA was being undertaken in relation to climate change reporting.

CR6 – the risk of Failure to work in effective partnerships to meet Council Objectives had three detail risks. The following updates related to the Community Planning Partnership detail risk. The November Strategic Partnership meeting would see the chair of the Strategic Community Partnership Group change and a vice chair to be elected for two years. The Annual progress update report would be presented and proposals to amend the wording of outcomes, reducing priorities, better structures and alignment of workstreams would be discussed. In relation to the action on *Benchmarking with other models*, the Operational Risk Lead also reported that there was council participation in the Community Planning Officers Network meetings and the DfC Working Group.

CR8 – Risk of Death as a result of Council actions or omissions had ten detail risks. Under *Event Safety*, it was noted that the Lands Policy was currently under review and the Events Toolkit was under revision. Commencing the 2025/26 season, the inclusion of a requirement for early engagement, requirement for specified documentation and / or attendance at Safety Advisory Group meetings would be set out in the Terms and Conditions for those receiving grants to deliver events and for external operators supported to deliver tourism experiences.

CR11 – Decline in the Council's non-domestic tax base was now highlighted in the 2024 – 2028 Corporate Plan. The action to develop a number of key projects to address need to start to grow the non-domestic rate base had been updated. The status relating to the Regeneration budget had been updated to confirm the 2024/25 budget was being managed and the 2025/26 budget requirements were being considered before the budget scrutiny panel.

CR15 – A report of the risk of Failure to fulfil the Council's statutory obligations under the Burial Grounds Regulations was brought to the Community and Wellbeing Committee in June 2024. The recommendation in this report was adopted with a further review scheduled for December 2024.

RECOMMENDED that Council notes this report.

Councillor Harbinson proposed, seconded by Councillor Ashe, that the recommendation be adopted.

Councillor McKee referenced the report's mention of no officer being in post to ensure compliance with required steps in planning for climate change and asked if there was any update. The Director of Corporate Services explained that further developments had occurred since the report. The role had been recruited in the intervening period. Unfortunately, this particular area was under-resourced but management were amidst a review of Senior structures in the organisation and, once completed, more comprehensive resourcing requirements would be investigated that could help further actions regarding climate change.

AGREED TO RECOMMEND, on the proposal of Councillor Harbinson, seconded by Councillor Ashe, that the report be noted.

6. EXTERNAL AUDIT

6.A. FINAL REPORT TO THOSE CHARGED WITH GOVERNANCE

PREVIOUSLY CIRCULATED:- Copy of the above report.

Sarah Heanen, representative of the NIAO advised that the report contained three recommendations with this final version including management responses that had been accepted.

AGREED TO RECOMMEND, on the proposal of Councillor McKee, seconded by Councillor Ashe, that the report be noted.

6.B. S95 AUDIT AND ASSESSMENT REPORT

PREVIOUSLY CIRCULATED:- Report from the Director of Corporate Services which explained that the Local Government Auditor’s (LGA) audit and assessment work on the Council’s performance improvement arrangements had concluded. The Audit and Assessment 2024-25 Report to the Council and the Department for Communities under Section 95 of the Local Government (NI) Act 2014 had been attached at **Appendix 1** for Members’ information.

SUMMARY OF THE AUDIT

The LGA had certified the performance arrangements with an unqualified audit opinion, without modification. They certified that an improvement audit and improvement assessment had been conducted. The LGA also stated that, as a result, they believed the Council has discharged its performance improvement and reporting duties under Section 95 of the Local Government Act 2014, including its assessment of performance for 2023-24 and its 2024-25 improvement plan, and had acted in accordance with the Guidance

In their opinion, the Council had demonstrated a track record of ongoing improvement, and they believed that the Council was likely to comply with Part 12 of the Act during 2024-25.

During the audit and assessment, the LGA identified no issues requiring a formal statutory recommendation under the Act.

The LGA made one proposal for improvement as follows (to be considered when developing 2025/26 Performance Improvement Plan):

Thematic area	Issue	Proposal for improvement
Governance arrangements	Most objectives have more than one Senior Responsible Officer, in addition there are	The Council should consider that each objective should have one Senior Responsible Officer,

	<p>numerous Heads of Service feeding into the progress of the measures within the objective. Whilst progress is reported, it could be to several different Standing Committees.</p>	<p>therefore ensuring clear ownership of the objective and ensuring that the overall progress of the objective is reported to one committee.</p>
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RECOMMENDED that Members note the above summary and attached Report at Appendix 1.

Camile McDermott of Deloitte summarised the report to Members, advising that the audit opinion on the report was unqualified which was good news and that guidance had been applied appropriately. There were no issues regarding formal statutory recommendations. The report contained one recommendation, though small in nature; a proposal for improvement which should provide a responsible officer to each objective and reported to one Committee in order to give ownership.

AGREED TO RECOMMEND, on the proposal of Councillor McKee, seconded by Councillor Wray, that the report be noted.

6.C. FINAL AUDIT LETTER

PREVIOUSLY CIRCULATED:- Copy of the above report.

AGREED TO RECOMMEND, on the proposal of Councillor Thompson, seconded by Councillor Harbinson, that the report be noted.

7. INTERNAL AUDIT

PROGRESS REPORT 2024/25

Camile McDermott summarised the report to Members, advising that PCSP and budgetary control drafts expected this week. Deloitte were content that all audits would be completed within the audit year with remaining reports being presented at the next committee meeting. It was noted that there was a request from management to defer the business technology governance review and in its place, Deloitte brought forward the transformation program and project management review that had been on the plan for 2025-26. Outstanding recommendations had a new format as could be seen on page 14 of the report. Whereas before, Members would have viewed the total open issues as of the last Audit Committee meeting, instead they will now see the total number of open issues present at the beginning of a reporting year, items added to the tracker and items closed. It was hoped this would provide a better overview of movement. Four Priority #1 recommendations had been closed in the current internal audit year and only one remaining that related to procurement of vehicles. A test still had to be carried out that the new process would be followed but as there had been no procurement of vehicles, the item could not be

progressed within the current period. There were twenty two items not started and overdue but none were categorised as Priority #1. A smaller number existed of items that were not yet due. Six Priority #2 had also been closed.

Items 7.A-1 and 7.A-2 were explained by Camile McDermott and noted as a group item.

7.A-1 PROCUREMENT (BELOW THE TENDER THRESHOLD)

PREVIOUSLY CIRCULATED:- Copy of the above report.

The report looked toward processes for procurement below £30,000. Procurement Service Units would not usually be involved in smaller sums, being at management level. There as one Priority #1 finding and overall limited assurance. The finding related to compliance with purchase ordering requirements. Whilst individual amounts were perhaps not at a material level for the Council, Internal Audit did not operate on materiality. There was a significant volume of instances within the sample which led to the recommendation that staff are reminded of the need to comply with the policy whilst ensuring the Procurement Handbook was also updated.

Councillor Ashe asked if a process was in place to ensure Council did not become vulnerable to a debtor. The Head of Finance advised that the Council were in the process of implementing systems with the new financial management system including Purchase to Pay systems which would address the issues. However it could take up to and beyond a year to implement the system. The electronic order system would have a workflow which would address any issues. Whilst implementation was ongoing, the Finance Department would continue to work closely with all Services to ensure compliance for Purchase Orders.

7.A-2 INFORMATION AND DATA PROTECTION

PREVIOUSLY CIRCULATED:- Copy of the above report.

This report looked specifically at controls and processes around data breaches and subject access requests with one Priority #1, two Priority #2 and one Priority #3 finding and overall limited assurance. The Priority #1 related to requirements of having a complete of processing activities which was a requirement under GDPR (ROPA for short).Part of that included the completion of a data mapping exercise which was part of the Information Commissioner's Office guidance. Though there was a draft ROPA, GDPR had come into effect in May, 2018, it was important for the ROPA to be finalised and kept up to date including documentation outlining responsibility of maintaining it within each Service Area. The document should remain live with periodic updates. The first of the Priority #2 recommendations related to Data Protection training wherein the policy did not outline its mandatory nature. Compliance levels at the time of writing showed that approximately 47% of staff had not completed refresher training within the last three years. The second Priority #2 recommendation related to updates within the data protection, information access and retention and disposal policies to ensure they are in line with GDPR. The Priority #3 related to retaining evidence of the usage of the self-assessment tool

when the Data Protection officer is considering whether a data breach is reportable to the Information Commissioner's Office. The ICO offer this tool on their website and it would be good practice to keep that evidence trail in the event that an issue has to be revisited.

AGREED TO RECOMMEND, on the proposal of Councillor Ashe, seconded by Councillor Harbinson, that the reports be noted.

8. ANY OTHER NOTIFIED BUSINESS

The Chairman advised that there were no Items of Any Other Notified Business.

NOTED.

EXCLUSION OF PUBLIC/PRESS

AGREED TO RECOMMEND, on the proposal of Councillor Harbinson, seconded by Councillor Ashe, that the public/press be excluded during the discussion of the undernoted items of confidential business at 19:32.

Camille McDermott left the Chamber at 19:32 due to her previously declared interest in the following item.

9. REVIEW OF INTERNAL AUDIT CONTRACT

*****IN CONFIDENCE*****

The Council was obliged to have an adequate and effective internal audit servicer as per regulations Members were asked to consider a report that had been brought to the Committee.

Camile McDermott returned to the Chamber at 19:33.

10. SINGLE TENDER ACTIONS UPDATE

*****IN CONFIDENCE*****

3. Exemption: relating to the financial or business affairs of any particular person

The Committee were asked to consider a report detailing an update on single tender actions since the last update was provided in September 2024.

The recommendation was adopted.

11. FRAUD, WHISTLEBLOWING AND DATA PROTECTION MATTERS

*****IN COMMITTEE*****

NOT FOR PUBLICATION SCHEDULE 6:3– INFORMATION RELATING TO THE FINANCIAL OR BUSINESS AFFAIRS OF ANY PARTICULAR PERSON (INCLUDING THE COUNCIL HOLDNG THAT INFORMATION)

12. MEETING WITH NI AUDIT OFFICE & INTERNAL AUDIT SERVICE IN ABSENCE OF MANAGEMENT

*****IN CONFIDENCE*****

NOT FOR PUBLICATION SCHEDULE 6 – INFORMATION RELATING TO THE FINANCIAL OR BUSINESS AFFAIRS OF ANY PARTICULAR PERSON (INCLUDING THE COUNCIL HOLDNG THAT INFORMATION)

RE-ADMITTANCE OF PUBLIC AND PRESS

AGREED TO RECOMMEND that the public/press be re-admitted to the meeting.

TERMINATION OF MEETING

The meeting terminated at 19:41.

Unclassified

ITEM 7

Ards and North Down Borough Council

Report Classification	Unclassified
Exemption Reason	Not Applicable
Council/Committee	Audit Committee
Date of Meeting	24 March 2025
Responsible Director	Director of Corporate Services
Responsible Head of Service	
Date of Report	14 March 2025
File Reference	AUD02
Legislation	Local Government (Accounts and Audit) Regulations 2015
Section 75 Compliant	Yes <input type="checkbox"/> No <input type="checkbox"/> Other <input checked="" type="checkbox"/> If other, please add comment below:
Subject	Follow up actions from previous meetings - Action Register
Attachments	

In line with good practice, a register of actions is maintained to ensure that requests from previous meetings of the Committee are followed up on.

Item	Title	Action	Officer	Status
Dec 23 6b	Audit and Assessment Report	<ul style="list-style-type: none"> Drafting of formal consultation strategy 	Head of Comms & Marketing	In draft Sep 2025
Jun 24 11	Draft Financial Statements	<ul style="list-style-type: none"> Review of Scheme of Allowances to remove the need for Members to claim SRA 	Head of Finance	CSC March 2025

Not Applicable

12	Private Meeting with Auditors	<ul style="list-style-type: none"> Need for progress with regard to Governance and Internal Audit issues 	Director of Corporate Services	Item 6a
		<ul style="list-style-type: none"> Members requested earlier draft financial statements 	Head of Finance	Due June 2025
		<ul style="list-style-type: none"> Need for additional meeting to be considered during the Annual Meeting 	Director of Corporate Services	Item 7

RECOMMENDATION

It is recommended that Council notes the report.



Audit Strategy

Ards and North Down Borough Council
2024-25

Date Issued:
11 March 2025

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We have prepared this report for Ards and North Down Borough Council's sole use. You must not disclose it to any third party, quote or refer to it, without our written consent and we assume no responsibility to any other person.

1. Key Messages

Background

The Local Government Auditor is the independent external auditor of Ards and North Down Borough Council's ("the Council") Statement of Accounts under the Local Government (Northern Ireland) Order 2005. In addition to the audit of the financial statements, the Local Government Auditor has a statutory duty to be satisfied the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of its resources.

The Local Government Auditor (LGA) is also required to conduct an improvement audit and assessment each year under Part 12 of the Local Government Act (Northern Ireland) 2014 (the Act) and the statutory '*Guidance for Local Government Performance Improvement 2016*', (the Guidance).

Purpose

The purpose of this document is to highlight to the Chief Financial Officer and the Audit Committee of Ards and North Down Borough Council:

- how we, on behalf of the Local Government Auditor (LGA), [plan to audit](#) the financial statements for the year ending 31 March 2025, including how we will be addressing the [significant risk](#) of material misstatement to transactions and balances;
- how we, on behalf of the LGA, plan to audit the [proper arrangements](#) in place for securing economy, efficiency and effectiveness in the use of resources for the year ending 31 March 2025;
- how we, on behalf of the LGA, plan to conduct an improvement audit and assessment;
- the planned [timetable, fees and audit team](#);
- relevant updates to the code;
- matters which we are required to communicate to you under International Standards on Auditing (ISAs), including the [scope of the audit](#), our respective responsibilities, and how we maintain independence and objectivity; and
- [Public Reporting](#) work undertaken by the LGA that is relevant to the Council.

Materiality

When setting materiality, we consider both qualitative and quantitative aspects that would reasonably influence the decisions of users of the financial statements. [The overall account materiality](#) is £1.650 million.

Significant Audit Risks

We plan our audit of the financial statements to respond to the risks of material misstatement to transactions and balances. We have identified the [risk](#) of management override of controls for the Council which has the most significant impact on our audit approach.

Proper Arrangements

We will issue a questionnaire on proper arrangements to the Council. We will review the Council's responses and perform additional work in areas considered to be higher risk. The main financial audit work will also feed into the risk assessment and conclusions of arrangements in place.

Conclusions regarding proper arrangements will be noted in the Report to those charged with Governance including any recommendations for improvement.

Performance Improvement

The LGA will undertake a full assessment of whether the Council is likely to comply with its performance improvement responsibilities under the Act in 2025. In preparation for this, the Council should ensure that:

- it has established adequate performance improvement arrangements;
 - it has substantive evidence to demonstrate improvement; and
 - it has addressed any outstanding Proposals for Improvement made by the LGA in previous years.
-

Audit Team and Fee

Brian O'Neill will be responsible for the overall audit. The full engagement team is presented in [Section 4](#).

Our audit [fee](#) for this year is £80,850 for the financial audit and £17,000 for the performance improvement audit and assessment.

Actions for the Audit Committee

The Audit Committee should discuss:

- whether our assessment of the risks of material misstatement to the financial statements is complete;
- whether management has plans in place to address the risks identified by NIAO and whether these plans are adequate;
- our proposed audit response to address these risks; and
- whether they have knowledge of any
 - actual, suspected or alleged fraud affecting the Council; or
 - instances of non-compliance with laws and regulations that could be expected to have a fundamental effect on the operations of the Council.

2. Materiality

BASIS FOR OVERALL MATERIALITY CALCULATION	OVERALL ACCOUNT MATERIALITY (2%)	ERROR REPORTING THRESHOLD
£82.5m (prior year gross expenditure)	£1,650k	We report to you all misstatements, whether adjusted or unadjusted, above £82,500

A matter is material if its omission or misstatement would reasonably influence the decisions of the users of the financial statements. The assessment of what is material is a matter of the auditor's professional judgement and includes consideration of both the amount and the nature of misstatement.

The concept of materiality recognises that absolute accuracy in financial statements is rarely possible. An audit is therefore designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement. We apply this concept in planning and performing our audit, in evaluating the effect of identified misstatements on our audit and of uncorrected misstatements, if any, on the financial statements when forming the audit opinion. This includes the statistical evaluation of errors found in samples which are individually below the materiality threshold but which, when extrapolated, suggest material error in an overall population. As the audit progresses our assessment of both quantitative and qualitative materiality may change.

In areas where users are particularly sensitive to inaccuracy or omission, we may treat misstatements as material even below the principal threshold. These areas include:

- the remuneration and staff report;
- movement on reserves;
- our audit fee;
- prior year figures; and
- specific legal settlements or amounts which should be agreed to other accounts.

3. Audit Approach

Audit Approach

The NIAO audit approach is risk-based, informed by a good understanding of the operations of the Council and the performance of extensive risk assessment procedures to identify risks of material misstatement associated with the financial statements and the use of IT in financial reporting. For each risk of material misstatement identified, we will design responsive audit approaches at the financial statement and audit assertion levels as appropriate using a variety of audit techniques. These will include using the work of experts, testing how management has made accounting estimates, analytical procedures and sampling of transactions. We will review management controls, including IT controls, operated by the Council only to the extent we consider necessary for the effective performance of the audit.

Independence

We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard. We have fulfilled our ethical responsibilities in accordance with these requirements and have developed important safeguards and procedures in order to ensure our independence and objectivity.

NIAO quality standards and independence can be found [on our website](#).

Management of Personal Data

During the course of our audit, we have access to personal data to support our audit testing. The NIAO has appointed a Data Protection Officer and has implemented a Data Protection Policy which ensures that personal data (and other sensitive data) used in connection with the audit is requested, transferred, controlled, processed and destroyed in accordance with the General Data Protection Regulation and applicable national law.

Using the work of Internal Audit

We liaise closely with internal audit throughout the audit process and seek to take assurance from their work where their objectives cover areas of joint interest. Following our review of internal audit's plans we do not aim to take assurance from internal audit but will review their work in order to aid our testing approach.

Using Specialised Skills

In assessing certain account areas requiring specialist knowledge, we will perform procedures to enable us to rely on the skills of specialists in these areas. We will consider the report and assumptions provided by the actuary used in respect of pension schemes. We will also consider the results of NIAO's central review of Land and Property Service in respect of its valuation expertise.

Changes to the Code of Practice in 2024-25

One significant accounting change is the full adoption of IFRS 16. The sections impacted are set out on page ix of the Code. Other key accounting changes introduced by the *2024-25 Code of Practice on Local Authority Accounting in the United Kingdom* (the Code) include:

- Amendments to Section 4.2 reflecting recent amendments on the treatment of sale and leaseback arrangements.
 - Amendments to Section 4.3 reflecting changes to the treatment on initial application of IFRS 16 to service concession arrangements which provide for variable payments that depend on an index or rate.
 - Confirmation in Appendix C (Changes in Accounting Policies: Disclosures in the 2023/24 and 24024/25 Financial Statements) of the transitional reporting requirements of the new standards introduced in the 2024/25 Code, while also having regard to requirements in relation to the voluntary adoption of IFRS 16.
 - Confirmation in Appendix D (New or Amended Standards Introduced to the 2024/25 Code) of the new standards introduced to the 2024/25 Code.
-

Audit Scope

The scope of our audit and respective responsibilities can be found [on our website](#).

The Code of Audit Practice issued by the Local Government Auditor extends to not only the audit of financial statements but also to aspects of financial and corporate arrangements to secure the economic, efficient and effective use of resources. The Code can also be viewed on the NIAO website at [Code of Audit Practice \(Local Government\)](#).

Respective Responsibilities in the preparation of the financial statements

In line with Auditing Standards, we are required to agree the respective responsibilities of the Local Government Auditor, the Council's Chief Financial Officer and the NIAO. These responsibilities are set out in the Statement of Responsibilities of Local Government Auditors and Local Government Bodies issued by the Local Government Auditor. The Statement of Responsibilities can be viewed on the NIAO website at [Statement of responsibilities of Local Government Auditor and Local Government Bodies](#).

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Proper Arrangements in place to secure economy, efficiency and effectiveness

Under the Code of Audit Practice, we are also required to perform an initial assessment of significant risks to the conclusion on proper arrangements in place to secure economy efficiency and effectiveness in the use of its resources.

Our initial assessment does not indicate any significant audit risks, however, we noted in our 2023-24 audit that improvements in the following areas were required:

- Updating of a number of policies.
 - Fraud training to be provided to all council staff and members.
 - Accreditation of the Council's ICT system along with cyber security accreditation.
-

Performance Improvement

The Local Government (Northern Ireland) Act 2014 prescribes responsibilities for the Local Government Auditor regarding the audit and assessment of performance improvement arrangements in Councils. This work will be conducted in accordance with the Act, the Guidance, the Local Government Code of Audit Practice 2016 and the LGA's Statement of Responsibilities, and includes:

- an improvement audit for the purposes of determining:
 - whether the Council has, during the year, discharged its duties under section 92 of the Act; and
 - the extent to which the Council has, during the year, acted in accordance with any guidance issued by the Department about any Council duties under section 92;
- an improvement assessment for the purpose of determining whether the Council is likely, during the year, to comply with the requirements of Part 12 of the Act;
- issuing a report, or reports, in respect of the Council to the Council and the Department, under section 95 of the Act; and
- producing and publishing an annual improvement report under section 97 of the Act.

The Act also allows the LGA to:

- carry out an assessment for the purpose of determining whether the Council is likely to comply with the requirements of Part 12 of the Act in subsequent financial years; and
- carry out a special inspection of the Council's compliance with the requirements of Part 12 if the LGA is of the opinion that the Council may fail to comply with the requirements of Part 12 of the Act.

The audit team will request access to all relevant documents and Council officers. Sharing our 'audit work programme' in advance of the audit will assist the Council in preparing for the audit fieldwork. We suggest the Council prepares a file of audit evidence in advance of the fieldwork stage, cross referenced to specific paragraphs or sections of the documents providing the necessary evidence. This should help us deliver a more efficient audit.

Significant Audit Risks

A significant risk is an identified and assessed risk of material misstatement that, in the auditor's judgement, requires special audit consideration.

The risk of management override of controls is a presumed risk and is included at Significant Risk 1.

Under ISA (UK) 240, there is a presumed risk of fraud in revenue recognition, albeit rebuttable. We do not believe the risk of fraud in revenue recognition is material to the financial statements.

Significant Risk 1

Management override of controls

Under ISA (UK) 240, there is a presumed significant risk of material misstatement due to fraud through management override of controls.

Audit Response

As required by ISA (UK) 240, we will:

- test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
 - review accounting estimates for biases and evaluate whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud; and
 - consider significant transactions that are outside the normal course of business for the entity, or that otherwise appear to be unusual.
-

Other areas of interest

We have also identified the following areas of interest that we do not currently consider to be significant risks, but we will review as part of our audit procedures:

- Basis for treatment of Output VAT recoverable relating to sporting services, following a ruling by HMRC. We will review Council documents, HMRC guidance and any other relevant information.
- Update on the disposal of the former Ards Leisure Centre to the Department for Infrastructure for due consideration of £1.8 million.

4. Audit Timetable, Fees and Staffing

Timetable for Financial Audit

The timetable comprises a final visit commencing 21 July 2025 with certification planned for 30 September 2025.

MILESTONE	ESTIMATED DATE
Draft Annual Report and year-end financial statements provided to NIAO	30 June 2025
Final audit testing commences	21 July 2025
Provisional Report to those charged with governance issued for management response	11 September 2025
Council/ Committee Meeting to approve final accounts	22 September 2025
Signed financial statements and Letter of Representation provided to NIAO	23 September 2025
Financial Statements certified by LGA	By 30 September 2025
Final Report to those charged with Governance issued	By 28 November 2025
Annual Audit Letter issued	By 28 November 2025

Submission of Accounts

The Council is required to submit its account to the Department for Communities by 30 June following the year end. The Council should also send an electronic version of the accounts, along with the excel spreadsheet underpinning them, to NIAO at the same time as being sent to the Department.

Public Notice

The Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 requires the Council to give notice, by publication on its website, of the date from which the accounts and other documents are available for public inspection and the date from which the exercise of rights under Article 17 and 18 of the Order may be exercised. In the current audit timeframe, notice should be placed on websites in early July. The LGA usually writes to councils closer to the time to remind them of this requirement as the audit of the accounts cannot be certified as being completed until the notice period has been executed in full.

Objections

The 2005 Order allows objections to be raised from interested parties concerning the Council's accounts. We will hear and carefully consider representations by, and objections from, any such interested parties. In conducting our audit, we may consider the lawfulness of items of account, the conduct of members and officers, instances where it appears a loss may have arisen and our other statutory duties required of the Local Government Auditor.

Improvement Audit and Assessment Timetable

MILESTONE	ESTIMATED DATE
Council publishes Performance Improvement Plan	Not later than 30 June 2025*
NIAO Planning and Fieldwork	September/October 2025
Council to publish an assessment and comparison of its performance	By 30 September 2025
Draft S95 report issued to Chief Financial Officer for factual accuracy agreement	By 14 November 2025
Final S95 report issued to the Council and the Department	By 28 November 2025
Publication of Council's Annual Improvement Report	By 31 March 2026

* The Act indicates that councils should publish their Performance Improvement Plan as soon as practical after the start of the financial year to which it relates. The Guidance recommends this is completed by the end of June to enable the LGA to meet the statutory reporting deadline of 30 November.

Fees

The audit fee for this year is £80,850 (£77,000 in 2023-24) for the financial audit and £17,000 (£17,000 in 2023-24) for the performance improvement audit and assessment.

Completion of our audits in line with the timetable and fee is dependent upon:

- the Council delivering on 30 June 2025 a complete Statement of Accounts of sufficient quality that have been subject to appropriate internal review;
- the Council delivering good quality supporting documentation and evidence, within the agreed timetable for both the financial and improvement audits; and
- appropriate client staff being available during the audit.

Audit team

TEAM MEMBER	RESPONSIBILITY
<p>Brian O'Neill Engagement Director (028) 9025 4323 brian.oneill@niauditoffice.gov.uk</p>	<p>Overall responsibility for the audit, for ensuring an appropriate audit opinion is given for the financial audit and the performance improvement audit and for liaison with Ards and North Down Borough Council and its Audit Committee.</p>
<p>Richard Ross Engagement Manager (028) 9025 1071 richard.ross@niauditoffice.gov.uk</p>	<p>Responsible for day-to-day management of the financial audit and the Performance Improvement audit and the audit team.</p>
<p>Gareth Glavin Lead Auditor (028) 9025 1034 gareth.glavin@niauditoffice.gov.uk</p>	<p>Responsible for detailed planning, fieldwork and completion of the financial audit and the Performance Improvement audit.</p>
<p>Rachel Porter Team Member (028) 9025 4330 rachel.porter@niauditoffice.gov.uk</p>	<p>Responsible for conducting audit fieldwork to NIAO standards.</p>

Appendix One: Good Practice Guides

The NIAO has produced a series of good practice guides for Northern Ireland public sector bodies. The following guides have been published in the last five years:

- **School Governance Good Practice Guide**
4 July 2023
- **Innovation and Risk Management – A Good Practice Guide for the public sector**
27 June 2023
- **Planning Fraud Risks**
1 March 2023
- **Board Effectiveness – A Good Practice Guide**
22 June 2022
- **Internal Fraud Risks**
24 February 2022
- **Grant Fraud Risks**
28 October 2021
- **A Strategic Approach to the Use of Public Sector Assets A Good Practice Guide for Local Government in Northern Ireland**
21 October 2021
- **Procurement fraud risk guide**
24 November 2020
- **Covid-19 fraud risks August 2020**
01 September 2020
- **Raising concerns: A good practice guide for the Northern Ireland Public Sector**
25 June 2020

These publications can be found [on our website](#).

Current and Planned Good Practice Guide Activities

The following Good Practice examination is currently being completed which has relevance to the local government sector:

- **Audit Committees – a Good Practice Guide** - A guide looking at the key good practice principles for audit and risk assurance

committees that supplements the large amount of relevant guidance already available. The guide is intended to be used by ARAC members, secretariats and executive officers and provides examples of good practice from our own work with organisations across the public sector. There is guidance contained within the good practice guide that is specific to local councils in Northern Ireland.

Appendix Two: Public Reports

Relevant Public Reports

Public Reporting audit teams within NIAO undertake studies across the public sector. Public reports relevant to local government, published in the last three years, are as follows:

- **Local Government Auditor's Report 2024**
25 October 2024
 - **Local Government Annual Improvement Reports 2023/24**
29 March 2024
 - **Public Bodies' Response to Misrepresented Soil Analysis**
05 July 2025
 - **Review of Waste Management in Northern Ireland**
05 July 2024
 - **Local Government Annual Improvement Reports 2023/24**
29 March 2024
 - **Local Government Auditor's Report 2023**
15 December 2023
 - **Extraordinary Audit of Causeway Coast and Glens Borough Council**
07 July 2022
 - **Local Government Annual Improvement Reports 2021/22**
31 March 2022
-

Current and Planned Public Reporting Activities

The following are other NIAO public reporting examinations currently being completed which have relevance to the local government sector:

- **A Strategic Review of the Planning Appeals Commission** - A strategic review of the overall role and function of the Planning Appeals Commission, the range of challenges it is currently facing and the options available to improve performance and wider planning outcomes in Northern Ireland.
- **Waste Crime** – This study will consider the amount of waste that is dumped illegally each year in Northern Ireland, the resulting costs to the public sector, the attitudes to waste crime, the work NIEA does to combat waste crime, and NIEA's enforcement procedures and their effectiveness in reducing waste crime.

Proposals for future studies specific to local government are based on gathering an understanding of the sector and identifying areas where value for money might be at risk. This requires ongoing completion of routine survey work by the audit team and more detailed analysis of specific areas which show potential as future study topics. The audit team will liaise with the sector when carrying out this work.



Ards and North Down Borough Council Audit Committee Progress Report

March 2025

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Progress to Date

Summary Status of the 2024/25 Plan

Progress to Date

40

Summary Status of the 2024/25 Plan

We have begun the delivery of the 2024/25 Plan. An overview of our progress on the 2024/25 Plan (as at 13/03/2025) is set out below:

Final Report / Complete	Draft Report	Fieldwork	Planning	Yet to Commence	Cancelled/ Deferred	Total
7	-	-	-	-	1	8

Since our previous Audit Committee progress report we have:

- Issued the final reports for the following;
 - PCSP review
 - Budgetary Control review
 - Cash handling review
 - Governance review
 - Labour Market Partnership review
 - Digital Transformation review
 - Transformation Programme and Project Management review

Further detail on reviews is provided in **Appendix I**.

Final Reports

Summary of Findings Identified

Final Report

Policing and Community Safety Partnership (PCSP)




Background

The 2024/25 Annual Internal Audit Plan includes provision for an assurance review of the PCSP governance arrangements and the controls in place for the management of PCSP grants and tendering processes.

Overview

In order to complete this engagement, we used a combination of the following:

- Discussions with key stakeholders in relation to the PCSP.
- Review of key items of documentation such as policies and procedures which relate to PCSP governance including documentation relating to the 3 Year Strategy and Annual Action Plan.
- Review of any documentation relating to the management of grants, the tendering process and the management of direct delivery funding, as well as any relevant budgetary information, project expenditure reports and supporting evidence of expenditure relevant to these areas.
- A limited programme of sample testing to assess control operating effectiveness.
- Consideration of possible improvements or alternatives for the controls in place.
- Reporting of findings with practical recommendations for improvement where appropriate.

 <p>Priority 1</p>	 <p>Priority 2</p>	 <p>Priority 3</p>
-	-	1

Overall Opinion

As a result of our audit a **satisfactory** level of assurance was provided.

Findings

There was one **Priority 3** finding identified during our review. This can be summarised as follows;

- Lack of Report Card Approval

There were no **Priority 1** or **Priority 2** findings identified during our review.

Final Report

Labour Market Partnership (LMP)

Background

The 2024/25 Annual Internal Audit Plan includes provision for an assurance review of the LMP governance arrangements and the controls in place for the management of LMP grants and expenditure.

Overview

In order to complete this engagement, we used a combination of the following:

- Discussions with key members of staff involved in the Labour Market Partnership, including the Labour Market Partnership Manager and Economic Development Manager, to walkthrough key processes.
- Review of key items of documentation such as policies and procedures, contracts, the Ards LMP Three Year Strategic Assessment & 2024/2025 Strategic Action Plan, meeting minutes between LMP and the chosen project supplier samples and the Q2 and Q3 Quarterly Funding Claim Workbooks .
- A limited programme of sample testing to assess control operating effectiveness, including tendering, and awarding of projects, payment of funding to selected projects, and committee and sub-committee meetings.
- Consideration of possible improvements or alternatives for the controls in place.
- Reporting of findings with practical recommendations for improvement where appropriate.

Priority 1	Priority 2	Priority 3
-	-	-

Overall Opinion

As a result of our audit a **satisfactory** level of assurance was provided.

Findings

There were no **Priority 1**, **Priority 2** or **Priority 3** findings identified during our review.

Final Report

Transformation Programme and Project Management




Background

This assurance review was undertaken as part of the 2024/25 Internal Audit Plan and focused on the key controls in place for the management of the Council’s transformation programme and project management frameworks. This audit focused on two sample projects, Review of Grants Processes Project, and the Leisure Transformation Strategy Project.

Overview

In order to complete this engagement, we used a combination of the following:

- An initial planning meeting to agree the scope, timing and conduct of the review.
- Desktop review of key items of documentation, such as policies, procedures and programme governance framework relating to governance of the Transformation Programme and two sample projects (Review of Grants Processes Project, and the Leisure Transformation Strategy Project) risk registers and documentation related to programme and project monitoring and reporting.
- Discussions with key members of the Council involved in the Transformation Programme including the Head of Transformation and Performance and the Transformation Manager.
- A limited programme of sample testing, including the review of a sample of two months of programme and project monthly meeting minutes, agendas and progress update reports.
- Consideration of possible improvements or alternatives for the controls in place.
- Reporting of findings with practical recommendations for improvement where appropriate.

 <p>Priority 1</p>	 <p>Priority 2</p>	 <p>Priority 3</p>
-	1	2

Overall Opinion

As a result of our audit a **satisfactory** level of assurance was provided.

Findings

There was one **Priority 2** finding identified during our review. This can be summarised as follows:

- Absence of a Transformation Programme Risk Register.

There were two **Priority 3** findings identified during our review. These can be summarised as follows:

- Lack of Version Control and Retention of Key Project Documentation.
- Lack of Documented Monthly Monitoring and Review of Project Budgets.

There were no **Priority 1** findings identified during our review.

Final Report

Budgetary Controls

Background

This assurance review was undertaken as part of the 2024/25 Internal Audit Operational Plan. The purpose of the internal audit was to review Ards and North Down Borough Council's (the Council) governance and controls in place around budgetary control, including budget setting, monitoring, and reporting.

Overview

In order to complete this engagement, we used the following:

- Discussions with key members of the Finance Service such as Head of Service, the Capital Accountant and the Performance Accountant to walkthrough key processes in relation to budget setting processes, ongoing monitoring, and reporting of Capital and Revenue budgets.
- Review of key policies, procedures, and guidance materials to support the budget setting, monitoring and reporting processes.
- A limited programme of sample testing to assess control operating effectiveness.
- Consideration of possible improvements or alternatives for the controls in place.
- Reporting of findings with practical recommendations for improvement where appropriate.

Priority 1	Priority 2	Priority 3
-	-	4

Overall Opinion

As a result of our audit a **satisfactory** level of assurance was provided.

Findings

There were four **Priority 3** findings identified during our review. These can be summarised as follows:

- Inconsistencies in Budget Monitoring
- Updates required to Policies and procedures
- Updates to Capital Projects Portfolio Board Terms of Reference
- Incomplete Sign offs on Revenue Budget Transfer Forms

There were no **Priority 1** or **Priority 2** findings identified during our review.

Final Report

Cash Handling

Background

The 2024/25 Annual Internal Audit Plan includes provision for an assurance review of Ards and North Down Borough Council's ('the Council') key processes and controls in place around cash handling, including recording, reconciliation, and security of cash, including review of control operating effectiveness at the following sample Council locations:

- Ards Blair Mayne Wellbeing and Leisure Complex ('ABMWLC')
- Comber Leisure Centre ('CLC')

Overview

In order to complete this engagement, we used the following:

- Discussions with key members of the Finance Service such as Head of Service and the Financial Operations Accountant and key members of the Leisure Service at the sampled locations such as Operations Managers, receptionists and back-office staff to walkthrough key processes in relation to cash handling processes;
- Review of key complete set of policies, procedures, and guidance materials to support the cash handling processes including the Council's Charging and Income Policy;
- A limited programme of sample testing of cash dockets, till reports and cash collections at the sampled locations to assess control operating effectiveness of cash collection, recording and reconciliations at the following sample locations;
 - Ards Blair Mayne Wellbeing and Leisure Complex
 - Comber Leisure Centre
- Consideration of possible improvements or alternatives for the controls in place;
- Reporting of findings with practical recommendations for improvement where appropriate.

Priority 1	Priority 2	Priority 3
-	1	2

Overall Opinion

As a result of our audit a **satisfactory** level of assurance was provided.

Findings

There was one **Priority 2** finding identified during our reviewed. This can be summarised as follows:

- Updates to Leisure Centre cash management and security processes and procedures.

There were two **Priority 3** findings identified during our review. These can be summarised as follows:

- Lack of retention of cash transaction supporting documentation.
- Update required to induction training materials.

There were no **Priority 1** findings identified during our review.

Final Report

Digital Transformation

Background

This advisory review was undertaken as part of the 2024/25 Internal Audit Operational Plan. Ards and North Down Borough Council (ANDBC) has been seeking to harness technological advances to provide new services and improve the existing ones. Together with BT, the third-party organisation they collaborated with, they have started a digital transformation project that seeks to drive the Council’s journey towards becoming a digitally empowered and efficient organisation. The Council’s approach consists of four steps: Discovery, Gap Analysis, Outputs, and Potential Future Engagements.

Overview

In order to complete this engagement, we used the following:

- Held discussions with key members of staff, including within the Transformation and Performance Service;
- Reviewed key documentation relating to digital transformation including digital transformation strategy and data governance strategy;
- Held a close out meeting with relevant stakeholders to discuss any review outcomes;
- Prepared a draft report; and
- Prepared a final report, including management action plans in response to any recommendations.

High priority (action within 4 months)	Medium priority (action within 5-9 months)	Low priority (action within 12 months)
2	-	-

Overall Opinion

As this was an advisory review, no level of assurance was provided.

Findings

There were two **High Priority** findings identified during our reviewed. These can be summarised as follows:

- Lack of a central mechanism to track progress across the strategic outcomes.
- Lack of a Digital Transformation Governance Committee.

There were no **Medium or Low Priority** findings identified during our review.

Final Report

Governance Framework

Background

This assurance review was undertaken as part of the 2024/25 Internal Audit Operational Plan to review Ards and North Down Borough Council's (the Council) governance arrangements against good practice principles outlined within the Chartered Institute of Public Finance and Accountancy (CIPFA) Delivering Good Governance in Local Government Framework (2016) and the legislative requirements of the Local Government Act (Northern Ireland) 2014.

Overview

In order to complete this engagement, we used the following:

- Desktop review of key items of documentation to support the Council's governance framework including policies, and procedures specified in section 1.2, guidance materials.
- Discussions with key members of the Council, including the Director of Corporate Services and relevant Heads of Service. A limited programme of walkthroughs and sample testing. Sample testing focussed on:
 - Notification of whistleblowing policy, declaration of interest policy, behaviour charter and Gifts and Hospitality Policy to a sample of 15 new staff
 - Completion of declaration of interest forms for a sample of 15 staff at or above NJC Scale point 24 in 2023/2024
 - Completion of declaration of interest forms for a sample of five existing Elected Members and two newly Elected Members (between 01 November 2023 - 31 October 2024)
 - Review of governance arrangements for a sample two meetings each for the Council and the six Council Committees
 - Submission of monthly training reports to a sample of two Elected Member Development Steering Group meetings.
- Consideration of possible improvements or alternatives for the controls in place.
- Reporting of findings with practical recommendations for improvement where appropriate.

Priority 1	Priority 2	Priority 3
-	2	3

Overall Opinion

As a result of our audit a **satisfactory** level of assurance was provided.

Findings

There were two **Priority 2** findings identified during our review. These can be summarised as follows:

- Updates to Council Governance-related Policies and Standing Orders.
- Non-Compliance with Declaration of Interest Policy.

There were three **Priority 3** findings identified during our review. These can be summarised as follows:

- Inconsistencies in Council and Committee Meeting Arrangements.
- Inconsistency in Classification of Audit Committee.
- Outdated Code of Conduct for Local Government Employees on Council's Website.

There were no **Priority 1** findings identified during our review.

Appendix I

Progress to Date

Progress to Date

Update on Annual Internal Audit Plan – 2024/25

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In this section we have provided an overview of our progress regarding the 2024/25 Internal Audit Plan as at 13/03/2024.

Ref	Review Area	Sponsor	Planned Days	Audit Status	Assurance Level	Planned Start Date	Actual Start Date	Notes
Quarter 1								
ANDBC 24/25 – 01	Service Review – Parks and Cemeteries	Head of Parks and Cemeteries	15	Complete	Satisfactory	w/c 17 th June 2024	17 th June 2024	Final report presented to September Audit Committee.
Quarter 2								
ANDBC 24/25 – 02	Service Review – Economic Development	Head of Economic Development	15	Complete	Satisfactory	w/c 5 th August 2024	5 th August 2024	Final report presented to September Audit Committee.
ANDBC 24/25 - 03	Procurement (below tender threshold)	Head of Strategic Transformation and Performance	14	Complete	Limited	w/c 5 th August 2024	5 th August 2024	Final report presented to December Audit Committee.
ANDBC 24/25 - 04	Information and Data Protection	Director of Corporate Services / Head of Administration	15	Complete	Limited	w/c 19 th August 2024	19 th August 2024	Final report presented to December Audit Committee.
ANDBC 24/25 - 05	PCSP	Interim Head of Community and Wellbeing	9	Final report	Satisfactory	w/c 11 th November 2024	11 th November 2024	Final report to be presented to March 2025 Audit Committee.

Progress to Date

Update on Annual Internal Audit Plan – 2024/25

Ref	Review Area	Sponsor	Planned Days	Audit Status	Assurance Level	Planned Start Date	Actual Start Date	Notes
Quarter 3								
ANDBC 23/24 – 06	Budgetary Control	Head of Finance	10	Final report	Satisfactory	w/c 4 th November 2024	4 th November 2024	Final report to be presented to March 2025 Audit Committee.
ANDBC 24/25 – 07	Cash Handling	Head of Finance	10	Final report	Satisfactory	w/c 18 th November 2024	18 th November 2024	Final report to be presented to March 2025 Audit Committee.
ANDBC 24/25 – 11	Business Technology Governance	Head of Transformation and Performance	12	Deferred	-	w/c 18 th November 2024	n/a	This review has been deferred to 2025/26 at the request of management.
ANDBC 24/25 – 08	Governance	Director of Corporate Services / CLT	10	Final report	Satisfactory	w/c 25 th November 2024	25 th November 2024	Final report to be presented to March 2025 Audit Committee.
ANDBC 24/25 – 12	Transformation programme and project management	Head of Transformation and Performance	12	Final report	Satisfactory	w/c 9 th December 2025	9 th December 2025	Final report to be presented to March 2025 Audit Committee.
Quarter 4								
ANDBC 24/25 – 09	Labour Market Partnership	Head of Economic Development	8	Final report	Satisfactory	w/c 3 rd February 2025	3 rd February 2025	Final report to be presented to March 2025 Audit Committee.
ANDBC 24/25 – 10	Digital Transformation	Director of Corporate Services / Head of Strategic Transformation and Performance	12	Final report	N/A	w/c 20 th January 2025	20 th January 2025	Final report to be presented to March 2025 Audit Committee.
Other Areas								
N/A	Follow-ups	Head of Finance / HoST	17	Ongoing	n/a	Quarterly	-	Latest follow up exercise results presented in Appendix II.

Changes to the Internal Audit Plan and AOB

Amendments and AOB to be noted by the Audit Committee

We have no other business to present however would be happy to discuss any other business that Ards and North Down Borough Council may wish to consider.

Appendix II

Outstanding Recommendations Update



Internal Audit have compiled a database of Internal Audit recommendations and seek management updates quarterly for all open recommendations (including any from previous years which remain open) as follows:

- **For Priority 1 findings reported as closed we conduct testing on the recommendation to verify closure**
- **For Priority 2 findings reported as closed we asked for documentary evidence to support this**
- **For Priority 3 findings reported as closed, the management update as to whether it is closed (and when) or not is sufficient**

The results from our third quarter update for 2024/25 will be now reported to the Audit Committee.

Outstanding Recommendations

Update as at 13/03/2025

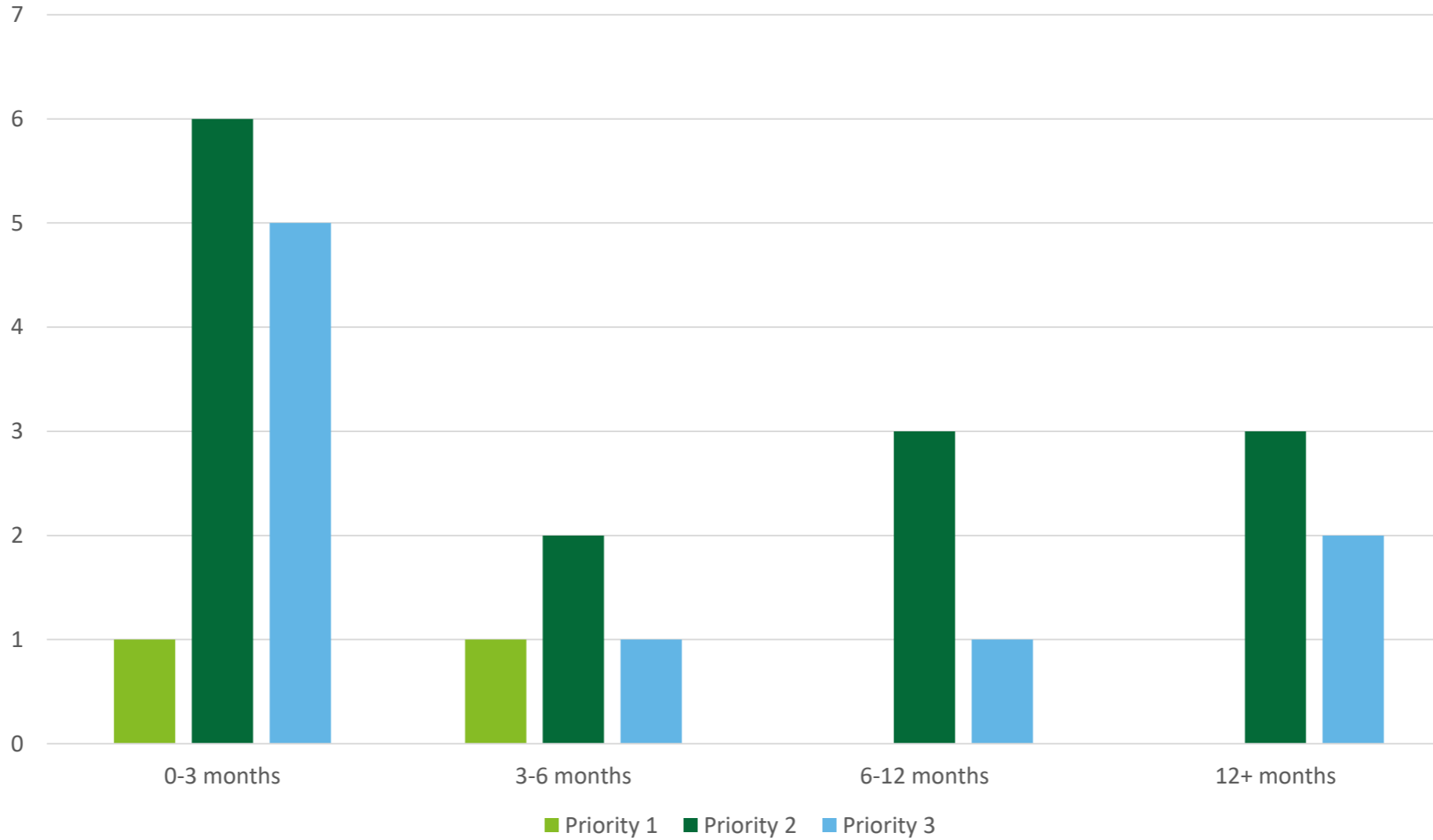
55

	Priority 1	Priority 2	Priority 3	Total
Total Open Issues as at 01/07/2024	5	26	19	50
Items added to tracker during the year	2	3	4	9
Issues closed/superseded during the year	(4)	(7)	(9)	(20)
Total items remaining open as at 13/03/2025	3	22	14	39
Items started and overdue	1	7	3	11
Items not started and overdue	-	14	9	23
Items not yet due	2	1	2	5

Outstanding Recommendations

Update as at 13/03/2025

Updated target date for overdue partially and not implemented Priority 1s and overdue not yet implemented Priority 2 and 3s



Quarterly Follow-Ups Update

March 2024

Table showing details of all overdue open and partially implemented Priority 1 and all overdue open Priority 2 recommendations :

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Stats
1	Vehicle Management	<p>The Council’s Asset Management Policy states that replacement of assets should be made in line with duly approved replacement strategies setting out criteria by which the need for replacement is to be made and including indicative useful lives for each class of asset. There were two procurement exercises completed during our review period for the purchase of six refuse disposal vehicles. Our review identified the following:</p> <p>Vehicle Replacement Strategy</p> <p>1. The Vehicle Replacement Strategy does not consider buy/lease cost analysis at the time of vehicle replacement and therefore there was a lack of documented rationale for the purchase of vehicles rather than leasing. The Transport Service Unit Manager advised that lease vs buy options are considered at the time of procurement, however this is informal and not documented.</p> <p>Vehicle Procurement</p> <p>2. There was lack of documented approval from the Head of Assets and Property and the Head of Finance on the need analysis completed by the Transport Service Unit Manager required as per the Vehicle Replacement form.</p> <p>3. The Vehicle Replacement forms were incomplete and did not record, as required, details of decommissioning and what would happen to the vehicles replaced (redeployed, traded, sold at auction, scrapped, or used as spare).</p>	<p>1)The Vehicle Replacement Strategy should be reviewed to include the decision-making process between buying and leasing of new vehicles. This should include conducting cost-benefit analysis, considering strategic objectives, assessing operational needs, and documenting the rationale behind the chosen approach on the Vehicle Replacement form.</p> <p>2)Management should ensure the needs analysis on the Vehicle Replacement form is completed by Transport Unit Manager and approved from the Head of Assets and Property and the Head of Finance before initiating any new or replacement vehicle acquisition.</p> <p>3)Management should ensure that POs for vehicle procurement are fully completed and authorised in line with Council’s Authorisation limits.</p> <p>4) Records of quotations obtained any evaluation criteria for assessing the quotations and the vendor selection rationale (particularly if a direct award is made under a framework) should be retained.</p>	1	<p>1. Vehicle Replacement Strategy Transport Manager to introduce an Excel based calculator to review the whole-life costs of the buying or leasing, allowing for easy comparison.</p> <p>Vehicle Procurement</p> <p>2.Needs analysis forms: The samples obtained during the audit highlighted some non-compliance soon after the implementation of the replacement form. More recent forms have been fully completed and fail-safe checks are now in place with admin and Heads of Service to ensure that vehicles are not ordered unless the forms are fully complete.</p> <p>3.Purchase orders are now signed by Heads of Service, and where necessary, the Director, prior to orders being placed. The forthcoming electronic purchasing system will have a built-in fail-safe feature to prevent orders being issued without the necessary sign-off approvals in place.</p> <p>4.Obtaining quotes when utilising frameworks. For every vehicle purchased, a basic specification will be devised by the transport manager. Key features from end-users will be established and incorporated into the specification. This process already happens informally, although this will now be formalised and recorded on a purchase record sheet for each vehicle. This will clearly set out the key factors that lead to an order being placed with a particular supplier.</p>	01/06/2024	<p>Head of Service advised;</p> <p>“1. Deloitte viewed the excel based calculator that reviews costs of buying and leasing. This is split between electric and diesel vehicles (action implemented).</p> <p>2. Since the audit, Needs analysis forms completed for 6 vehicles for cleansing. Deloitte reviewed all 6 forms and confirmed that these have been fully completed including signatures from Head of Assets and Property and Head of Finance (action implemented).</p> <p>3. No vehicles purchased since last audit to test this.</p> <p>4. Internal Audit viewed the updated documented process. There is no population to evidence implementation yet.</p> <p>Updated target date of implementation; 31/03/2025</p>

Quarterly Follow-Ups Update

March 2024

Table showing details of all overdue open and partially implemented Priority 1 and all overdue open Priority 2 recommendations :

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Stats
1	Vehicle Management	<p>4.The Purchase Orders (POs) were not formally approved in line with Council’s Authorisation Limits. For the procurement values of £116,950 and £223,076 respectively, the Director’s authorisation is required on the PO; however, these two POs had only been signed by the Transport Service Unit Manager whose delegated authority level is £10,000.</p> <p>5.The two POs reviewed were incomplete as they did not capture all required details on the Council’s PO template such as date of quotations/price obtained, and Council Approval reference.</p> <p>6.There was lack of documented rationale as to why the direct award option had been selected rather than a further competition from suppliers on the multi-supplier framework. There was no evidence to confirm that a comparative assessment of prices or consideration of alternative suppliers or formal quotations were obtained before the PO was raised.</p>	<i>See previous slide.</i>	1	<i>See previous slide.</i>	01/06/2024	<i>See previous slide.</i>

Quarterly Follow-Ups Update

March 2024

Table showing details of all overdue open and partially implemented Priority 1 and all overdue open Priority 2 recommendations :

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
2	Travel and Subsistence	The Council is currently operating under legacy policies and two different methods of processing claims, one is manual, and the other is an electronic system called Transfare. Audit was advised that there is currently a paper in draft format which continues to be developed. This paper will form the basis for a single Ards and North Down Travel & Subsistence policy once it is completed and has been reviewed by the necessary departments and committees. Audit was also advised that a new online system "Core 2" is being implemented for processing all claims which is to be in place for 01/04/2019.	ANDBC should finalise a single Travel & Subsistence policy as soon as possible and implement a single method of processing claim submissions, either electronically or manually.	2	A first draft of the key issues for decisions in relation to a new Travel & Subsistence policy has been drawn up for discussion with CLT, HoST and SUMS. Once this has been reviewed and instruction given a clearer path for the policy will become evident. It is hoped the draft policy will proceed through the necessary stages to be implemented for 31/03/2019.	31/03/2019	The Head of Service advised "Legal advice to be sought" Updated target date of implementation; 31/03/2026 31/03/2025 31/03/2024 01/10/2023 31/03/2022
3	Travel and Subsistence	A review has not been carried out within the new Council to determine whether staff are classified correctly as either casual car users or essential car users. Audit found that the Head of Finance is currently gathering information and statistics on travel and subsistence (as part of the paper referred to in Issue 1.) and that as a result any issues revealed (including inaccuracies relating to essential/non-essential car users) will be addressed.	Consideration should be given to prioritising the update of essential car user status to ensure eligibility is being correctly applied given changes that may have occurred in staff roles and locations of work.	2	Establishing the criteria that should be used to determine whether a post is essential user is one of the key issues to be decided upon in establishing the new policy. The review of the key issues draft document by CLT, HoST and SUMS will give clear direction regarding the essential user issue.	31/03/2019	The Head of Service advised "Legal advice to be sought" Updated target date of implementation; 31/03/2026 31/03/2025 31/03/2024 01/10/2023 31/03/2022

Quarterly Follow-Ups Update

March 2024

Table showing details of all overdue open and partially implemented Priority 1 and all overdue open Priority 2 recommendations :

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
4	Overtime, Flexi & TOIL	We were advised that there is no formal mechanism to monitor hours worked (core hours and overtime) by Council employees against the Working Time Directive (48 hours per week average across a rolling 17 weeks).	The Council should review how to monitor hours worked (e.g. potential for reporting in Core) to ensure that, unless staff have formally opted out, there is compliance with the Working Time Directive.	2	Management will endeavour to configure a reporting routine in the new integrated HR/Employee Payments system currently being implemented.	31/03/2020	The Head of Service advised "Recruitment has been unsuccessful." Updated target date of implementation; 31/03/2025 30/09/2024 31/03/2024 30/06/2023 01/12/2022

Quarterly Follow-Ups Update

March 2024

Table showing details of all overdue open and partially implemented Priority 1 and all overdue open Priority 2 recommendations :

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
5	Procurement	<p>We completed an analysis of individual invoices under £30,000 during the previous 12 months and identified 121 suppliers where the cumulative procurement for a similar service during the year exceeded the £30,000 tender threshold. Among the top 60 of these suppliers by spend, there were four suppliers identified where a competitively tendered contract was not in place. The spend for these 4 suppliers was £105k, £80k, £66k and £62k. We noted that the Procurement Handbook specifies an annual frequency of review by the Procurement Service Unit of cumulative spend to identify areas where competitive tenders should be obtained, but that this was in practice an ad-hoc review due to staff capacity and had not been documented or resulted in a formal report in the previous year.</p>	<p>To support value for money and efficiency in procurement, an analysis of spend should be produced and documented by Procurement on an annual basis, with input sought from budget holders on the feasibility of obtaining corporate contracts / putting out to tender for areas where similar goods or services are obtained.</p>	2	<p>1. The Procurement Handbook outlines an approach for review of spend with responsibility primarily with respective Services, with the Handbook advising for Procurement to be contacted where there are potential tendering opportunities. Corporately, spend is reviewed by the Procurement Manager when resources permit. It's accepted that there would be value in more frequent, formalised and wholesale reviews though the ability to achieve this will be dependent upon resource availability.</p> <p>A previous audit recommended that "Management should consider supporting the current Procurement Unit to allow the issue of corporate contracts to be addressed, potentially leading to ANDBC to make significant savings". A business case was submitted to this end though is not currently provided for in the draft 2020/21 budget due to competing pressures. It is likely this will continue to restrict the ability to realise the full potential of corporate spend reviews. The business case will be reviewed again for the 2021/22 budget process, if not prior to this under the Council's Strategic Transformation and Efficiency Programme, launching in 2020.</p> <p>2. In addition to the above, any corporate reviews that are carried out on an ad hoc basis during 2020/21 will be documented</p>	01/12/2020	<p>The Head of Service advised "No formal review of spend has been undertaken since the last update due to limited PSU resources."</p> <p>Updated target date of implementation; 31/03/2026 31/03/2025 31/03/2024 01/01/2025 01/05/2024 30/04/2023 30/04/2022</p>

Quarterly Follow-Ups Update

March 2024

Table showing details of all overdue open and partially implemented Priority 1 and all overdue open Priority 2 recommendations :

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
6	HR: Recruitment & Retention	The Council does not have a formal workforce strategy. A number of councils in the United Kingdom produce and publish formal workforce strategy documents setting high-level objectives for recruitment, retention and training of staff, along with analysis of workforce composition, demographic factors, turnover and anticipated future hiring aspirations (e.g. based on transformation projects or key initiatives in the corporate plan). These exercises can provide increased clarity over recruitment and workforce development in a whole-council context and drive improvements through facilitation of forward planning for recruitment and retention projects. Whilst a formal workforce strategy is not in place, HR has drafted a proposal for moving to external advertisement of all posts. During the Council’s transformation phase following the merger of North Down Borough Council and Ards Borough Council in 2015, there was an agreed process to allow recruitment via internal trawl in the first instance, to facilitate redeployment of staff within the new structure. For reference, this phase is complete for the majority of Service Units, though we noted that some Service Units have not yet completed the transformation phase and continue to recruit roles internally.	The Council should consider developing a formal workforce strategy which sets out its current status and objectives for recruitment, retention, training and development of staff. This strategy should align with the new Corporate Plan being developed. This could include measures and targets as appropriate for vacancy rates, turnover rates, time to fill positions, sickness absence and workforce composition and high-level structure, and long-term strategy for addressing demands in relation to staffing and talent needs.	2	The Council already has largely set out this information within a variety of documents i.e. Learning and Development Plan, Organisational Development Strategy, Filling of Vacant posts guidelines and HR and OD Service Plan. There is also a draft succession planning document which requires some further scoping out and consultation with trade unions and staff. However, all this information could be brought together into one formal Workforce Strategy. It is proposed that the development of such a Strategy is included in the service plan for 2020/21. 1. Develop a formal workforce strategy which sets out its formal current status and objectives for recruitment, retention, training and development of staff. This will align with the new Corporate Plan. Measures and targets as appropriate will be included as appropriate as outlined in the recommendation.	01/04/2021	The Head of Service advised “Version 4 with Director.” Updated target date of implementation : 31/12/2025 31/03/2024 30/09/2023 01/04/2022

Quarterly Follow-Ups Update

March 2024

Table showing details of all overdue open and partially implemented Priority 1 and all overdue open Priority 2 recommendations :

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
7	Grant Funding	<p>We reviewed the processes in place to monitor grant expenditure and performance and noted the following:</p> <p>1) Beneficiaries complete period end evaluation questionnaires, however, the evaluation questionnaire is not in line with the reporting template included in Appendix Seven of the Grants Policy to monitor project progress. We reviewed the grant evaluation reports completed by six sampled beneficiaries at the end of the grant term and noted the following issues:</p> <ul style="list-style-type: none"> • Sample 1: Question 1 the evaluation form which related to how the grant funding was spent by the Organisation was not completed by the beneficiary however we note that it was made clear how the money was spent in answer 2 which provided an overview of the items purchased with the money. • Sample 2: Question 5 'Total number of people impacted directly following this investment' was missing from the evaluation form. <p>2) The Community Halls and Bases funding stream assessment criteria notes that successful applicants are required to submit a monthly monitoring return for DfC, however we noted the absence of monitoring returns for any of the three sampled projects within the Community grants - Halls and Bases grant.</p>	<p>The Council should consider the following:</p> <p>1) Update the Grants Policy in line with any updates to the reporting processes (i.e. completion of evaluation forms), or ensure that reporting processes outlined within the current version of the Grants Policy is adhered to.</p> <p>2) Ensure that post grant term evaluation questions are consistent with monitoring questions outlined within the SLA.</p> <p>3) Ensure beneficiaries are submitting monitoring returns to the Council in compliance with the monitoring arrangements outlined in the LOO/SLA.</p> <p>4) Where evaluation forms are completed by beneficiaries, the Council should ensure that all questions are included in the form and fully answered</p> <p>5) In addition, where changes are made to the frequency and/or format of monitoring processes i.e., similar to those changes made during Covid 19, advice notes should be issued to organisations to outline the processes to be adhered to during the period.</p>	2	<ol style="list-style-type: none"> The Grants Policy will be updated as recommended. Monitoring requirements will be updated to ensure they are consistent with those outlined in the SLA. Beneficiaries' will be required to submit monitoring requirements as set out in their SLA. Beneficiaries will be required to complete their monitoring forms in full. Where changes to monitoring requirements are made these will be communicated to beneficiaries. 	31/12/2022	<p>The Head of Service advised "Will be considered by the grants working group."</p> <p>Updated target date of implementation; 01/01/2026 01/03/2025 30/09/2024 31/03/2024 30/09/2023 31/03/2023</p>

Quarterly Follow-Ups Update

March 2024

Table showing details of all overdue open and partially implemented Priority 1 and all overdue open Priority 2 recommendations :

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
7	Grant Funding	<p>3) Section four of the 'Sample 3' Programme SLA documents the requirement for the beneficiary to document a response to pre-determined monitoring questions monthly, however documented responses have not been obtained by the Council. In addition, we noted that the evaluation questions completed at the end of the SLA period for 'Sample 3' differed to the monitoring questions documented within the SLA.</p> <p>4) We note that the Council was administering and monitoring these grants during the Covid 19 pandemic and were advised by Management that monthly monitoring returns would be an onerous task to place on organisations during this time. We were unable to obtain evidence of advice notes or similar communications being issued by the Council to verify that monthly monitoring returns were not required during this time.</p>	See previous slide.	2	See previous slide.	See previous slide	See previous slide.

Quarterly Follow-Ups Update

March 2024

Table showing details of all overdue open and partially implemented Priority 1 and all overdue open Priority 2 recommendations :

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
8	Grant Funding	<p>A Grants Policy is in place across the Council which outlines the processes for awarding grant funding through an open call process. This policy does not apply to grants administered through SLAs and we were advised that there is currently no documented policy to provide guidance over the processes to be followed in the administration of grants through SLAs.</p> <p>Due to an absence of documented policy, we identified the following in relation to grants administered via SLAs:</p> <ol style="list-style-type: none"> Reconciliation of SLA Expenditure <ul style="list-style-type: none"> SLA expenditure incurred by beneficiaries is not reconciled to supporting receipts and/or bank statement extracts and therefore there is no way of ensuring funds were spent in line with the SLA conditions. We noted that the Service Level Agreement (SLA) states that charges payable by the Council will be reviewed after the initial three-month SLA period. However, we were unable to obtain evidence of a review of SLA charges. In addition, we were unable to evidence a breakdown of spend within the final monitoring form submitted by any of the three sampled SLA administered grants. 	<p>The Council should ensure that a policy is developed to outline the processes to be followed when administering financial contributions via SLAs including the following:</p> <ol style="list-style-type: none"> The process to ensure that all SLA financial contribution claims are summarised and reconciled to original receipts, invoices, and bank statements to ensure funds are spent in line with grant conditions. Guidance on administering advance payments through SLAs, including guidance on the amount to be distributed and any supporting documentation to be obtained. 	2	<ol style="list-style-type: none"> A financial assistance policy will be developed for approval by Council. The award was not a grant but a financial contribution. Going forward details of how advance payments will be made will be included in the financial assistance policy and in the SLA. 	31/03/2023	<p>Head of Service advised "Guidance will be prepared via the grants working group ."</p> <p>Updated target date of implementation; 01/01/2026 01/03/2025 30/09/2024 30/09/2023</p>

Quarterly Follow-Ups Update

March 2024

Table showing details of all overdue open and partially implemented Priority 1 and all overdue open Priority 2 recommendations :

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
8	Grant Funding	<p>2. Advance Payment Guidance</p> <ul style="list-style-type: none"> There is currently no guidance in relation to the payment and administration of advance payments for grants managed through SLAs, including guidance on percentage payment thresholds and documentation requirements for advance payments. For example, the Council Grants Policy outlines that written requests and supporting documentation (e.g., an up-to-date bank statement) should be submitted by beneficiaries when requesting advances, and documents guidance on the maximum advance percentages to be administered. In addition, we noted that there is no agreed percentage of advance noted in the SLA, with the two SLAs for the Covid 19 Food Partnership Fund receiving different advance percentages. We were advised by Management that written requests are not obtained for SLA administered funds as the Council agreed with the organisations that they would be paid a percentage upon signing the SLA and the remaining balance when they submitted their report. We were further advised that advance payments were negotiated with SLA organisations. However, we were unable to obtain a documented process to be followed to verify that the correct process had been adhered to. 	See previous slide.	2	See previous slide.	31/03/2023	See previous slide.

Quarterly Follow-Ups Update

March 2024

Table showing details of all overdue open and partially implemented Priority 1 and all overdue open Priority 2 recommendations :

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
9	Business Continuity Planning	<ol style="list-style-type: none"> 1. A BCP Policy is in place. The Policy is dated April 2016 and the next review date is recorded as April 2017; we were advised that this review has not taken place. 2. Within the BCP Policy, it states that "Performance monitoring will be co-ordinated by the Risk Manager" and that "Training and exercises will be coordinated by the Risk Manager and will prepare key staff for crisis conditions through training and desktop/scenario exercises." We were advised that the Risk Manager was not aware of this responsibility. 3. Training has not yet been provided to Council staff with key roles in the execution of the overarching, draft BCP as the document has not yet been finalised. 4. Training has not been provided to Council staff with key roles in the execution of the Pandemic BCP. We acknowledge that the Pandemic BCP was approved in March 2020 by the Corporate Leadership Team as the Covid-19 pandemic hit, therefore there was not sufficient time for a formal training programme to be developed and implemented for the Pandemic BCP before it went live. 	<ol style="list-style-type: none"> 1. The Council should update the BCP Policy to reflect current BCP processes and roles and responsibilities. BCP roles and responsibilities should be clearly communicated to relevant staff. 2. We recommend that a training programme is developed and implemented for both the draft Council BCP (when this is finalised), and the Pandemic BCP as soon as this is practical. 	2	Once the updated BCP is finalised the Policy and Procedures will be revised and submitted to Corporate Committee for approval.	31/03/2023	<p>The Head of Service advised, "The BCP training is taking place on 18th and 20th February 2025."</p> <p>Updated target date of implementation; 31/03/2025 30/04/2024 31/10/2023</p>

Quarterly Follow-Ups Update

March 2024

Table showing details of all overdue open and partially implemented Priority 1 and all overdue open Priority 2 recommendations :

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
10	Procurement (Contract Management)	<p>We noted from review of contract documents for sample five tenders that:</p> <ul style="list-style-type: none"> The roles and responsibilities for the management of a sample of four out of five contracts within Council were not clearly defined in the Contract document. In three out five sample tenders there are no agreed Performance Indicators documented in the contract document with Contractor. Further there was lack of agreed format for the contractor to provide regular updates to the Council. <p>We were advised that in three out five contracts the site supervisor is present on-site when the work is carried out by the contractor. However no regular formal updates are requested from the Contractor. We were advised that Procurement Service Unit advise Contract Managers of the Contract Management responsibilities at the time of tendering process.</p>	<ol style="list-style-type: none"> The Council should ensure the following is included in the Tender Document to ensure compliance with Council's Procurement Handbook -: <ol style="list-style-type: none"> Roles and responsibilities for the post procurement contract management are clearly defined and documented in the Contract document; Measurable performance indicators are clearly defined and documented for each contract. In instances where the contract deliverable is treated as the performance measure, this should be clear within the service contract; and PSU to remind contract management staff within the council of the requirement to obtain formal updates from the contractor as per the defined contract management arrangements and performance indicators. 	2	<ol style="list-style-type: none"> For each procurement, this will be discussed and agreed with the responsible Council Officer at the procurement initiation meeting and detailed in the tender documents as and when required. (1/12/2023) For each procurement, this will be discussed and agreed with the responsible Council Officer at the procurement initiation meeting and detailed in the tender documents as and when required. (1/12/2023) PSU will issue reminder updates to CLT, HoST & SUMs via internal communications on a quarterly basis (1/2/2024) 	01/02/2024	<p>The Head of Service advised, "Lack of Resources preventing this being actioned. The Council once again failed to appoint a Procurement Officer in the latest recruitment campaign (March 2024).</p> <p>Updated target date of implementation; 31/03/2026 31/03/2025 01/01/2025 01/02/2024</p>

Quarterly Follow-Ups Update

March 2024

Table showing details of all overdue open and partially implemented Priority 1 and all overdue open Priority 2 recommendations :

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
11	HR (Absence Management)	<p>Absence Trigger Notification We identified that there is no automatic notification to assist HR in monitoring when the following trigger points are hit;</p> <ul style="list-style-type: none"> Recorded at least 5% absence rate in total of short-term absences (whether self-certified or medically certified) – monitored via HR spreadsheet OR Displayed an unacceptable pattern of absence (e.g. regular Fridays and Mondays, after a bank holiday or annual leave etc.- monitored via Line Manager OR Reached 4 weeks’ continuous absence – monitored via HR spreadsheet (long term absence). <p>Return to Work Notification In addition, after each period of absence, an employee is required to complete a return-to-work interview with their Line Manager. Once completed, the Line Manager uploads this form to CORE. However, there is no notification to alert HR to the absence / completed Return to Work form. Therefore, in order for HR to be aware, Line Managers are also required to email the completed Return to Work form to the HR Administration team. This causes a duplication of effort.</p>	<p>Management should examine the possibility of implementing system controls within CORE which allow for HR to create reports which will:</p> <ul style="list-style-type: none"> Identify when the 5% absence trigger is hit. Notify HR and Managers when the return to work has been completed and uploaded on to CORE. <p>Management should remind Line Managers of their responsibility to track unacceptable patterns of absence.</p>	2	<p>Line Managers are responsible for calculating absence figures and assessing trigger points. HR had initially requested that the CORE system have the capability to calculate % absence rates and to notify Line Managers and HR if any target set has been breached. Further examination of the notification functionality of CORE and/or a separate add on system.</p>	31/05/2024	<p>The Head of Service advised, “Recruitment has been unsuccessful. Other options are now being investigated.”</p> <p>Updated target date of implementation; 31/07/2025 31/03/2025 31/05/2025</p>

Quarterly Follow-Ups Update

March 2024

Table showing details of all overdue open and partially implemented Priority 1 and all overdue open Priority 2 recommendations :

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
12	HR (Absence Management)	<p>We reviewed a sample of 25 staff absences during the period of November 2022 – November 2023. We noted the following issues with compliance with the Absence Management Policy:</p> <ul style="list-style-type: none"> •For 5/25 sampled absences, the required return-to-work was not completed. •For 3/25 sampled absences, the relevant supporting documents, including GP notes and self-certifications, were not completed or submitted to HR. 	<p>Management should remind Line Managers to ensure that:</p> <ol style="list-style-type: none"> 1.All staff should complete a return-to-work interview when they have returned from a period of absence. 2.Line Managers should follow up on any supporting documents not provided in line with Council Absence Management Policy and provide these to HR. 	2	Line Managers to be reminded of their responsibilities in ensuring that they follow the processes as outlined in the Managing Absence Policy and Procedure.	30/06/2024	<p>The Head of Service advised, “No further update.”</p> <p>Updated target date of implementation; 31/03/2025 30/06/2024</p>
13	IT General Controls	<p>Privileged access on Core HR is made up of three different categories: Payroll access, HR access and Security access.</p> <ol style="list-style-type: none"> 1.During our review, it was identified that two accounts, one end-user and one generic account, have privileged level access to both Payroll and Security menus resulting in a Segregation of Duties conflict. While management confirmed there are manual monitoring controls in place within the business to detect unauthorised actions, having both IT and Business privileged access does not adhere to best practice guidelines. 2.It was also noted during our review that there is no formal procedure in place to review privileged level users’ access on Core HR to ensure that they are appropriate and aligned with the user’s job responsibilities on a frequent basis. While management informed Deloitte this process takes place on an ad-hoc basis, there is no formal procedure and formal documentation is not maintained of this review. 	<p>In Line with ISO27001:2002 5.18 Access Rights, Management should:</p> <ol style="list-style-type: none"> 1.Define and implement a Segregation of Duties Matrix, highlighting what roles can and cannot be assigned to Core HR users. 2.Implement a review control to ensure privileged users on Core HR are assigned appropriate access rights for their job duties. This review should include: <ul style="list-style-type: none"> •A formally documented review control procedure outlining the steps and personnel involved in conducting the review: •A review of both users with privileged level access to Core HR and what access rights these users are assigned. An SOD matrix can be used in the review to ensure no Segregation of Duties Conflicts exist within the application. •Controls to ensure no user is signing off on their own access as part of the review. •Formally documented evidence of the review to act as an audit trail. 	2	<ol style="list-style-type: none"> 1. Agreed 2. Formal review control procedure will be put in place. 	30/09/2024	<p>The Head of Service advised, “DSM to discuss with HOS.”</p> <p>Updated target date of implementation; 01/03/2025 30/09/2024</p>

Quarterly Follow-Ups Update

March 2024

Table showing details of all overdue open and partially implemented Priority 1 and all overdue open Priority 2 recommendations :

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
14	Vehicle Management	<p>During our review of the vehicle parts inventory control and stock count process we noted the following:</p> <ul style="list-style-type: none"> • There is no documented process for conducting stock counts of vehicle spare parts. The Transport Service Unit Manager indicated that informal periodic stock counts were performed during the year; however, these are not documented. • The access to the storeroom is not limited to specific staff members. Currently drivers and engineers can walk in the storeroom if they need any specific vehicle parts, and they then record the details on physical logbook maintained on the door of storeroom. • Despite the presence of barcodes on the spare parts box organizers, the stores unit is not currently utilizing barcode technology for inventory management purposes and relying instead on manual methods for inventory tracking and then manually updating inventory management system. • We requested a total stock count as at 27/02/24 from the inventory management system (Jamma), on the day of the site visit however he Transport Service Unit Manager and storekeeper were unable to extract this information. Management explained that the Jamma system was not user-friendly in terms of generating reports. 	<p>1) Management should document processes for conducting regular stock counts of vehicle parts, including defining roles and responsibilities, implementing counting procedures, and documenting inventory reconciliation processes. As part of this, management should ensure that users of inventory control systems are trained and able to produce stock reports to support stock management.</p> <p>2) Consideration should be given to implementing a barcode scanning system for spare parts inventory management. This system would involve scanning barcodes on spare parts' box organizers during receiving, issuing, and inventory counts, enabling real-time tracking and accurate record-keeping.</p>	2	<p>1. Regular stock counts of vehicle parts. The old computer-based vehicle maintenance did not allow for stock control. A new system has now been implemented, and all users trained. A written process will be developed to reflect the recommendation above.</p>	30/09/2024	<p>The Head of Service advised, "work in progress."</p> <p>Updated target date of implementation; 31/03/2025 30/06/2024</p>

Quarterly Follow-Ups Update

March 2024

Table showing details of all overdue open and partially implemented Priority 1 and all overdue open Priority 2 recommendations :

#	Report Title	Finding	Original Recommendation	Priority	Original Management Response	Original Due Date	Updated Status
15	Information and Data Protection Review	<p>Employees are required to complete mandatory Data Protection (DP) online training at the beginning of their employment, and refresher training every three years following. In July 2024 the requirement to have refresher training was updated to every two years. The responsibility to monitor compliance with DP training lies with Human Resources Department.</p> <p>The Council's Data Protection Policy does not document the requirement for Council staff to complete mandatory data protection training and periodic refresher training.</p> <p>Our review of the training records for staff who completed the Council's Data Protection program identified that there are currently 458 (47%) staff, from across the Council, who have not completed the refresher training in the last three years as required.</p>	<p>The Council should ensure that:</p> <ol style="list-style-type: none"> The Data Protection Policy is updated to reflect the requirement of mandatory Data Protection training and then refresher training every two years for all employees. 	2	The DP Policy will be updated to include training requirements.	28/02/2025	<p>Response not received..</p> <p>Updated target date of implementation; 28/02/2025</p>

Appendix III

Statement of Responsibility

Statement of Responsibility

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We take responsibility for this report which is prepared on the basis of the limitations set out below. The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. This report is not based on an attest engagement. We have relied on information provided by Ards and North Down Borough Council's management, and we do not accept responsibility for such information and have not performed any substantiation or external confirmation procedures to establish its accuracy or completeness.

Recommendations for improvements should be assessed by the you (Ards and North Down Borough Council) for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by us should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

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Deloitte NI

Belfast

March 2025



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Ards and North Down Borough Council

A review of governance arrangements for the Policing and Community Safety Partnership (PCSP) and controls to manage the grants and tendering process operated by the PCSP.

January 2025



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1. Overview

The 2024/25 Annual Internal Audit Plan includes provision for an assurance review of the Police and Community Safety Partnerships (PCSP) governance arrangements and the controls in place for the management of PCSP grants and tendering processes. The Council is required by the sponsoring Department for the PCSP to have an internal audit of the PCSP on an annual basis. PCSPs are statutory bodies. There is one Policing and Community Safety Partnership in each Council area, which comprises a total of 14 PCSPs across Northern Ireland, four of which are in Belfast. The remaining 10 Councils have one PCSP. PCSPs have a range of duties which are set in legislation:

- Consult and engage with the local community on the issues of concern in relation to policing and community safety. Each PCSP has a Policing Committee with a distinct responsibility to provide views to the relevant district commander and the Policing Board on policing matters.
- Identify and prioritise the particular issues of concern and prepare plans for how these can be tackled.
- Monitor the performance of the police and work to gain the co-operation of the public with the police in preventing crime; and
- Deliver a reduction in crime and enhance community safety in each district, directly through interventions, through the work of delivery groups or through support for the work of others.

Each PCSP is comprised of political members (Councillors), independent members appointed by the Policing Board and representatives from designated public bodies (such as Health, Probation, Education and Policing). Each PCSP is administratively supported by the local council to which it belongs, and the joint sponsors are the Department of Justice and the Northern Ireland Policing Board (with PCSP oversight maintained through a Joint Committee). Each PCSP has a Policing Committee made up of political and independent members which carries out a distinct role in relation to policing functions. PCSPs may also establish sub-groups to address particular community safety issues.

The Ards and North Down PCSP delivers its initiatives through three different delivery mechanisms:

- Small grants;
- Tenders; and
- Direct delivery through Partners.



1.1. Scope and Objectives

The scope of this internal audit will include a review of governance arrangements for the PCSP and controls to manage the grants and tendering processes operated by the PCSP.

The objectives of the Internal Audit were to:

- Determine whether up-to-date terms of reference are in place for the PCSP, Policing Committee and each of the relevant sub-groups.
- Determine whether there are policies in place for the PCSP which have been referred to in the Financial Guidelines issued by the Joint Committee including the Corporate Governance, Risk Management and operating policies.
- Determine whether a training plan is in place for PCSP members, including an induction program.
- Confirm that a PCSP action plan has been developed which addresses the discharge of the Partnership's statutory duties and objectives.
- For a sample of projects during 2023/24, determine whether there is adequate monitoring and reporting of expenditure under the grants, tenders and direct delivery contracts to ensure that funds will be spent as planned within the year and to identify any funding that cannot be used at an early stage.
- For a sample of projects during 2024/25, determine whether the annual Outcomes Based Approach evaluation of projects was completed and reported to the Partnership and sponsoring Department.

For a sample of grant projects during 2024/25, determine whether there is an adequate framework in place for the awarding of grants, including determining whether:

- Open calls for applications are made;
- Clear grant programme and application assessment criteria are publicised and complied with during the assessment process;
- There is adequate documentation of the grants application assessment process and decisions made and that all decisions are approved by the PCSP prior to Letters of Offer being issued.
- For a sample of payments made during 2023/24, determine whether the payment of grant claims is adequately controlled to ensure that payment is made only for items or activities approved in the grant application, at the values approved and with sufficient supporting evidence of the expenditure.

For a sample of tenders during 2024/25, determine whether there is an adequate framework in place to facilitate the tendering process, including determining whether:

- The tender process is in line with Council procurement policy;
- Clear tender programme and application assessment criteria are publicised and complied with during the assessment process;
- There is adequate documentation of the tender application assessment process and decisions made and that all decisions are approved by the PCSP prior to Letters of Offer being issued;
- Procurement documentation is available and complete on project files, including supporting evidence of advertising and the required number of quotes to be sought, as well as signed conflict of interest forms.
- For a sample of payments made during 2023/24, determine whether payments made against tenders awarded are appropriate, in line with the tender agreement and that there is a level of adherence to requirements against procurement thresholds.



- For a sample of payments made during 2023/24, determine whether payments made against tenders awarded are supported by sufficient evidence of activity, and that value for money is being sought for smaller expenditure.
- For a sample of Direct Delivery Contracts during 2023/24, determine whether there is an adequate process in place to approve direct delivery projects and PCSP Partners to deliver the project, including approval of the approach and Partners by Partnership and sponsoring Department.

1.2. Approach

In order to complete this engagement, we used a combination of the following:

- Discussions with key stakeholders in relation to the PCSP.
- Review of key items of documentation such as policies and procedures which relate to PCSP governance including documentation relating to the 3 Year Strategy and Annual Action Plan.
- Review of any documentation relating to the management of grants, the tendering process and the management of direct delivery funding, as well as any relevant budgetary information, project expenditure reports and supporting evidence of expenditure relevant to these areas.
- A limited programme of sample testing to assess control operating effectiveness.
- Consideration of possible improvements or alternatives for the controls in place.
- Reporting of findings with practical recommendations for improvement where appropriate.

Our sole source for information has been management information and representations. We do not accept responsibility for such information and have not performed any substantiation or external confirmation procedures to establish its accuracy.

Our work was performed in accordance with the Deloitte Internal Audit Methodology which is consistent with the standards of the Chartered Institute of Internal Auditors. Our work was carried out during November 2024.

1.3. Summary of findings

In **Section 2** we have set out our detailed findings and recommendations arising from our review.

Our findings have been graded using the scale outlined in **Appendix 1**.

The number of findings by risk grade can be summarised as follows:



There were no **Priority 1** or **Priority 2** findings identified during our review.

There was one **Priority 3** finding identified during our review. This can be summarised as follows:

- Lack of Report Card Approval (See Section 2.1.)

Full details of the issues may be found in **Section 2** of this draft report.

1.4. Conclusion


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.

Consequently on the basis of the Internal Audit work undertaken, we have given a **satisfactory** level of assurance that the system objectives will be achieved. Refer to **Appendix I** for a definition of the assurance level given.



2. Detailed findings and recommendations

2.1. Lack of Report Card Approval

Finding	Recommendation		Priority
<p>We selected a sample of 10 projects from a population of 33 across various types of project delivery, including partner delivered, tendering, small grants, quotations, and direct deliveries. Each project is required to submit a quarterly report card outlining the project outputs and impact to date.</p> <p>We identified that the quarter two report card for the Voluntary Safety Wardens project had not been approved by the relevant Community Safety subgroup. Management advised there was no quarter two subgroup meeting because there was a lack of delivery across the PCSP outside of this project.</p> <p>Furthermore, we identified that the following quarter three report cards had not been reviewed and approved in the relevant subgroup meeting dated 22/01/2024 (where we noted other quarter three report cards had been approved):</p> <ul style="list-style-type: none"> • Comber YFC • Kilcooley's Woman Centre • Nexus <p>Potential Impact</p> <p>There is a risk that ongoing, underperforming projects continue to receive PCSP funding whilst not supporting overall achievement of the PCSP's strategic priority 'Improve Community Safety'.</p>	<p>The Council should ensure that all report cards are reviewed and approved by the Community Safety Subgroup to ensure adequate level of oversight.</p>		
Management response			
Action Plan	Owner/ Title	Target Date of Implementation	



All reports cards will be tabled to the Community Safety Sub Group going forward. New staff members are in post and have been trained on the procedures required.	New	Externally	Funded	Programmes	01.01.25
		Manager			



3. Statement of Responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below. The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. This report is not based on an attest engagement. We have relied on information provided by Ards and North Down Borough Council's management and we do not accept responsibility for such information and have not performed any substantiation or external confirmation procedures to establish accuracy or completeness.

Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by us should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

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Appendix I: Reporting Definitions

Assurance Opinion

For each report delivered in the annual Internal Audit Plan, we will provide one of three levels of assurance, ranging from satisfactory assurance to unacceptable assurance. These assurance levels reflect the latest requirements of the Department of Finance (DAO (DoF) 07/16).

Assurance Level	Evaluating and Testing Conclusion
Satisfactory	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	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	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.

Recommendation Priorities	
Priority 1	Failure to implement the recommendation is likely to result in a major failure of a key organisational objective, significant damage to the reputation of the organisation or the misuse of public funds.
Priority 2	Failure to implement the recommendation could result in the failure of an important organisational objective or could have some impact on a key organisational objective.
Priority 3	Failure to implement the recommendation could lead to an increased risk exposure.

These definitions of evaluations should be interpreted in conjunction with the scope of the audit work and in the overall context that our findings should only be relied upon to be representative of the operation of control procedures at the time of discussion or observation of these control practices and in relation to the transactions tested. Projection of evaluations of future periods is subject to the risk that the policies and procedures may become inadequate because of changes in conditions, or that the degree of compliance with these policies and procedures may deteriorate. The performance of Internal Audit work should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and work performed by Internal Audit should not be relied upon to identify all strengths and weaknesses that may exist. Neither should Internal Audit work be relied upon to identify all circumstances of fraud or irregularity should there be any, although our audit procedures have been designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas as identified by management as being of greatest risk and significance. Effective implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

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Ards and North Down Borough Council

Review of the Labour Market Partnership – Final Draft Report

March 2025

This document is a draft report. This document is confidential and is issued to a limited circulation for discussion only. Matters of fact and opinion have yet to be fully clarified and finalised. Details may change between this draft and the final report. It is not intended that management rely on the contents of this document until a final report is issued.

Matters noted in this draft report are only those, which came to our attention up to this point of our work and are not necessarily a comprehensive statement of all issues that exist, or all actions that might be taken. This draft report is made solely to Ards and North Down Borough Council for discussion purposes only.

We do not accept or assume responsibility for our work to anyone other than Ards and North Down Borough Council. This draft document must not be circulated or referred to without our express written consent.



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1. Overview

1.1 Introduction

This audit is being undertaken as part of the 2024/2025 Internal Audit Operational Plan.

1.2 Overview

Ards and North Down Borough Council ('the Council') established its Labour Market Partnership in August 2021 when the Department for Communities (DfC) in Northern Ireland made funding available for the establishment of Labour Market Partnerships (LMP) within each of the 11 Councils in Northern Ireland.

The aim of the Council's Labour Market Partnership is to help improve employability outcomes and labour market conditions locally. The Council has identified that the LMP will work through co-ordinated, collaborative, multi-agency partnerships to meet their regional objectives whilst being flexible to meet the needs presented by localised conditions and helping to connect employers with employees.

The Action Plan for 2024-2025 was revised and developed with the LMP Partnership taking into consideration the scoping exercise. The updated Action Plan seeks to build on local experience, knowledge of providers and expertise, and marry this with the opportunities to address key areas of need within the Council's area. It also builds on the success of last year's Action Plan, and the lessons learnt.

Governance Arrangements

There is a Terms of Reference (TOR) in place for the LMP Group and each Thematic Sub-Committee 1 and 2. Each TOR contains a version control outlining key changes which have been made to each version. Each TOR is reviewed and updated on an annual basis at the Annual General Meeting (AGM) – For the 2024/25 year, this meeting took place on 30/04/2024.

Expenditure Monitoring

The monitoring process for expenditure and progress against project objectives takes place within meetings held with the group responsible for delivery of the project. These are held bi-weekly at the start of the process before occurring monthly after a few meetings management advised.

Within the funding agreement between the Council and project supplier, conditions for payment are outlined. This includes the right for the Council to withhold payment for underperforming projects, where performance targets are not being met.

Action Plan

Each strategic priority is detailed within the Ards LMP Three Year Strategic Assessment and 2024/2025 Strategic Action Plan. Section 4.0 of the Action Plan outlines the baseline for each strategic priority, including the following:

- Baseline figures (if possible)
- Targets
- Indicator/s LMP contributes to (Source)

The plan includes each strategic priority and the related themes. For each theme, section 5.0 within the Action Plan outlines:

- Theme
- Title of Activity
- Aims and Description
- Key Activities
- Start & End Date
- Resources/Cost
- Performance Measures
- Delivery Quarter

Performance measures are reviewed periodically at bi-monthly LMP meetings. These measures are then reported on to the DfC via the Council's quarterly funding claim workbook submissions.

Tendering

The team within the Council responsible for delivering the LMP follows the tendering process in line with the Council's most recent Procurement Policy. The Council's Procurement Policy outlines the procurement approach to be taken depending on the amount being put out to tender. The requirements are outlined as follows:

- Up to £3,000: no quotation necessary;
- £3,000 to £15,000: seek three written quotations;
- £15,001 to £30,000: seek four written quotations;
 - Over £30,000: public tender;
 - £214,904: *Above threshold tender (Goods, Supplies, Services.)
 - £5,372,609: *Above threshold works.

Payments to successful tenderers are made in line with the funding agreement. Payment is made once fulfilment of performance measures/obligations has been completed or evidence of expenditure is provided and is sufficient. This is done when the project supplier provides the Council with evidence of Purchase orders (PO's) and invoices raised.

Contract Monitoring

Contract monitoring arrangements are outlined within each project's funding agreement. Project progress is monitored via meetings held with the project supplier. These are initially bi-weekly meetings, and then occur monthly once the project has been up and running for a few months. If there are issues with the performance, for example a project has not attracted as many people as the contract outlined, the council will re-evaluate the funding to that project and re-allocate funding accordingly.

Reporting

The team within the Council responsible for delivering the LMP currently report to the Place and Prosperity Committee on a quarterly basis. Management advised that this typically include significant updates to projects or funding being awarded. Reporting to the Council is for information purposes only, with the Council not making any LMP decisions.

Management advised that in 2024/25 the Council decided to cease their use of the thematic and individual report cards that are submitted to DfC. The purpose of these report cards was to evidence the progress of each LMP project to DfC.

This year the team within the Council responsible for delivering the LMP instead maintain quarterly Funding Claim Workbooks. These workbooks capture all ongoing LMP projects mapped against the strategic priorities laid out in the action plan. Details such as the start and end dates, the supplier of the projects, and the active targets as well as the actual achievements of each project are recorded. It also includes information on the expenditures of projects and invoice numbers.

1.3 Scope and Objectives

The scope of this internal audit included a review of the governance arrangements of the LMP and controls to manage grants and expenditure. The key objectives of the Internal Audit were to:

Governance Arrangements

- Determine whether up-to-date terms of reference are in place for the LMP committee.
- Determine whether any new LMP members have completed an induction process.

Expenditure Monitoring

- Determine if the controls in place to monitor expenditure by the LMP and monitor adherence to conditions set in the Department for Communities (DfC) Funding Agreement are operating effectively.
- For projects which are completed by the Council internally, ensure that expenditure is monitored as an externally awarded project is.
- For a sample of Council projects funded as part of the LMP during the 2024/2025 period:
 - Ensure that funding has been awarded in line with LMP conditions and with relevant Council financial policies and procedures.
 - Determine if project monitoring was completed.
 - Determine if there were processes in place to withhold funds for underperforming projects.

Action Plan

- Determine if the 2024-25 LMP action plan supports each of the strategic priorities.
- Determine if the performance measures outlined within the 2024-25 action plan have been measured and reported on a periodic basis during 2024/25 period.

Tendering

- Determine whether there is an adequate framework in place to facilitate the tendering process for LMP projects during the 2024/25 period, where relevant, including determining whether:
 - The tender process is in line with Council procurement policy;
 - Award criteria is defined, and tenders evaluated against this, with highest scoring tenderer awarded; and
 - Adequate documentation of the tender process including assessment and decisions made is retained centrally, and all decisions are approved by the LMP committee and Council prior to Letters of Offer being issued.
- Determine whether payments made to successful tenderers are accurate and in line with the tender agreement.
- Determine whether payments made to successful tenderers are supported by sufficient evidence of activity and achievement of agreed objectives.

Contract Monitoring

- Determine if there are periodic monitoring meetings held with contractors to discuss performance against contract obligations.

Reporting

- Determine if there are adequate reporting structures within the Council to report progress against budget and each strategic priority within the LMP.
- Determine if Quarterly Indicator Report Cards and an annual report are provided to DfC as required.

1.4 Approach

In order to complete this engagement, we used a combination of the following:

- Discussions with key members of staff involved in the Labour Market Partnership, including the Labour Market Partnership Manager and Economic Development Manager, to walkthrough key processes.
- Review of key items of documentation such as policies and procedures, contracts, the Council LMP Three Year Strategic Assessment and 2024/2025 Strategic Action Plan, meeting minutes between LMP and the chosen project supplier samples and the Q2 and Q3 Quarterly Funding Claim Workbooks.
- A limited programme of sample testing to assess control operating effectiveness, including tendering, and awarding of a sample of LMP projects, payment of funding to selected sample projects, and review of a sample of committee and sub-committee meeting minutes and governance documentation.
- Consideration of possible improvements or alternatives for the controls in place.
- Reporting of findings with practical recommendations for improvement where appropriate.

Our sole source for information has been management information and representations. We do not accept responsibility for such information and have not performed any substantiation or external confirmation procedures to establish its accuracy.

Our work was performed in accordance with the Deloitte Internal Audit Methodology which is consistent with the standards of the Chartered Institute of Internal Auditors. Our work was carried out during February 2025.

1.5 Summary of findings

We have not identified any Priority 1, Priority 2 or Priority 3 issues which should be brought to the attention of management and the Audit and Risk Committee.

Priority 1	Priority 2	Priority 3
-	-	-

1.6 Conclusion

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.

Consequently, on the basis of the Internal Audit work undertaken, we have given a **satisfactory** level of assurance that the system objectives will be achieved. Refer to **Appendix I** for a definition of the assurance level given.



2. Statement of Responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below. The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. This report is not based on an attest engagement. We have relied on information provided by Ards and North Down Borough Council's management and we do not accept responsibility for such information and have not performed any substantiation or external confirmation procedures to establish accuracy or completeness.

Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by us should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

This document is confidential and prepared solely for your information and that of other beneficiaries of our advice listed in our engagement letter. Therefore you should not refer to or use our name or this document (in whole or in part) for any other purpose, disclose them or refer to them in any prospectus or other document, or make them available or communicate them to any other party without our prior authorisation. No other party is entitled to rely on our document for any purpose whatsoever and thus we accept no liability to any other party who is shown or gains access to this document.

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Ards and North Down Borough Council – Internal Audit of LMP – FINAL DRAFT REPORT

This report is intended solely for the information and internal use of Ards and North Down Borough Council and should not be used or relied upon by any other person or entity.

Appendix I: Reporting Definitions

Assurance Opinion

For each report delivered in the annual Internal Audit Plan, we will provide one of three levels of assurance, ranging from satisfactory assurance to unacceptable assurance. These assurance levels reflect the latest requirements of the Department of Finance (DAO (DoF) 07/16).

Assurance Level	Evaluating and Testing Conclusion
Satisfactory	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	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	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.

Recommendation Priorities	
Priority 1	Failure to implement the recommendation is likely to result in a major failure of a key organisational objective, significant damage to the reputation of the organisation or the misuse of public funds.
Priority 2	Failure to implement the recommendation could result in the failure of an important organisational objective or could have some impact on a key organisational objective.
Priority 3	Failure to implement the recommendation could lead to an increased risk exposure.

These definitions of evaluations should be interpreted in conjunction with the scope of the audit work and in the overall context that our findings should only be relied upon to be representative of the operation of control procedures at the time of discussion or observation of these control practices and in relation to the transactions tested. Projection of evaluations of future periods is subject to the risk that the policies and procedures may become inadequate because of changes in conditions, or that the degree of compliance with these policies and procedures may deteriorate. The performance of Internal Audit work should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and work performed by Internal Audit should not be relied upon to identify all strengths and weaknesses that may exist. Neither should Internal Audit work be relied upon to identify all circumstances of fraud or irregularity should there be any, although our audit procedures have been designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas as identified by management as being of greatest risk and significance. Effective implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

DRAFT

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Ards and North Down Borough Council

Review of Transformation Programme and Project Management

March 2025

This document is a draft report. This document is confidential and is issued to a limited circulation for discussion only. Matters of fact and opinion have yet to be fully clarified and finalised. Details may change between this draft and the final report. It is not intended that management rely on the contents of this document until a final report is issued.

Matters noted in this draft report are only those, which came to our attention up to this point of our work and are not necessarily a comprehensive statement of all issues that exist, or all actions that might be taken. This draft report is made solely to the Ards and North Down Borough Council for discussion purposes only.

We do not accept or assume responsibility for our work to anyone other than the Ards and North Down Borough Council. This draft document must not be circulated or referred to without our express written consent.



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1. Overview

1.1. Introduction

This assurance review was undertaken as part of the 2024/25 Internal Audit Plan and focused on the key controls in place for the management of the Council's transformation programme and project management frameworks. This audit focused on two sample projects, Review of Grants Processes Project and the Leisure Transformation Strategy Project.

1.2. Process Overview

Transformation Programme Governance Arrangements

The Strategic Transformation and Efficiency Programme Board (STEP) was established in May 2022 to drive organisational transformation and support a culture of continuous improvement. The Board is responsible for ensuring that identified transformation projects are delivered efficiently and within an effective governance framework. The STEP Board has a Terms of Reference (TOR) in place. The TOR details key items such as membership, objectives, scope, governance, reporting, budget, and frequency of meetings of the Board.

Overview of Projects

Leisure Transformation Project:

The Leisure Transformation Project is split into three sub projects:

1. Leisure Strategy:

The scope of this sub-project is the development of a Leisure Strategy as the Council previously did not have one in place. Through internal and external consultation, a draft Leisure Strategy has been developed and is due to be submitted to the Community and Wellbeing committee in June 2025.

2. Leisure Benchmarking:

This sub-project involves the collection of key data across four Council leisure centres (including, Ards Blair Mayne Wellbeing and Leisure Complex, Comber Leisure Centre, Londonderry Park and Portaferry Sports Centre) such as usage, income, and expenditure. This data collected is used to benchmark the current operations against UK leisure Facilities and assist in the identification of future benchmarking KPIs for Leisure. Data is analysed, and reports are produced by the Association for Public Service Excellence (APSE).

3. Leisure Staff Restructure:

The Leisure service and staffing structure transformation sub-project is split into the following phases:

- Phase 1. Soccer Development (Completed).
- Phase 2. Swimming Programme - Staffing (Completed).
- Phase 3. Lifeguards and Fitness Associates.
- Phase 4. Admin and Front-of-House (FOH) operations.
- Phase 5. All other parts of the Service.

- Phase 6. Review in the light of a completed Leisure Strategy.

Review of Grant Processes Project:

The Grants Processes Project has been arranged due to previous audit recommendations and the Council members requested change in the Council's grant process. The project is split into two phases. Phase 1 has involved the development of an updated Grants Management Policy, implementation of a standardised framework in the process and enhancement of the Council's wide knowledge and understanding of grants management process. Phase 2 will involve the implementation of a new Electronic Grants Management System.

Project Governance Arrangements:

Projects are governed by a Terms of Reference (TOR) and a Project Initiation Document (PID). The TOR details the membership of the project, project tasks, project scope and objectives, governance, reporting, budget and frequency of project meetings. The PID details key items such as project scope, objectives, deliverables/outcomes, costs, constraints, assumptions, interdependencies and the roles and responsibilities of each member of the project. Each project group is required to meet monthly, or as required, and each group is chaired by the project's Senior Responsible Officer (SRO). Each project must have an approved business case in place detailing the project's objectives, scope, costs, benefits before the project can be initiated.

Resources and Budgets

Resources (including, people and finance) and budgets for each project are determined by the project SRO. Resources and budgets for each project are documented in the business case of each project. Project resources and budgets are initially approved by the Head of Strategic Transformation and Performance, followed by the Head of Service. The project budget/costs are coded to the Transformation Fund and are managed by the Project Manager. Budget updates are provided at each Programme and Project Team meeting.

Delegation of Authority

The Council has an overarching policy on the Scheme of Delegation. The aim of this document is to set a framework within which the Council delegates authority to Committees and officers to ensure that services are delivered effectively and efficiently to achieve its corporate objectives, in line with its risk appetite. This policy is followed for all projects to ensure effective decision making in the delivery of projects.

Programme and Project Management

The STEP Board meet three times a year and during these meetings, the progress of projects are discussed. A project plan and the project's deliverables, timelines, budgets, goals are set out in the project's PID which is developed by the SRO. The PID is presented to the project team and decisions are agreed by consensus. If a consensus decision cannot be made by the project team, the Project SRO has final approval. Once approved, the PID is approved by the Project Board.

Risk Management

The Council has an overarching Risk Management Strategy across the Council. This strategy outlines the risk management processes which govern the Transformation Programme, including its projects. Each project has a risk register for recording and tracking risks. The overall Transformation Programme does not have a specific risk register, but programme risks are included on the Strategic Transformation and Performance Service Risk Register. Risks are discussed during project and STEP Board meetings and are a standing agenda item during the Project Board meetings.

**Lessons Learned**

Post Project Evaluations (PPEs) are completed by each project manager within six months of the completion of a project. The PPE captures the review and evaluation of a project's performance regarding the achievement of project objectives, completion within agreed timeline, project processes that went well or did not go well, cost effectiveness of the project and the benefits the project created. Lessons and areas of improvement for future projects are identified in each PPE by the project evaluator, checked and approved by the Transformation Manager and added to an overall lesson learned excel log, which is maintained by the Transformation Manager. A link to the most up to date lessons learned log is located within all project PIDs for key project stakeholders to access.

Monitoring and Reporting

Progress of Programme and Project plans (including, timelines, budgets, outcomes) are monitored and reported on a monthly basis during project monthly meetings and three times a year during each STEP Board meeting. A STEP Board report is completed for each STEP Board meeting held three times a year. This report provides the STEP Board with a detailed progress update on all active projects in relation to project timelines, progress of the project since the last STEP Meeting, possible issues the project is facing and next steps for each project following the meeting. This report is also sent to the Corporate Services Committee for discussion at a corporate level after each of the three STEP Board meeting held during the year.

1.3. Scope and Objectives

The scope of the review was to assess the programme and project management frameworks in place with regards to the Council's Transformation Programme. This audit focused on two sample projects, Review of Grants Processes Project, and the Leisure Transformation Strategy Project.

This review focused on the following risk areas and objectives:

Governance Arrangements:

- Determined whether appropriate programme and project management governance structures are in place in relation to the Transformation programme.
- Determined whether there is clarity of roles and responsibilities within the Council in relation to programme and project management and whether these have been formally defined and documented.
- Determined whether the resources required to deliver projects (both people and finance resources) have been appropriately agreed to effectively support projects.
- Determined if delegation of authority is in place for effective decision making in delivery of projects.

Programme and Project Management:

- Assessed the adequacy of programme planning, including prioritisation of project delivery.
- Determined whether an appropriate framework exists for considering and dealing with programme risks and issues as they may arise.
- For each sampled project, determined whether the following are in place:
 - Project deliverables have been clearly specified within the project scope and have been agreed by senior management at the initiation stage.
 - Project risks and issues are identified, assessed, and managed on a regular basis.
 - A process is in place to capture, on a periodic basis, learnings from the implementation of the project.

Monitoring and Reporting:

- Determined whether there are clear escalation routes in place where potential risks to the programme or planned delivery of projects as detailed above have been identified.
- Determined whether there are appropriate controls in place for programme and project reporting specifically around progress against plan, timetable and budgeted expenditure versus actual expenditure.

1.4. Approach

In order to complete this engagement, we used a combination of the following:

- An initial planning meeting to agree the scope, timing and conduct of the review.
- Desktop review of key items of documentation, such as policies, procedures and programme governance framework relating to governance of the Transformation Programme and two sample projects (Review of Grants Processes Project, and the Leisure Transformation Strategy Project) risk registers and documentation related to programme and project monitoring and reporting.



- Discussions with key members of the Council involved in the Transformation Programme including the Head of Transformation and Performance and the Transformation Manager.
- A limited programme of sample testing, including the review of a sample of monthly programme and project meeting minutes, agendas and progress update reports.
- Consideration of possible improvements or alternatives for the controls in place.
- Reporting of findings with practical recommendations for improvement where appropriate.

Our sole source for information has been management information and representations. We do not accept responsibility for such information and have not performed any substantiation or external confirmation procedures to establish its accuracy.

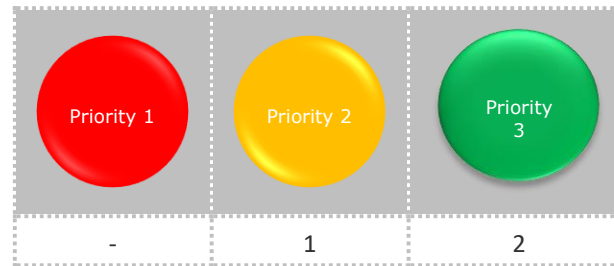
Our work was performed in accordance with the Deloitte Internal Audit Methodology which is consistent with the standards of the Chartered Institute of Internal Auditors. Our work was carried out during December 2024 - February 2025.

1.5. Summary of Findings

In **Section 2** we have set out our detailed findings and recommendations arising from our review.

Our findings have been graded using the scale outlined in **Appendix 1**.

The number of findings by risk grade can be summarised as follows:



There were no **Priority 1** findings identified during our review.

There was one **Priority 2** finding identified during our review. This can be summarised as follows:

- Absence of a Transformation Programme Risk Register (See **Section 2.1**).

There were two **Priority 3** findings identified during our review. These can be summarised as follows:

- Lack of updated Version Control and Retention of Key Project Documentation (See **Section 2.2**).
- Lack of Documented Monthly Monitoring and Review of Project Budgets (See **Section 2.3**).

Full details of the issues may be found in **Section 2** of this draft report.


1.6. Conclusion

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.


Consequently, on the basis of the Internal Audit work undertaken, we have given a **satisfactory** level of assurance that the system objectives will be achieved. Refer to **Appendix I** for a definition of the assurance level given.

2. Detailed findings and recommendations

2.1. Absence of a Transformation Programme Risk Register

Finding	Recommendation		Priority
<p>We identified there is no Transformation Programme risk register in place, which captures risks specific to the successful delivery of the Council’s Transformation Programme.</p> <p>From review of the Service risk register, we noted there are risks documented such as project deliverables not being met, failure to adhere to legislative requirements, lack of permanent staff resource for projects and retention of staff for projects. We note that these are relevant for programme and project delivery but are not specific to the Council’s Transformation Programme.</p> <p>Potential Impact</p> <p>Failure to capture, monitor and mitigate specific programme risks could lead to delays in the delivery of the programme, overspend and potentially the unsuccessful completion of the programme.</p>	<p>Management should develop and implement a specific risk register which covers all potential risks relevant to their Transformation Programme.</p>		
Management response			
Action Plan	Owner/ Title	Target Date of Implementation	
<p>Programme Risk Register to be developed and presented at the next STEP Board Meeting scheduled for 14th March 2025. Programme Risk Register will form part of the Programme Board update going forward.</p>	<p>Transformation Manager</p>	<p>14th March 2025</p>	


2.2. Lack of updated Version Control and Retention of Key Project Documentation

Finding	Recommendation	Priority
<p>We reviewed the Council’s documentation in place for both sample projects, the Review of Grants Processes Project and the Leisure Transformation Strategy Project, and identified the following:</p> <ul style="list-style-type: none"> Version control of the Grants Processes Project and Leisure Transformation Project Initiation Documents have not been consistently updated when updates are made to project documents. We identified that updates were made to the Leisure Transformation PID during 2024, and also to the Grants Processes PID in 2024 – it was not clear on either document that updates had been made and approved. Management informed us that they do not retain a copy of the final versions of project business cases and that final versions are held by finance. <p>Potential Impact</p> <p>There is a risk that:</p> <ol style="list-style-type: none"> Project membership, objectives, scope, budget, governance may become outdated and lead to the risk of the inconsistent delivery of the project. The project business cases held by management may not be the final version of the documents and contain information that is not up-to-date and inaccurate. This could lead to the risk that project teams are working with outdated project objectives, scope, timelines, budgets etc. 	<p>Management should:</p> <ol style="list-style-type: none"> Ensure that all project initiation documents version control are updated after any updates made. Ensure a copy of each project’s final business case going forward is held. 	
Management response		
Action Plan	Owner/ Title	Target Date of Implementation
<p>Transformation Manager will ensure that Version Control for all project document changes is updated going forward.</p> <p>In addition, a Project Change Control Report will be developed for each project to detail any project changes and associated approval process.</p>	<p>Transformation Manager</p>	<p>Immediate effect</p> <p>31st March 2025</p>



<p>The Transformation Manager will ensure that a copy of the final and signed Business Case is held on the project file for all projects going forward.</p>	<p>Immediate effect</p>
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2.3. Lack of Documented Monthly Monitoring and Review of Project Budgets

Finding	Recommendation		Priority
<p>From our review of a sample of project monthly meeting minutes, we noted that discussions of budget updates or a review of actual vs budgeted expenditure for both sampled projects was not consistently documented within project meeting minutes.</p> <p>We noted during the November Leisure project meeting, finances were discussed, and management have noted this is the intention going forward to ensure that discussions around budgets and the actual vs budgeted expenditures are captured in the monthly meeting minutes. We also noted that discussion of project budgets was captured and discussed at STEP Board meetings that occur three times a year.</p> <p>Potential Impact</p> <p>There is a risk that project overspends are not identified in a timely manner, resulting in an overall Transformation Programme overspend.</p>	<p>Management should ensure that discussions around project budgets and actual vs budgeted expenditure are monitored, discussed and clearly documented within monthly project meeting minutes for all projects.</p>		
Management response			
Action Plan	Owner/ Title	Target Date of Implementation	
<p>The Transformation Manager will ensure that the project budget report is clearly documented within monthly project meeting minutes going forward.</p>	<p>Transformation Manager</p>	<p>Immediate effect</p>	



3. Statement of Responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below. The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. This report is not based on an attest engagement. We have relied on information provided by Ards and North Down Borough Council's management and we do not accept responsibility for such information and have not performed any substantiation or external confirmation procedures to establish accuracy or completeness.

Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by us should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

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Appendix I: Reporting Definitions

Assurance Opinion

For each report delivered in the annual Internal Audit Plan, we will provide one of three levels of assurance, ranging from satisfactory assurance to unacceptable assurance. These assurance levels reflect the latest requirements of the Department of Finance (DAO (DoF) 07/16).

Assurance Level	Evaluating and Testing Conclusion
Satisfactory	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	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	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.

Recommendation Priorities	
Priority 1	Failure to implement the recommendation is likely to result in a major failure of a key organisational objective, significant damage to the reputation of the organisation or the misuse of public funds.
Priority 2	Failure to implement the recommendation could result in the failure of an important organisational objective or could have some impact on a key organisational objective.
Priority 3	Failure to implement the recommendation could lead to an increased risk exposure.



These definitions of evaluations should be interpreted in conjunction with the scope of the audit work and in the overall context that our findings should only be relied upon to be representative of the operation of control procedures at the time of discussion or observation of these control practices and in relation to the transactions tested. Projection of evaluations of future periods is subject to the risk that the policies and procedures may become inadequate because of changes in conditions, or that the degree of compliance with these policies and procedures may deteriorate. The performance of Internal Audit work should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and work performed by Internal Audit should not be relied upon to identify all strengths and weaknesses that may exist. Neither should Internal Audit work be relied upon to identify all circumstances of fraud or irregularity should there be any, although our audit procedures have been designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas as identified by management as being of greatest risk and significance. Effective implementation of our recommendations by management is important for the maintenance of a reliable internal control system.



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Ards and North Down Borough Council

Internal Audit of Budgetary Controls – Final Draft Report

March 2025



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1. Overview

1.1. Introduction

This assurance review was undertaken as part of the 2024/25 Internal Audit Operational Plan. The purpose of the internal audit was to review Ards and North Down Borough Council's (the Council) governance and controls in place around budgetary control, including budget setting, monitoring, and reporting.

1.2. Overview

The Council has established a Budgeting Policy that outlines the framework within which the Council set, manage and report on its budgets. The policy applies to both capital and revenue budgets. This policy was last reviewed in November 2023 by the Head of Finance and approved by the Corporate Services Committee (CSC).

The Council has also developed and implemented a Reserves Policy which sets the Council's policy in relation maintaining its financial reserves and funds to allow proper financial planning and ensure adequate financial resilience. This policy was last reviewed in June 2023 by the Head of Finance and approved by the CSC.

The policies are stored on the Council's shared drive and are accessible by all Council staff.

Governance

The Director of Corporate Services and Head of Finance oversee the budget setting process. The Finance Service is responsible for coordinating the budget setting process, monitoring and reporting of the budgets.

Capital Budget

- The Council has created a Capital Projects Portfolio Board (CPPB) which is responsible for approving capital budget items with construction costs larger than £500k. The CPPB meet on a quarterly basis to address approvals. Once approved by the CPPB, budget items larger than £500k are sent to the Council twice yearly for final approval. These approvals by the Council are noted in the Council minutes. There is a terms of reference (ToR) in place for the CPPB which outlines the remits, membership, frequency of meetings, and reporting of the CPPB as well as the review period of the ToR.



Revenue Budget

- A Budget Scrutiny Panel (BSP) has been established for reviewing and approving revenue related cost items. The BSP is a senior management panel that evaluates value added budget requests and savings during the estimates process. The BSP meets for budget setting purposes only.
- The Council's Corporate Leadership Team (CLT) provide oversight on budgetary controls and reporting at the management level. The CLT is comprised of the Chief Executive, Heads of Services and Directors. The CLT meets on a monthly basis.

Both Revenue and Capital Budget

- The CSC is a committee made of elected members of the Council, with the responsibility for developing the Council's annual budget. The CSC is responsible for scrutiny of final budget proposal/options before recommendation are made to Council. There is a ToR for the CSC, which is outlined in the Scheme of Delegation approved on 26 June 2024.
- The Council considers and approves the Council's final budget each year. The Council meets at least once month.

Budget Setting Process (both Revenue and Capital Budgets)

The financial year for the Council is from 1st of April to 31st of March.

The Council has selected budget holders (for both capital and revenue budgets) that are responsible for delivering services as set out in the budget by the Council, controlling costs attributed to their service line while taking corrective actions where necessary, and explaining budget variances in outturn forecast reports.

The budget setting process is currently broken up into six streams. These streams are carried out throughout the financial year as follows:

- Stream One: In August each year, the CSC agrees a Budget Strategy, which outlines key internal factors (for example related to staff remuneration, the Council's Corporate Plan) and external factors (inflation, climate change and other factors) budget principles (such as, prioritising financial resilience) and a budget timetable.
The Budget strategy is prepared by the Head of Finance and presented to the CSC by the Director of Corporate Services for Approval. The Budget Strategy is prepared in line with the Council's strategic and operational objectives, as per the 2024-2028 Corporate Plan.
- Stream Two: Following agreement, the Head of Finance issues an Estimates Handbook to budget holders in each service units via email, detailing the requirements for each budgeting cycle. The Budget Estimates Handbook provides the steps to deliver the Budget Strategy.
Cost pressures templates are completed by the budget holders in the service units. The budget holders also prepare end of year forecasts, waste budgets and energy and fuel budgets. The Finance team then prepares a consolidated summary of the cost pressures, waste, energy and outturn from



the various budget holders. An update report (with focus on cost pressures, waste, energy and outturn) is presented to the CSC by the Director of Services in October.

- c. Stream Three: Strategy Updates are given by the various service units to their relevant Forums in October. Small Capital Project Business Cases is prepared and approved. A second update report (with focus on Payroll, Maintenance, Capital) is presented to the CSC by the Director of Corporate Services in November.
- d. Stream Four: Each Head of Service makes a presentation to the BSP, providing an opportunity to make Service-specific budget requests for the upcoming financial year. The purpose of the presentation is to focus on significant changes which are determined on a service by service basis and move away from a line-by-line analysis of expenditure. This is applicable to capital and revenue budgets. A third update report (with focus on value added activities and savings) is presented to all staff by the Director of Corporate Services in November or December.
- e. Stream Five: End of year forecasts are reviewed and updated by the Heads of Service and Service Unit Managers in January. Rate proposals are prepared and submitted by Finance to the CSC in January. Finance prepares the following which are submitted to the Council:
 - A 10 year Capital Strategy, which outlines how the Council intends to fund capital-related plans and borrowing limits.
 - Assessment of the robustness of the budgets and whether Council's reserves are likely to be adequate
 - A Medium-Term Financial Plan (MTFP) which demonstrates the Council plans over the next 3 years are affordable, sustainable and prudent.
 Strike Rates are presented to the Special Council for approval in February. After approval by the Council, the Chief Executive Officer certifies the General Estimates of Rates and submits to the Department for Communities.
- f. Stream Six: Profiling - Once the rates have been set, relevant managers will be able to access their agreed budgets on the Council's SharePoint and profile them across the year in line with service delivery plans. Budget books are published within the Council's financial system (Total Finance system), along with new budget reports in March. Once budget books are uploaded to the finance system, only the Head of Finance or the Performance Accountant can make changes to the budget books.

Budget changes and virements

Revenue

During the year, where Service Units exceed or are expected to exceed their assigned budget for the year, a budget transfer request can be made by budget holders (Heads of Service) to transfer funds from a Service Unit with a budget surplus. Confirmation is sought from the budget holders with the surplus funds prior to processing transfers. Transfers are recorded in the budget transfer form. The Performance Accountant is responsible for approving transfers.



Where there are no surplus funds to reallocate, unbudgeted expenditure request (including the reason for the expenditure) is submitted to the Corporate Services Committee for approval. The expenditure is recouped in the following year's estimates.

Budget holders are required to provide rationale for overspend on an ongoing basis through the monthly budget reporting process.

Capital

Underspends of capital budgets are not reallocated or transferred. In the case of overspends, reason to the overspend are formally communicated to the CPPB.

Revenue Budget Monitoring and Reporting

Revenue Costs are tracked in the Total Finance system. Costs are assigned specific cost centre codes that can be used to track variances of budgeted vs actual costs.

On a monthly basis, a budgetary control report is issued to budget holders by Finance Service. The budgetary control report include a details of costs incurred vs the budgeted cost. A Significant Issues Report is also issued for budget holders to provide commentary on variances. The Significant Issues report and budgetary reports are presented to the CLT and Heads of Services Team (HoST) by the Head of Finance on a monthly basis for consideration. Quarterly budgetary control reports are prepared and presented to the CSC and the Council.

Budget Managers also produce forecast outturns on four occasions during the year, as follows: June, August, November and January. The actual expenditures are reviewed by Finance against the outturns.

Capital Budget Monitoring and Reporting

Variances for capital expenditure are calculated manually in a SharePoint spreadsheet by the Capital Accountant each month. Capital expenditure has defined allowable thresholds of the lower of £500k or 5% of the budget in order to be considered a variance. Variances are collated in a report and issued to budget holders for commentary on the variance. Variances above the set thresholds are classified as significant and included in the quarterly capital reporting cycle that is published to the Council in the form of a Prudential Indicators & Treasury Management report. The Prudential Indicators & Treasury Management reports are also presented to the CPPB.

Budget Managers also produce forecast outturns on three occasions during the year, as follows: June, September and November / December.

The actual expenditures are reviewed by Finance against the outturns.



1.3. Scope and Objectives

The scope of this audit was a review of the Council's governance and controls in place around budgetary control, including budget setting, monitoring and reporting for both the capital budget processes and the revenue budget processes. The objectives of the Internal Audit review were to:

- Determine whether there are established and communicated policies, procedures, and/or guidance materials that support the Council's capital and revenue budgeting and forecasting processes, including delegated roles and responsibilities for annual budget preparation, review, approval and monitoring processes, and subsequent reforecasts.
- Determine whether there is a process in place to align the Council's 2024/25 annual capital and revenue budgets with the Council's strategic and operational objectives, as per the 2024-2028 Corporate Plan.
- Determine whether there is a process in place for management and elected members to review and challenge assumptions on which the Council's capital and revenue budgets and forecasts are based, including whether these are formally documented.
- Determine whether there is a process in place to process capital and revenue budget changes and virements where required, and confirm that these have been completely, accurately, and validly processed in a timely manner and supported by documentation to evidence actions taken.
- Determine whether there is a formal, periodic budget reporting process in relation to reforecasting activities, for both capital and revenue budgets, including scrutiny of actual positions against the Council's approved annual budgets and forecasts by the Council and its Committees as per Council process.

1.4. Approach

In order to complete this engagement, we used the following:

- Discussions with key members of the Finance Service such as Head of Service, the Capital Accountant and the Performance Accountant to walkthrough key processes in relation to budget setting processes, ongoing monitoring, and reporting of Capital and Revenue budgets.
- Review of key policies, procedures, and guidance materials to support the budget setting, monitoring and reporting processes.
- A limited programme of sample testing to assess control operating effectiveness.
- Consideration of possible improvements or alternatives for the controls in place.
- Reporting of findings with practical recommendations for improvement where appropriate.

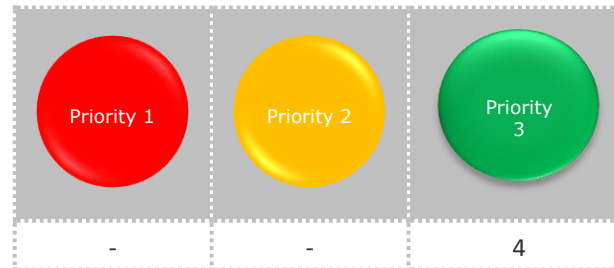


Our sole source for information has been management information and representations. We do not accept responsibility for such information and have not performed any substantiation or external confirmation procedures to establish its accuracy.

Our work was performed in accordance with the Deloitte Internal Audit Methodology which is consistent with the standards of the Chartered Institute of Internal Auditors. Our work was carried out remotely between October and December 2024.

1.5. Summary of findings

In **Section 2** we have set out our detailed findings and recommendations arising from our review. Our findings have been graded using the scale outlined in **Appendix 1**. The number of findings by risk grade can be summarised as follows:



There were no **Priority 1** or **Priority 2** findings identified during our review.

There were four **Priority 3** findings identified during our review. These can be summarised as follows:

- Inconsistencies in Budget Monitoring (see **Section 2.1**)
- Updates required to Policies and procedures (see **Section 2.2**)
- Updates to CPPB ToR (see **Section 2.3**)
- Incomplete Sign offs on Revenue Budget Transfer Forms (see **Section 2.4**)

Full details of the issues may be found in **Section 2** of this report.

1.6. Conclusion


Overall, there is a satisfactory system of governance, risk management and control in relation to budgetary controls. While there may be some residual risk identified, this should not significantly impact on the achievement of system objectives.

Consequently, based on the Internal Audit work undertaken, we have given a **satisfactory** level of assurance that the system objectives will be achieved. Refer to **Appendix I** for a definition of the assurance level given.



2. Detailed findings and recommendations

2.1 Inconsistencies in Budget Monitoring

Finding	Recommendation	Priority
<p>We selected a sample of two capital forecast outturn reports (June 2024 and September 2024). We noted the following:</p> <ul style="list-style-type: none"> a. There were no forecast outturns produced in the June Budgetary Control Report. Forecast outturn was produced in the July 2024 Budgetary Control Report. Management advised preparation of forecast outturns was started in July 2024 and has since been aligned with the budgeting policy requirements. b. From our review of the forecast report for September 2024, we noted a difference of £0.036m between the total end of year forecast amount (£13.426m) in the Capital budgetary control report prepared and the revised capital expenditure forecast amount (£13.39m) reported in the Prudential Indicators & Treasury Management – 2024/25 Qtr. 2 report (for period ended September 2024) to the CSC. <p>Potential Impact</p> <ul style="list-style-type: none"> • Lack of consistent, formal oversight of budgets could result in missed opportunities to utilise underspend and lack of challenge where budget outturns are not in line with forecast. • Non-compliance with timelines outlined in the Budgeting Policy. • Discrepancies in forecast reports can lead to inaccurate financial planning and forecasting, affecting the Council’s ability to allocate resources effectively. 	<p>The Council should ensure that:</p> <ol style="list-style-type: none"> 1. Capital forecast outturns are produced in line with the timelines outlined in the Budgeting Policy. 2. Capital forecast outturn reports align with the quarterly Prudential Indicators and Treasury Management reports submitted to the CSC 	
<p>Management response</p>		




Action Plan	Owner/ Title	Target Date of Implementation
1. Capital forecast outturns will be produced in line with the budgeting policy	Capital Accountant	Implemented
2. Capital forecast outturn will be aligned to the Prudential reports when the reporting periods coincide.	Capital Accountant	June 2025

2.2 Updates required to policies and procedures


Finding	Recommendation		Priority
<p>The Council has developed a Reserves Policy. This policy was last reviewed in June 2023. Per the Policy, the next review date of the Policy was June 2024. However, as at the time of fieldwork, we identified a review of the Policy had not been carried out in 2024.</p> <p>From our detailed walkthrough and review of budgetary control related policies and procedures, we noted there is no documented process for transfers of funds between Services and/or Service Units for revenue budget allocations.</p> <p>Potential Impact</p> <ul style="list-style-type: none"> • Failure to update and review policies in a timely manner may result in current Council procedures and practices not being followed for management of reserves. • In the absence of documented processes there is a risk that staff may be unaware of the protocols that need to be followed resulting in inconsistent practices, or failure to enact controls. 	<p>The Council should ensure that:</p> <ol style="list-style-type: none"> 1. The Reserves Policy is reviewed and updated in line with the review period outlined in the Policy. 2. The process of transfer of funds between Services and/or Service Units is formally documented. The process should also outline the various roles and responsibilities. 		
Management response			
Action Plan	Owner/ Title	Target Date of Implementation	
1. Reserves policy has been reviewed	Head of Finance	Implemented	
2. The budget transfers process will be documented	Performance Accountant	July 2025	

2.3 Updates to CPPB ToR

Finding	Recommendation		Priority
<p>There is a TOR for the CPPB. Per the ToR, the ToR is to be reviewed on an annual basis. From our review, we identified the ToR was last reviewed in November 2022 and the version of the TOR was also noted to be “Draft”.</p> <p>Potential Impact Failure to update and review terms of references in a timely manner can result in inconsistent and inadequate procedures being followed, and also may result in gaps in the Council’s governance structure in this area.</p>	<p>The Council should ensure that the ToR for the CPPB is reviewed, updated and finalised in line with review frequency in the ToR.</p>		
Management response			
Action Plan	Owner/ Title	Target Date of Implementation	
<p>1. CPPB Terms of reference will be updated in a timely fashion</p>	<p>Head of Strategic Capital Development</p>	<p>July 2025</p>	



2.4 Incomplete Sign offs on Revenue Budget Transfer Forms

Finding	Recommendation		Priority
<p>We selected a sample of five revenue budget transfers within the scope period and noted the following:</p> <ol style="list-style-type: none"> One instance (reference ID 11 2052 Rates re budget placing) where the same individual signed off as the requestor and processor. Two instances (“reference ID 14 SU 121 10886 - Multiply Initiative Projects” and “reference ID 18 Capitalised Salary Budgets”) where there was no evidence of signoff on the transfer form by the requesters. <p>Potential Impact There is the absence of evidenced segregation of interest resulting in increased likelihood of errors being unnoticed where one individual has both requestor and processor roles. Errors may be undetected if the same person is responsible for both process</p>	<p>The Council should ensure that:</p> <ol style="list-style-type: none"> Budget transfer requests and processing are carried out by two distinct individuals. Budget transfer requesters signoff on transfer forms on a timely basis. 		
Management response			
Action Plan	Owner/ Title	Target Date of Implementation	
1. The budget transfer procedure will be amended to include segregate duties	Performance Accountant	July 2025	
2. The budget transfer procedure will be amended to include a month end review or similar to control to ensure paperwork is in order	Performance Accountant	July 2025	



3. Statement of Responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below. The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. This report is not based on an attest engagement. We have relied on information provided by Ards and North Down Borough Council's management and we do not accept responsibility for such information and have not performed any substantiation or external confirmation procedures to establish its accuracy or completeness.

Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by us should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

This document is prepared solely for your information and that of other beneficiaries of our advice listed in our engagement letter. Therefore you should not refer to or use our name or this document (in whole or in part) for any other purpose, or refer to them in any prospectus or other document without our prior authorisation. No other party is entitled to rely on our document for any purpose whatsoever and thus we accept no liability to any other party who is shown or gains access to this document.

David Kinsella
 For and on behalf of
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Appendix I: Reporting Definitions

Assurance Opinion

For each report delivered in the annual Internal Audit Plan, we will provide one of three levels of assurance, ranging from satisfactory assurance to unacceptable assurance. These assurance levels reflect the latest requirements of the Department of Finance (DAO (DoF) 07/16).

Assurance Level	Evaluating and Testing Conclusion
Satisfactory	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	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	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.

Recommendation Priorities	
Priority 1	Failure to implement the recommendation is likely to result in a major failure of a key organisational objective, significant damage to the reputation of the organisation or the misuse of public funds.
Priority 2	Failure to implement the recommendation could result in the failure of an important organisational objective or could have some impact on a key organisational objective.
Priority 3	Failure to implement the recommendation could lead to an increased risk exposure.

These definitions of evaluations should be interpreted in conjunction with the scope of the audit work and in the overall context that our findings should only be relied upon to be representative of the operation of control procedures at the time of discussion or observation of these control practices and in relation to the transactions tested. Projection of evaluations of future periods is subject to the risk that the policies and procedures may become inadequate because of changes in conditions, or that the degree of compliance with these policies and procedures may deteriorate. The performance of Internal Audit work should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and work performed by Internal Audit should not be relied upon to identify all strengths and weaknesses that may exist. Neither should Internal Audit work be relied upon to identify all circumstances of fraud or irregularity should there be any, although our audit procedures have been designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas as identified by management as being of greatest risk and significance. Effective implementation of our recommendations by management is important for the maintenance of a reliable internal control system.



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Ards and North Down Borough Council

Cash Handling Review – Final Draft Report

March 2025

This document is a draft report. This document is confidential and is issued to a limited circulation for discussion only. Matters of fact and opinion have yet to be fully clarified and finalised. Details may change between this draft and the final report. It is not intended that management rely on the contents of this document until a final report is issued.

Matters noted in this draft report are only those, which came to our attention up to this point of our work and are not necessarily a comprehensive statement of all issues that exist, or all actions that might be taken. This draft report is made solely to Ards and North Down Borough Council for discussion purposes only.

We do not accept or assume responsibility for our work to anyone other than Ards and North Down Borough Council. This draft document must not be circulated or referred to without our express written consent.



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1. Overview

The 2024/25 Annual Internal Audit Plan includes provision for an assurance review of Ards and North Down Borough Council's ('the Council') key processes and controls in place around cash handling, including recording, reconciliation, and security of cash, and a review of control operating effectiveness at the following sample Council locations:

- Ards Blair Mayne Wellbeing and Leisure Complex ('ABMWLC')
- Comber Leisure Centre ('CLC')

Governance

The Council have a Charging and Income Policy (dated July 2023) which provides guidance to Service Units on the cash handling processes for which they have devolved responsibility. The policy is made available to staff via the Council's Shared Drive "ANDi". In line with the requirements set out in the Council's Charging and Income Policy, the Leisure Service Unit has documented procedures that cover processes for recording and reconciliation of credit card payments/corrections and cheques.

The Head of Finance provided briefing sessions on the new policies, including the Charging and Income Policy, to Heads of Service and Service Unit Managers throughout September 2024. Management advised that all other training, including tills, occurs on the job via an induction session and shadowing which is the responsibility of local managers to ensure is delivered.

Cash Handling and Tills

There are a total of three tills across our sampled locations; one at CLC and two at ABMWLC. Each till operator has their own unique log on and password. The till operator is responsible for ensuring that they log in and out when leaving the till.

The float is counted and verified by the receptionist at the start and end of each shift. At the end of each shift, monies and other transactions are removed from the till, counted and totaled. This process is completed away from reception if possible. Totals are recorded on hard copy cash dockets which are signed off by the receptionist and Operations Officer. Totals are manually entered into the till system (Legend) which reconciles the amounts entered from the cash docket to the amount recorded as collected by the till. In the case the amounts don't reconcile, the till discrepancy sheet is completed and checked by the shift manager. Cash is held in secure safes until collection by third party.

The Council's Finance team maintains a spreadsheet on a Shared Drive that all Leisure Centres have access to. The spreadsheet is used by the Finance team to monitor cash collected across Leisure Centres and reconcile against cash reported as collected. Responsible staff within the Leisure Centres are required to enter the cash amounts that have been counted for collection. The third party responsible for cash collection sends reports directly to the Finance team, who then enter the amounts from reports received on to the spreadsheet to reconcile against what the Leisure Centres entered as collected amount.



Physical Security of Cash

The Council collect and manage approximately £300,000 in cash each year, mainly within Leisure Centres and Community Halls. Cash which is collected is stored in secure safes at each site and each safe has a limit in line with the insured value. These are documented in the Schedule of Safes which is maintained by the Council's Risk Manager.

The Council awarded the contract for the transport of cash to Pivotal in May 2024. The contract includes detail on delivery location of cheques, signatory information, bank account details and schedule of transport. Cash is collected from ABMWLC three times per week on Monday, Wednesday and Friday. Cash is collected from CLC once a week on a Friday. As this is a new contract, the schedule is yet to be reviewed and updated. Management advised that they plan to do this on an annual basis.



1.1. Scope and Objectives

The scope of this internal audit will include a review of Council's key processes and controls in place around cash handling, including recording, reconciliation, and security of cash. We will review control operating effectiveness at the following sample Council locations:

- Ards Blair Mayne Wellbeing and Leisure Complex
- Comber Leisure Centre

The objectives of the Internal Audit were to:

- Review that key cash management processes such as recording, transport, till operation and performing reconciliations are documented and that procedures within the Leisure Service Unit are in line with the guidance set out.
- Determine that transactions involving cash handling are only dealt with by staff members who are authorised to undertake such responsibilities, including whether a list of authorised staff is maintained and regularly reviewed.
- Determine whether there are appropriate income management procedures are in place to provide guidance to staff collecting and recording payments.
- Determine whether adequate training is provided to staff who receive income payments and that all income, cash, and card, is processed through a till (or cash drawer).
- Determine whether appropriate cash insurance is in place to protect against loss of cash whilst in transit or secure location including whether levels of cash are held within the insured values.
- For a sample of cash collections between 1st October 2023 and 30th September 2024, determine whether the income management process was followed in relation to cash collection and recording at the following sample locations;
 - Ards Blair Mayne Wellbeing and Leisure Complex
 - Comber Leisure Centre
- Determine whether tills can only be operated by authorised members of staff who have received appropriate training.
- Determine whether each till operator has their own log-in, and that till log-ins are not shared and operators always log out of their session in order for each transaction to be identifiable for reconciliation and audit purposes at the following sample locations;
 - Ards Blair Mayne Wellbeing and Leisure Complex
 - Comber Leisure Centre
- Review that a reconciliation between the cash collected and cash recorded is performed at the end of each day and that receipts are produced and issued for every transaction.
- Determine whether all discrepancies from the above reconciliation are fully investigated, and records maintained.
- Determine whether the amount of cash held within the Council is kept to a minimum, and that cash is always held in a secure environment in either a till, locked cash box, or safe until it can be collected and transported to the Bank at the following sample locations;



- Ards Blair Mayne Wellbeing and Leisure Complex
- Comber Leisure Centre
- Determine whether the schedule of cash transport is updated on a regular basis.

1.2. Approach

In order to complete this engagement, we used a combination of the following:

- Discussions with key members of the Finance Service such as Head of Service and the Financial Operations Accountant and key members of the Leisure Service at the sampled locations such as Operations Managers, receptionists and back-office staff to walkthrough key processes in relation to cash handling processes;
- Review of key complete set of policies, procedures, and guidance materials to support the cash handling processes including the Council's Charging and Income Policy;
- A limited programme of sample testing of cash dockets, till reports and cash collections at the sampled locations to assess control operating effectiveness of cash collection, recording and reconciliations at the following sample locations;
 - Ards Blair Mayne Wellbeing and Leisure Complex
 - Comber Leisure Centre
- Consideration of possible improvements or alternatives for the controls in place;
- Reporting of findings with practical recommendations for improvement where appropriate.

Our sole source for information has been management information and representations. We do not accept responsibility for such information and have not performed any substantiation or external confirmation procedures to establish its accuracy.

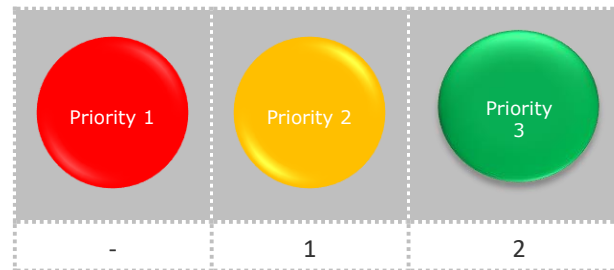
Our work was performed in accordance with the Deloitte Internal Audit Methodology which is consistent with the standards of the Chartered Institute of Internal Auditors. Our work was carried out during November 2024 – February 2025.

1.3. Summary of findings

In **Section 2** we have set out our detailed findings and recommendations arising from our review.

Our findings have been graded using the scale outlined in **Appendix 1**.

The number of findings by risk grade can be summarised as follows:



There were no **Priority 1** findings identified during our review.

There was one **Priority 2** finding identified during our review. This can be summarised as follows;

- Updates to Leisure Centre cash management and security processes and procedures (See Section **2.1**.)

There were two **Priority 3** findings identified during our review. These can be summarised as follows:

- Lack of retention of cash transaction supporting documentation (See Section **2.2**.)
- Update required to induction training materials (See Section **2.3**.)

Full details of the issues may be found in **Section 2** of this draft report.



1.4. Conclusion


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.

Consequently on the basis of the Internal Audit work undertaken, we have given a **satisfactory** level of assurance that the system objectives will be achieved. Refer to **Appendix I** for a definition of the assurance level given.



2. Detailed findings and recommendations

2.1. Updates to Leisure Centre cash management and security processes and procedures

Finding	Recommendation	Priority
<p>The Council’s Charging and Income Policy provides an overview of controls that relate to cash management and security. Management advised that Service Unit Managers are responsible for ensuring processes within the Policy are documented within local-level procedures.</p> <p>We reviewed Leisure Service Unit procedures and documentation relating to cash management and security and till operation and identified the following have not been documented;</p> <ul style="list-style-type: none"> • Each safe has a limit in line with the insured value which are documented in the schedule of safes which is maintained by the Council's Risk Manager. We identified that this schedule is not made available to Leisure Centre staff, therefore Leisure Centre staff may not be aware of safe limit amounts. • The Leisure Service Unit has not defined the maximum amount which can be held within a till prior to transfer to the safe. • The Leisure Service Unit does not maintain a listing of staff authorised to handle cash. <p>We also identified that the following process is documented within local-level procedures and evidence is not maintained of this process:</p> <ul style="list-style-type: none"> • The "Reception Audit Report" process document states that login and logout times are reviewed against reception staff breaks/handovers on a weekly basis. We were unable to obtain evidence that this review had been completed. <p>Potential Impact</p>	<p>The Leisure Service Unit should ensure:</p> <ol style="list-style-type: none"> 1. Leisure Centre safe limits are documented within procedures and communicated to the relevant staff; 2. Leisure Centre till limits and process to be followed in the case these limits are breached are documented within procedures and communicated to the relevant staff; 3. A listing of staff authorised to handle cash is maintained and regularly reviewed. 4. Procedures are regularly reviewed to reflect current processes and practice, including the reception audit report, with version control documented on each procedure. 5. Evidence should be maintained of the reception audit report process. 	



Lack of Leisure Centre staff awareness of safe limits increases the risk that the amount of cash held in the safe will exceed the insured limit exposing the Council to financial loss.

If a listing of staff authorised to handle cash has not been documented, unauthorised staff may access cash leading to increased risk of fraud.

Lack of regular review of procedures leads to a risk that procedures will not reflect current cash handling processes and practice.

Management response

Action Plan

Owner/ Title

Target Date of Implementation

1.-4. Procedures will be reviewed and updated

Sean Fegan – Operations Manager


31 May 2025

5. This will be reflected in the updated procedure

Sean Fegan – Operations Manager


31 May 2025

2.2. Lack of retention of cash transaction supporting documentation

Finding	Recommendation	Priority
<p>We selected a sample of 25 days where cash was collected at the two sample Leisure Centre locations within scope, ABMWLC and CLC, during the period of 1st October 2023 and 30th September 2024.</p> <p>“Pink sheets” are used by till operators to record the total amount of cash, credit/debit card and cheques collected by the till during the shift. The following data is included on the pink sheet;</p> <ul style="list-style-type: none"> • Date • Name of Receptionist and Ops Officer • Total credit/debit card payments • Total cheque payments • Bag numbers for notes and coins. <p>We were unable to obtain evidence of the cash docket evidencing cash and credit transactions for 21st June 2024. We were advised by a member of staff that they believe the cash docket had been disposed of instead of being scanned and stored on the system.</p> <p>Potential Impact</p> <p>Failure to correctly retain and store a cash docket impedes the Council’s maintenance of accurate and complete financial records, including evidence of cash transactions.</p>	<p>The Council should issue reminders on the importance of retaining documents relating to cash transactions.</p>	

Management response		
Action Plan	Owner/ Title	Target Date of Implementation
Communication will be issued to staff dealing with cash	David McCallum – Financial Operations Accountant	30 April 2025

2.3. Update required to induction training materials

Finding	Recommendation		Priority
<p>Management advised that cash handling and till training is provided to relevant staff via induction, on-the-job training and shadowing - it is the responsibility of line managers to ensure this is delivered to staff.</p> <p>From review of Council’s general induction training pack, which is provided to all new Council employees, we identified that this does not include a section on specific training for the role of the new staff member. Therefore, there is no documented requirement for cash handling and till training.</p> <p>Potential Impact</p> <p>Lack of documented requirement for training specific to an employees’ role, such as cash handling and till training, increases the risk that new starters are not aware of their roles and responsibilities.</p>	<p>The Council should ensure that the induction training template is updated to include a section that prompts line managers to ensure role-specific training is completed for new starters (such as cash handling, till operation etc).</p>		
Management response			
Action Plan	Owner/ Title	Target Date of Implementation	
<p>Induction documents will be updated to reflect role specific training</p>	<p>Samantha Rea HR & OD Manager</p>	<p>31 May 2025</p>	



3. Statement of Responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below. The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. This report is not based on an attest engagement. We have relied on information provided by Ards and North Down Borough Council's management and we do not accept responsibility for such information and have not performed any substantiation or external confirmation procedures to establish accuracy or completeness.

Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by us should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

This document is confidential and prepared solely for your information and that of other beneficiaries of our advice listed in our engagement letter. Therefore you should not refer to or use our name or this document (in whole or in part) for any other purpose, disclose them or refer to them in any prospectus or other document, or make them available or communicate them to any other party without our prior authorisation. No other party is entitled to rely on our document for any purpose whatsoever and thus we accept no liability to any other party who is shown or gains access to this document.

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Appendix I: Reporting Definitions

Assurance Opinion

For each report delivered in the annual Internal Audit Plan, we will provide one of three levels of assurance, ranging from satisfactory assurance to unacceptable assurance. These assurance levels reflect the latest requirements of the Department of Finance (DAO (DoF) 07/16).

Assurance Level	Evaluating and Testing Conclusion
Satisfactory	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	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	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.

Recommendation Priorities	
Priority 1	Failure to implement the recommendation is likely to result in a major failure of a key organisational objective, significant damage to the reputation of the organisation or the misuse of public funds.
Priority 2	Failure to implement the recommendation could result in the failure of an important organisational objective or could have some impact on a key organisational objective.
Priority 3	Failure to implement the recommendation could lead to an increased risk exposure.

These definitions of evaluations should be interpreted in conjunction with the scope of the audit work and in the overall context that our findings should only be relied upon to be representative of the operation of control procedures at the time of discussion or observation of these control practices and in relation to the transactions tested. Projection of evaluations of future periods is subject to the risk that the policies and procedures may become inadequate because of changes in conditions, or that the degree of compliance with these policies and procedures may deteriorate. The performance of Internal Audit work should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and work performed by Internal Audit should not be relied upon to identify all strengths and weaknesses that may exist. Neither should Internal Audit work be relied upon to identify all circumstances of fraud or irregularity should there be any, although our audit procedures have been designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas as identified by management as being of greatest risk and significance. Effective implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

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Ards and North Down Borough Council

Digital Transformation - Advisory Review

March 2025

This document is a draft report. This document is confidential and is issued to a limited circulation for discussion only. Matters of fact and opinion have yet to be fully clarified and finalised. Details may change between this draft and the final report. It is not intended that management rely on the contents of this document until a final report is issued.

Matters noted in this draft report are only those, which came to our attention up to this point of our work and are not necessarily a comprehensive statement of all issues that exist, or all actions that might be taken. This draft report is made solely to Ards & North Down Borough Council for discussion purposes only.

We do not accept or assume responsibility for our work to anyone other than Ards & North Down Borough Council. This draft document must not be circulated or referred to without our express written consent.

Ards and North Down Borough Council – Digital Transformation - Advisory Review – FINAL DRAFT REPORT

This report is intended solely for the information and internal use of Ards & North Down Borough Council and should not be used or relied upon by any other person or entity.



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1. Executive Summary

1.1. Introduction

This advisory review was undertaken as part of the 2024/25 Internal Audit Operational Plan. 12 days were allocated for the completion of this review.

1.2. Overview

Ards and North Down Borough Council (ANDBC) has been seeking to harness technological advances to provide new services and improve the existing ones. Together with BT, the third-party organisation they collaborated with, they have started a digital transformation project that seeks to drive the Council's journey towards becoming a digitally empowered and efficient organisation. The Council's approach consists of four steps: Discovery, Gap Analysis, Outputs, and Potential Future Engagements. It is important to note that while two of the steps have been completed by the Council, the Council has not implemented most of the initiatives outlined in the digital strategy gap analysis as the project is still in its infancy.

Planning

The Council have established a Digital Strategy in which they outline their approach, the target outcomes of this project, and their assessment of the current capabilities. The target outcomes of the digital transformation project are mapped to five principles: Citizen First, Digital Workforce, Secure by Design, Better Connected, and Sustainably Driven. Among the values emphasised are a citizen-centric approach, helping staff become digitally capable, implementing IT security practices, selecting the right technologies, and being environmentally sustainable. The Digital Strategy also outlines which technologies need to be transformed for the organisation to reach the desired level of efficiency.

Digital Health check

To accurately assess their current situation, the Council has acquired the services of BT who performed a 'Health check.' The Health check evaluated 15 sections in three areas (Business, General, Technology). The assessment both details the current digital capabilities of the Council and the targets related to each section. Additionally, both features are rated on a scale of 0 to 5 where:

- 0 - non-existent or non-functional
- 1 - basic functionality which does not adequately meet business needs
- 2 - functional but may not be fully comprehensive
- 3 - meet business requirements effectively
- 4 - well-executed, robust, and competitive



- 5 - excelling, leading across industries

With this approach, areas identified for improvement are both outlined and quantified.

Data Management Systems

To adequately manage documents, data, and workflows the Council mainly uses Microsoft applications such as Office 365, MS Teams, and MS SharePoint. Additionally, the Council's core operations systems include HRC Bookings, SQL, OneCouncil, and AutoCAD. All their technologies are grouped in the Digital Strategy as:

- Healthy
- In Transition/Will Require Attention
- Needs Immediate Attention

The technologies that need to be upgraded or replaced have been identified and some of the updates are ongoing.

Working Groups

In terms of overseeing the digital transformation project, the Council's 18 Heads of Service are responsible for overseeing this project where each of them is specifically involved in a task that is relevant to their line of services. The designated owner of the project is the Head of Strategic Transformation and Performance. Also involved with the project are Business Technology Officers, Business Technology Technician, Transformation Officers, GIS Officer, Procurement Officers, and Procurement Assistant.

Third-Party Governance

The Council relies on third-party vendors for some of the services they provide. A list of these vendors is kept by the Council and the services provided by them are outlined in the written agreements.

External Communication

The Council communicates with the residents mainly through their social media channels. Additionally, the residents' feedback is gathered through resident surveys where they answer a wide range of questions related to the services provided by the council and their satisfaction related to these services. Their feedback is turned into reports and discussed in internal meetings by the Council in order to improve their services.

1.3. Scope and Objectives

The scope of this advisory review was to consider the risk management and processes within the Council in relation to digital transformation. The key objectives for this review were:

- Review of the Council's governance structures around planning processes in place to progress towards digital learning transformation (including the use of AI within digital learning) including to:
 - Determine if there is a foundational understanding within the Council of what digital transformation entails for the organisation.
 - Identify if the Council has established key priorities for its Digital Strategy that align with its overarching Corporate Plan 2024-2028.
 - Examine whether there is a high-level governance structure or designated owner responsible for overseeing digital transformation initiatives.
 - Review the Council's current digital capabilities and challenges to identify areas requiring enhancement.
 - Determine if there are essential systems in place to manage documents, data, and workflows (e.g. an electronic document and record management system ("EDRMS") or similar)?
 - Determine whether the Council has made efforts to identify and explore the potential applications of new technologies and supporting infrastructure for potential use.
 - Understand the current or planned working groups supporting the Digital Strategy and their roles.
 - Review the management of third-party vendors and partners involved in digital transformation projects.
 - Assess whether there are established or informal processes to track the progress and performance of digital initiatives.
 - Evaluate whether the current risk management processes can adequately support the digital strategy.
 - Review how decisions and updates regarding digital transformation efforts are communicated internally within the organisation.

Anything which has not been outlined in the scope section above has been deemed to be outside of scope. This was an advisory review, and no internal audit work was performed.

1.4. Approach

In order to complete this engagement, we performed the following:

- Held discussions with key members of staff, including within the Transformation and Performance Service;
- Reviewed key documentation relating to digital transformation including digital transformation strategy and data governance strategy;
- Held a close out meeting with relevant stakeholders to discuss any review outcomes;
- Prepared a draft report; and
- Prepared a final report, including management action plans in response to any recommendations.



Our sole source for information has been management information and representations. We do not accept responsibility for such information and have not performed any substantiation or external confirmation procedures to establish its accuracy and completeness.

Our work was conducted in February 2025.

1.5. Summary of findings

In **Section 2** we have set out our detailed findings and recommendations arising from our review. To support management's enhancement of the Council's digital initiatives, we have graded these recommendations as High, Medium, or Low priority for action.

The number of findings can be summarised as follows:

High priority	Medium priority	Low priority
2	-	-

There were no **Medium** or **Low Priority** findings identified during our review.

There were two **High priority** findings identified during our review. These can be summarised as follows:

1. Lack of a central mechanism to track progress across the strategic outcomes (see **Section 2.1**)
2. Lack of a Digital Transformation Governance Committee (see **Section 2.2**)

Full details of the issues may be found in **Section 2** of this draft report.

1.6. Conclusion

As this was an advisory review, no level of assurance has been provided.

2. Detailed Findings and Advisory Recommendations

2.1 Lack of a Centralised Project Management Tracker for Digital Initiatives

Finding	Advisory Recommendation	Priority
<p>The Council has a comprehensive Digital Strategy aimed at fostering digital empowerment across internal and external communities. The strategy is built on five key outcomes: Citizen First, Digital Workforce, Secure by Design, Better Connected, and Sustainably Driven. However, there is no central mechanism to track progress across these strategic outcomes to ensure effective oversight and accountability. We noted that the below focus areas need monitoring and tracking:</p> <ol style="list-style-type: none"> <u>Policy and Governance</u> <ul style="list-style-type: none"> Critical policy documents such as the Cybersecurity Policy, Data Strategy, and IT Risk Management Strategy remain in draft form and lack formal tracking. The absence of a structured monitoring mechanism increases the risk of delays in approval and implementation. <u>Technology Upgrades</u> <ul style="list-style-type: none"> The implementation of new software solutions, such as the Finance System and Electronic Document and Records Management System (EDRMS) (currently in the discovery phase), requires a structured tracking system to ensure transparency and progress monitoring. <u>Digital Process Integration</u> <ul style="list-style-type: none"> Digital platform optimisation and social media strategy improvements have not yet been actioned; the implementation status needs to be regularly updated. The strategy outlines plan to digitise processes and improve data analysis for informed decision-making. A real-time reporting framework should be implemented and tracked to ensure transparency and responsiveness in service delivery. <u>Digital Skills Development</u> 	<p>We recommend the Council to consider the below:</p> <ol style="list-style-type: none"> <u>Implement a Digital Project Management System:</u> <ul style="list-style-type: none"> Use platforms like Microsoft Project, Jira, or a custom-built dashboard to track progress in real time. Assign owners, deadlines, and status updates for each initiative. <u>Formalise a Central Reporting Framework:</u> <ul style="list-style-type: none"> Formalise the monthly reporting system to provide updates to senior management and the 18 Heads of Services. Include risk assessment reports to flag potential delays and challenges. <u>Adopt Key Performance Indicators (KPIs) for Digital Strategy Execution. Define measurable KPIs such as:</u> <ul style="list-style-type: none"> Percentage of processes digitised. Staff digital training completion rates. 	High

Finding	Advisory Recommendation	Priority
<ul style="list-style-type: none"> Identifying and addressing digital skills gaps is a priority in the strategy. A structured training and development program should be implemented, and the status should be regularly tracked. <p>5. <u>Supplier Relationship Management</u></p> <ul style="list-style-type: none"> Current supplier management practices are rudimentary and requires improvement. Long-standing contracts should be reviewed for efficiency and effectiveness, and all contracts should be tracked centrally. 	<ul style="list-style-type: none"> User satisfaction levels from digital services. Technology implementation success rates. 	
Management response		
Action Plan	Owner/ Title	Target Date of Implementation
2.1.1. Council's chosen to currently use Microsoft Planner to track progress of individual Projects. Owners, deadlines and status updates are set for each initiative	Head of STaP	In place
2.1.2. Agreed that Reporting as demonstrated in the FMS project will be templated for future projects to be delivered to relevant stakeholders. Risk assessment reports are already incorporated in this process.	Head of STaP	In place and will be rolled out as new projects are commenced
2.1.3. Agreed	Digital Services Manager	1 April 2026



2.2 Lack of Digital Transformation Governance oversight

Finding	Advisory Recommendation	Priority
<p>The digital transformation initiative is still in its early stages, and there is no dedicated Digital Transformation Steering Committee to oversee integration between Business and Digital Services. Currently, oversight is managed by a group of 18 Heads of Service, which may be too large for effective decision-making and could benefit from streamlining.</p>	<p>We recommend the Council to establish a Digital Transformation Governance Committee to enhance oversight and accountability in the implementation of digital initiatives. This committee should:</p> <ul style="list-style-type: none"> • Establish a dedicated governance structure to oversee the tracking and reporting of digital transformation efforts. • Ensure clear accountability by assigning defined ownership and responsibilities for each initiative. • Conduct periodic review meetings to assess progress, address challenges, and ensure alignment with strategic objectives. 	<p>High</p>
Management response		
Action Plan	Owner/ Title	Target Date of Implementation
<p>Council plans to establish a Digital Transformation Governance Committee and agree TOR for the Committee</p>	<p>Head of STaP</p>	<p>30 September 2025</p>

3. Statement of Responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below. The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. This report is not based on an attest engagement. We have relied on information provided by Ards and North Down Borough Council's management, and we do not accept responsibility for such information and have not performed any substantiation or external confirmation procedures to establish accuracy or completeness.

Recommendations for improvements should be assessed by you (Ards and North Down Borough Council) for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by us should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

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Ards and North Down Borough Council – Digital Transformation Advisory Review– FINAL DRAFT REPORT

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Ards and North Down Borough Council

Internal Audit on Governance Framework – Final Draft Report

March 2025



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1. Overview

1.1. Introduction

This assurance review was undertaken as part of the 2024/25 Internal Audit Operational Plan to review Ards and North Down Borough Council's (the Council) governance arrangements against good practice principles outlined within the Chartered Institute of Public Finance and Accountancy (CIPFA) Delivering Good Governance in Local Government Framework (2016) and the legislative requirements of the Local Government Act (Northern Ireland) 2014.

1.2. Overview

The following provides an overview of controls in place to comply with the CIPFA principles for good governance in local government and the legislative requirements of the Local Government Act (Northern Ireland) 2014:

Integrity

The Council has put in place the following to demonstrate compliance with behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law:

Standards of Behaviour

The Council has a Behaviour Charter (the "Charter"), which outlines expectations and behaviour models for Council staff. The Charter is included in the induction package for new Council staff and stored in the Council's policy database. In order to promote expected behaviour within the Council, the following are undertaken:

- On an ad hoc basis, the Organisational Development Manager presents at employee engagement sessions on the Behaviour Charter and reminds staff of its intention and importance. As at the time of fieldwork, the most recent session was held on 13th and 14th November 2024 with the Parks and Cemeteries team (approximately 60 employees).
- A digital employee newsletter ('News and Info') is issued fortnightly to Council staff. The Organisational Development Manager includes an article on the Behaviour Charter, usually twice a year. As at the time of fieldwork, the most recent issue that included an article on the Charter was on 11th October 2024.



Code of Conduct

The Council is required to follow the Northern Ireland Local Government Code of Conduct for Councillors from the Department of the Environment. The Council applies the Code of Conduct for Local Government Employees from the Local Government Staff Commission for Northern Ireland for its staff member's code of conduct. Both of these policies are available on the Council's website.

Elected Members are provided with a copy of the Code of Conduct as part of their induction with the Chief Executive Officer. Elected Member induction training materials also cover the Code of Conduct and additional training is held for Elected Members on an ad hoc basis.

Whistleblowing

There is a Council Whistleblowing Policy in place, which details the processes staff should follow to raise concerns where it may be in the interest of the organisation or the public interest to raise a matter of concern.

The Policy was last reviewed and approved by the Council in February 2020. It was most recently updated in September 2024 to include details for the Office of Environmental Protection in line with the Council's Policy Development Process and Guidance. This Policy is stored in the Council's policy database and made available on the Council's website.

Council staff are also made aware of the Whistleblowing Policy as part of induction. A mandatory e-learning on the Council's Whistleblowing Policy was also rolled out to employees on 2nd December 2024. The Director of Corporate Services reports the status of Whistleblowing activities to the Audit Committee on a quarterly basis.

Openness and Stakeholder Engagement

The following have been implemented by the Council to promote openness and stakeholder engagement in the Council:

Declarations of Interests

A Policy and procedure for Declarations of Interest is available to staff on the Council Intranet. This policy provides guidance on what interests need to be declared, which employees (both full time and part time on a permanent, temporary, or fixed term basis) need to declare them and when, and what action should be taken to avoid conflicts of interest. The Policy was last reviewed on 1st February 2023.

Per the Policy, all employees have a duty to declare actual or potential conflicts of interest as soon as such situations arise. If the potential conflict relates to Private Business or Additional Employment, then a Notification of Private Business / Additional Employment pro forma should be completed. Otherwise, the staff member is required to write to the relevant Director.



On an annual basis, employees paid at National Joint Council (NJC) scale point 24 and above, are required to complete and sign the Declaration of Officer Interest pro forma via a system called Citizen Space Question. The Human Resources Manager (Resourcing) monitors completion of declaration of interests and follows up with relevant employees who have not completed their declaration of interests.

Staff are made aware the Declaration of Interest Policy as part of onboarding of new staff. A register of interests for Council staff is maintained by Human Resources (HR).

A register of interests for Elected Members is maintained by HR and is also published on the Council's website. Detailed guidance for Elected Members is contained within the Code of Conduct for Elected members. At each Council and Committee meeting, declaration of interest is standing item on the agenda. As per the Council's Standing Orders, where an Elected Member has declared an interest, they should not participate in Committee Meetings when the conflicted area is being discussed.

Under the Council's Disposal and Retention Policy, the register of Elected Members interests is deleted a year after a member ceases to be in office.

Gifts and Hospitality

There is a Gifts and Hospitality Policy for Staff that permits employees to accept offers of gifts or hospitality of a value of no more than £30, with the exception of items listed in the Policy which are deemed unacceptable in all cases. The Policy was last reviewed on 25th November 2015.

Staff are required to register gifts and hospitality received with a value of £30 or more, by completing a gift and hospitality form which is then submitted to the HR team for review and approval. A paper-based gifts and hospitality register is maintained for staff by HR.

Annual gifts and hospitality guidance is reissued to staff via email, usually in December. New staff are also notified of the Gifts and Hospitality Policy as part of their induction.

The Northern Ireland Local Government Code of Conduct for Councillors provides guidance to elected members regarding gifts and hospitality, with members agreeing a £30 threshold for gifts and hospitality declarations in December 2016. All elected member declarations of gifts and hospitality are recorded on the Council's website and made publicly available.

Gifts and hospitality is covered as part of the Elected Member induction and an additional training session is offered regarding Code of Conduct (which includes gifts and hospitality).



Developing Leadership Capacity

The Elected Members of the Council feed into the process of developing the training needs assessment and relevant training courses via the Elected Member Development Steering Group (made up seven Councillors). The Group meets monthly, at which the Organisational Development Manager presents status of trainings held (including number of participants and training feedback) for Elected Members within the period. Training needs analysis reports are presented to the Corporate Leadership Team annually. Training records (spreadsheet) are maintained by the Organisational Development Manager.

The Council was awarded Charter Plus status (for the next three years) by the Northern Ireland Local Government Association in January 2024.

Transparency and Accountability

The Council operates the following Committees in addition to monthly full Council meetings:

- Environment Committee;
- Place and Prosperity Committee;
- Corporate Services Committee;
- Community and Wellbeing Committee;
- Planning Committee; and
- Audit Committee

There are Terms of References (ToRs) for all the Committees, which are outlined in the Council's Scheme of Delegation approved by the Council in June 2024. Meeting Agendas and meeting packs for Council and Committees are issued at least five (5) calendar days prior to meetings in line with Section 43(3) of the Local Government Act (Northern Ireland) 2014. The Democratic Services Unit is responsible for uploading the relevant documents on a system called "One Advanced". The system is accessible by all Elected Members. Any delayed meeting papers are noted as "report to follow".

Meetings are audio recorded and uploaded on the Council's website no more than five working days after each meeting. Meeting minutes of Council Committees are only published once they have been ratified by the full Council. Full Council meeting meetings are ratified at the subsequent Council meeting. All meeting minutes are uploaded on the Council's website (TROVE – the system for publishing meeting minutes).

The Council's default position is to disclose all information to the public. However, where there are exceptions, the Council notifies the public of the relevant criteria in Schedule 6 of the Local Government Act (Northern Ireland) 2014, which outlines the reason for not disclosing the information. Undisclosed information is marked as "In Confidence" in the meeting minutes, with the relevant criteria noted.



A meeting checklist, which outlines a process for preparation and completion of the meeting related documents, is completed by a member of Democratic Services. The checklist is stored on the Democratic Services shared drive.

Standing Orders, Standing Financial Instructions and Schemes of Delegation

- Standing Orders – There is a Standing Order in place for the regulation of the proceedings and business of the Council. On an ad hoc basis, the Chief Executive, with the support of the Director of Corporate Services, reviews the Standing Orders and submits to the Council for approval. The Standing Orders were last reviewed in April 2024.
- Standing Financial Instructions – The Council’s Standing Financial Instructions set out rules and guidelines for managing financial affairs of the Council. These are documented in the Scheme of Delegation, Council Constitution and other Council finance management related policies and procedure manuals.
- Schemes of Delegation – The Scheme of Delegation sets a framework within which Council delegates authority to Committees and officers to ensure that services are delivered effectively and efficiently to achieve its corporate objectives, in line with its risk appetite. The Scheme of Delegation was last review and approved by the Council in June 2024. Delegation is reviewed annually, with ad hoc changes also made from policy or legislative changes that may occur between periods.

Assurance Statements

There is a standardised format for Council Assurance Statements, with section 3 of the statements relating specifically to the Council’s governance framework. The Statements are completed and approved by the relevant Service Managers or Heads of Service and Director for each Council Service.

The Council Risk Management Unit collates each completed assurance statement and reports to the Audit Committee on the themes arising. Assurance Statements are prepared and reported every six months.



1.3. Scope and Objectives

The scope of this audit was to determine whether the Council's corporate governance arrangements are consistent with good practice. The objectives of the Internal Audit review were to:

- Determine whether documented standards of behaviour are in place outlining expectations from Council staff and elected members.
- Assess whether the Council's documented codes of conduct are communicated to Council staff and elected members and reinforced through ongoing communications.
- Determine whether the Council has whistleblowing processes in place to allow employees to raise concerns regarding improper behaviour or actions, and that these have been communicated to Council members and staff as needed.
- Determine whether there are adequate arrangements for registers of interest for Council staff and elected members, including guidance on what interests should be recorded and consideration of how the information contained in registers of interest is used.
- Determine whether the Council has communicated the requirement to declare gifts and hospitably given or received to staff and elected members.
- Assess whether the Council maintains, monitors and reports on its gifts and hospitality register.
- Assess whether training for elected members has adequate uptake and that the Council monitors developing leadership capacity.
- Determine whether Council and Committee meetings take place within the required frequency and are quorate.
- Determine whether a terms of reference is in place for each of the Council committees and that these are regularly reviewed to ensure consistency with good governance practices.
- Assess, through review of the terms of reference, whether the Council's committees in place provide appropriate coverage of the governance requirements of the Council and that there is no duplication or gaps in the work of committees in the framework.
- Determine whether the Council publishes the minutes from its meetings in a timely manner.
- Assess whether agendas and papers are issued sufficiently in advance of Council and Committee meetings in line with standing orders and the Administration Service KPI.
- Assess whether the information contained within Council meeting packs is adequately presented to support effective decision making (including consideration of the volume of information being presented for elected members to read).
- Determine whether arrangements are in place for reviewing and updating standing orders, standing financial instructions and schemes of delegation.
- Determine whether an appropriate process is in place regarding Council Officer recommendations/decisions as to whether issues are discussed in confidence during Council or Committee meetings or discussed and reported publicly.



- Assess whether there is a clear relationship between the Council's assurance statement framework and the governance framework.
- Confirm that processes are in place to evaluate the effectiveness of the Council's governance framework and that this drives continuous improvement.

1.4. Approach

In order to complete this engagement, we used the following:

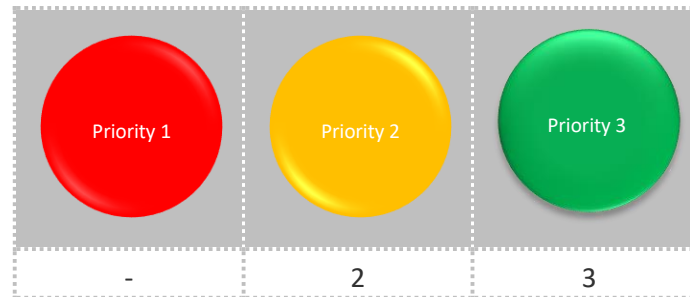
- Desktop review of key items of documentation to support the Council's governance framework including policies and procedures specified in section 1.2, guidance materials, Standing Orders, Council and Committee meeting minutes, etc.
- Discussions with key members of the Council, including the Director of Corporate Services and relevant Heads of Service such as Administration, Human Resources and Organisational Design and relevant staff from Democratic Services.
- A limited programme of walkthroughs and sample testing. Sample testing focussed on:
 - Notification of whistleblowing policy, declaration of interest policy, behaviour charter and Gifts and Hospitality Policy to a sample of 15 new staff.
 - Completion of declaration of interest forms for a sample of 15 staff at or above NJC Scale point 24 in 2023/2024.
 - Completion of declaration of interest forms for a sample of five existing Elected Members and two newly Elected Members (between 01 November 2023 - 31 October 2024).
 - Review of governance arrangements for a sample two meetings each for the Council and the six Council Committees.
 - Submission of monthly training reports to a sample of two Elected Member Development Steering Group meetings.
- Consideration of possible improvements or alternatives for the controls in place.
- Reporting of findings with practical recommendations for improvement where appropriate.

Our sole source for information has been management information and representations. We do not accept responsibility for such information and have not performed any substantiation or external confirmation procedures to establish its accuracy.

Our work was performed in accordance with the Deloitte Internal Audit Methodology which is consistent with the standards of the Chartered Institute of Internal Auditors. Our work was carried out remotely between November 2024 and March 2025.

1.5. Summary of findings

In **Section 2** we have set out our detailed findings and recommendations arising from our review. Our findings have been graded using the scale outlined in **Appendix I**. The number of findings by risk grade can be summarised as follows:



There were no **Priority 1** findings identified during our review.

There were two **Priority 2** findings identified during our review. These can be summarised as follows:

- Updates to Council Governance-related Policies and Standing Orders (see **Section 2.1**)
- Non-Compliance with Declaration of Interest Policy (see **Section 2.2**)

There were three **Priority 3** findings identified during our review. These can be summarised as follows:

- Inconsistencies in Council and Committee Meeting Arrangements (see **Section 2.3**)
- Inconsistency in Classification of Audit Committee (see **Section 2.4**)
- Outdated Code of Conduct for Local Government Employees on Council's Website (see **Section 2.5**)

Full details of the issues may be found in **Section 2** of this report.

1.6. Conclusion


Overall, there is a satisfactory system of governance, risk management and control in relation to the Council's governance framework. While there may be some residual risk identified, this should not significantly impact on the achievement of system objectives.

Consequently, based on the Internal Audit work undertaken, we have given a **satisfactory** level of assurance that the system objectives will be achieved. Refer to **Appendix I** for a definition of the assurance level given.



2. Detailed findings and recommendations


2.1 Updates to Council Governance-related Policies and Standing Orders

Finding	Recommendation	Priority
<p>1. The Council has defined and implemented a suite of policies, procedure documents and guidance materials to support its governance framework. From our review of these, we identified the following:</p> <ul style="list-style-type: none"> a. Gifts and Hospitality Policy – Council Staff: this Policy was last reviewed on 25th November 2015. There is no version control, including Policy review process. b. Gifts and Hospitality Policy – Elected Members: this Policy was last reviewed in December 2016. There is no defined Policy review process. c. Declaration of Interest Policy and Procedure (Employees) – the Policy and Procedure document makes reference to a requirement for employees paid at National Joint Council (NJC) scale point 29 to declare their interest annually. However, in practice, only officers at or above NJC Scale point 24 are required to declare their interest annually. Management advised that the scale point was nationally changed from 29 to 24. <p>2. We also noted there is no defined period for review of the Council’s Standing Orders.</p> <p>Potential Impact</p> <ul style="list-style-type: none"> • Failure to update and review policies in a timely manner may result in current Council procedures and practices not being followed. • In the absence of documented processes there is a risk that staff may be unaware of the processes that need to be followed resulting in inconsistent practices, or failure to enact controls. 	<p>The Council should ensure that:</p> <ul style="list-style-type: none"> 1. Policies, procedure documents and guidance materials outlined in the finding are updated to accurately reflect current approved processes and requirements relating to the Council’s Governance Framework. 2. The documents outlined in the finding are updated to define a version control section, owner and approver. 3. The Council should document and implement a review period for the Council’s Standing Orders. 	<div style="text-align: center;">  <p>Priority 2</p> </div>




<ul style="list-style-type: none"> Failure to implement a regular review of policies, procedures and guidance materials will impede the Council in ensuring updates are made in a timely manner. In the absence of a documented period for review of Standard Orders, there is a risk that over time they will not be representative of Council practices or reflect the working environment of the Council 		
Management response		
Action Plan	Owner/ Title	Target Date of Implementation
1. Policies, procedure documents and guidance materials outlined in the finding will be updated to accurately reflect current approved processes and requirements relating to the Council’s Governance Framework.	Head of Organisational Development (OD) and HR	September 2025
2. The documents outlined in the finding will be updated to define a version control section, owner and approver.	Head of OD and HR	September 2025
3. The Council has documented and implemented a review period for the Council’s Standing Orders.	Manager - Chief Executive Office	Implemented

2.2 Non-Compliance with Declaration of Interest Policy

Finding	Recommendation		Priority
<p>We selected a sample of 15 staff at or above the National Joint Council (NJC) Scale point 24 and identified two instances (Staff IDs. 20493 and 21602) where staff had not submitted their annual declaration of interest in 2023 and 2024 (January - November 2024).</p> <p>Potential Impact Failure to declare interests may lead to undetected conflicts of interest that can compromise decision-making.</p>	<p>The Council should ensure that all staff at or above the NJC Scale point 24 submit their annual declaration of interests. Continuous follow-ups should be made in instances of non-compliance, to ensure all staff declare their interests appropriately. Other processes for follow-ups should be explored e.g. Director or Chief Executive intervention.</p>		
Management response			
Action Plan	Owner/ Title	Target Date of Implementation	
<p>1. The Council will ensure that all staff at or above the NJC Scale point 24 submit their annual declaration of interests. Continuous follow-ups will be made in instances of non-compliance, to ensure all staff declare their interests appropriately. Other processes for follow-ups will be explored e.g. Director or Chief Executive intervention.</p>	<p>Head of OD and HR</p>	<p>June 2025</p>	




2.3 Inconsistencies in Council and Committee Meeting Arrangements

Finding	Recommendation	Priority
<p>1. We selected a sample of two meetings each for the Council and the six Council Committees. We noted the following:</p> <ul style="list-style-type: none"> a. Four instances (Environment Committee – 07/09/2024, Community & Wellbeing - 11/09/2024, Planning Committee - 06/02/2024; and Council – 28/02/2024) where the Committee meetings lasted for more than two hours, however, we did not identify evidence of 15 minute breaks taken (as required per the Council’s Standing Orders). b. One instance (Community and Wellbeing Committee - 11/09/2024) where the meeting pack was 421 pages in length. c. Two instances (Audit Committee - 19/03/2024 and 23/09/2024) where the meeting minutes marked items which are to be "In Confidence" as "In Committee". <p>We acknowledge that management issued an email to the Democratic Services team on 9th January 2025 to be consistent in marking items discussed in confidence as “in confidence” and also recording breaks taken during meetings.</p> <p>Potential Impact</p> <ul style="list-style-type: none"> • Absence of breaks during long Council and Committee meetings is not in compliance with Council Standing Orders. • Large meeting packs may impede Committee members in identifying key points and priorities when decision-making. • Inconsistencies in documentation of meeting minutes may lead to inaccurate record of discussions. 	<p>The Council should ensure that:</p> <ol style="list-style-type: none"> 1. Appropriate breaks are taken during Council and Committee meetings in line with provisions in the Council’s Standing Orders. Where breaks are taken, evidence of breaks should be recorded on the relevant meeting minutes. 2. Measures are implemented to condense meeting packs for Council and Committee meetings. 3. There is consistency in the recording of instances where items are discussed in confidence at Council and Committee meetings. 	<div style="text-align: center;">  <p>Priority 3</p> </div>




Management response		
Action Plan	Owner/ Title	Target Date of Implementation
1. Appropriate breaks will be taken during Council and Committee meetings in line with provisions in the Council's Standing Orders. Where breaks are taken, evidence of breaks will be recorded on the relevant meeting minutes.	Chairs of Committee and Head of Administration	Implemented
2. Measures will be implemented to condense meeting packs for Council and Committee meetings.	Do not accept this recommendation	
3. There is consistency in the recording of instances where items are discussed in confidence at Council and Committee meetings.	Head of Administration	Implemented

2.4 Inconsistency in Classification of Audit Committee

Finding	Recommendation		Priority
<p>From our review of the Council’s Scheme of Delegation, we noted the Audit Committee was referenced as a “significant” Committee, while all other Council Committees established in the Council were termed as “main” Committees. We identified there is no clear definition / distinction between a “significant” and “main” Committee.</p> <p>Management advised that upon formation of the Council in 2015, the terms of reference for the Audit Committee referred to it as not a Standing Committee. In practice, the Council does not view this Committee as any different to the other Committees.</p> <p>Potential Impact Inconsistent Committee classification may lead to confusion among key stakeholders</p>	<p>The Council should ensure there is clarity in the categorisation of Committees as “Main” and “Significant.”</p>		
Management response			
Action Plan	Owner/ Title	Target Date of Implementation	
<p>1. The Council will ensure there is clarity in the categorisation of Committees as “Main” and “Significant” by updating the Council constitution.</p>	<p>Manager Chief Executive Office</p>	<p>June 2025</p>	



2.5 Outdated Code of Conduct for Local Government Employees on Council’s Website

Finding	Recommendation		Priority
<p>From our review of the Council’s website, we noted the Code of Conduct for Local Government Employees from the Local Government Staff Commission for Northern Ireland on the website was dated November 2014. However, we noted the existence of an updated Code of Conduct for Local Government Employees from the Local Government Staff Commission for Northern Ireland dated January 2021, which is not on the Council’s website.</p> <p>Potential Impact The presence of outdated documents on the Council’s website can lead to staff, stakeholders, and the public misunderstanding the current ethical standards and expectations. This may lead to potential misalignment and non-compliance.</p>	<p>The Council should ensure that the most recent Code of Conduct for Local Government Employees from the Local Government Staff Commission is made available on the Council’s website.</p>		
Management response			
Action Plan	Owner/ Title	Target Date of Implementation	
<p>1. The Council will ensure that the most recent Code of Conduct for Local Government Employees from the Local Government Staff Commission is made available on the Council’s website.</p>	<p>Head of Communications</p>	<p>Implemented</p>	



3. Statement of Responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below. The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. This report is not based on an attest engagement. We have relied on information provided by Ards and North Down Borough Council's management and we do not accept responsibility for such information and have not performed any substantiation or external confirmation procedures to establish its accuracy or completeness.

Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by us should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

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David Kinsella
 For and on behalf of
 Deloitte (NI) Ltd
 The Ewart, 3 Bedford Square,
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 Date:

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Appendix I: Reporting Definitions

Assurance Opinion

For each report delivered in the annual Internal Audit Plan, we will provide one of three levels of assurance, ranging from satisfactory assurance to unacceptable assurance. These assurance levels reflect the latest requirements of the Department of Finance (DAO (DoF) 07/16).

Assurance Level	Evaluating and Testing Conclusion
Satisfactory	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	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	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.

Recommendation Priorities	
Priority 1	Failure to implement the recommendation is likely to result in a major failure of a key organisational objective, significant damage to the reputation of the organisation or the misuse of public funds.
Priority 2	Failure to implement the recommendation could result in the failure of an important organisational objective or could have some impact on a key organisational objective.
Priority 3	Failure to implement the recommendation could lead to an increased risk exposure.

These definitions of evaluations should be interpreted in conjunction with the scope of the audit work and in the overall context that our findings should only be relied upon to be representative of the operation of control procedures at the time of discussion or observation of these control practices and in relation to the transactions tested. Projection of evaluations of future periods is subject to the risk that the policies and procedures may become inadequate because of changes in conditions, or that the degree of compliance with these policies and procedures may deteriorate. The performance of Internal Audit work should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and work performed by Internal Audit should not be relied upon to identify all strengths and weaknesses that may exist. Neither should Internal Audit work be relied upon to identify all circumstances of fraud or irregularity should there be any, although our audit procedures have been designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas as identified by management as being of greatest risk and significance. Effective implementation of our recommendations by management is important for the maintenance of a reliable internal control system.



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Internal Audit Annual Report 2024/25 (Draft)

Ards and North Down Borough Council

March 2025

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1. Executive summary

1.1 Introduction

This report provides our statement on the overall adequacy and effectiveness of Ards and North Down Borough Council's framework of governance, risk management and internal control as it operated during the year to 31 March 2025 (FY2024/25). Our approach to this Annual Assurance report is consistent with the Public Sector Internal Audit Standards.

The statement is based on the Internal Audit programme of work performed during the year designed to focus on areas of risk identified by management. The planned Internal Audit programme was reviewed and approved by the Audit Committee at its meeting in March 2024. Results of Internal Audit work, including action taken by management to address issues included in prior year internal audit reports, have been regularly reported to management and the Audit Committee.

Our statement has not been limited by any shortfall in resources, absence of skills, or any significant limitation of scope of internal audit activity which would adversely affect our ability to form a view.

1.2 Role of Internal Audit

The role of Internal Audit is to provide an independent and objective view to the Audit Committee in relation to risk management, control, and governance. The work of Internal Audit is an element of the control framework that the Audit Committee and the Chief Executive need to inform the completion of the annual Governance Statement. Other elements include the system of monitoring, the risk management framework, and reports from managers. No view or assurance can ever be absolute and is by definition, an extrapolation only of the evidence available. The work of Internal Audit does not supersede management's responsibility for risk, control, and governance. Our statement of responsibility is set out at **Section 4**.

1.3 Acknowledgement

We would like to take this opportunity to thank the management and staff of Ards and North Down Borough Council for their assistance and the cooperation received in completing internal audits within this period.

2. Annual Summary

In line with good practice and the requirements of the Public Sector Internal Audit Standards, we provided an overall classification for each assurance review completed during the period. In accordance with the requirements of DAO (DoF) 07/16, there are three categories by which we classify Internal Audit assurance over the systems we examine, being:

- Satisfactory;
- Limited; and
- Unacceptable.

We have provided details of assurance ratings for the twelve assurance reviews completed under the 2024/25 Internal Audit Plan. For a full definition of each assurance rating, refer to **Appendix 1**.

Our reporting process ensures that all issues identified as part of our assurance Internal Audits are categorised as being either a Priority 1, 2, or 3, in accordance with the requirements of DAO (DoF) 07/16 and are dependent on the associated significance of the finding and risk to be mitigated. Advisory recommendations are not assigned a priority rating. Full definitions for each of the priority ratings can be found at **Appendix 1**.

Internal Audit Area	Priority 1	Priority 2	Priority 3	Assurance Level
Budgetary Controls	-	-	4	Satisfactory
Cash Handling	-	1	2	Satisfactory
Data Protection	1	2	1	Limited
Digital Transformation	-	-	-	N/A – Advisory review
Governance Framework	-	2	3	Satisfactory
LMP	-	-	-	Satisfactory
PCSP	-	-	1	Satisfactory
Procurement	1	-	-	Limited
Parks and Cemeteries Service Review	-	1	1	Satisfactory
Economic Development Service Review	-	-	2	Satisfactory
Transformation Programme and Project Management	-	1	2	Satisfactory
Follow-ups	-	-	-	N/A
TOTAL	2	7	16	

During the 2024/25 year, we continued to follow-up on Internal Audit recommendations. Under our approach, Internal Audit set up and maintains the database of Internal Audit recommendations and seeks quarterly management updates for all open recommendations (including all from previous years which remain open) as follows:

- Priority 1 findings - Internal Audit will conduct sample testing to evidence the implementation of the recommendation if management reports it as closed
- Priority 2 findings – Internal Audit will seek documentary evidence of the closure of the recommendation
- Priority 3 findings – Internal Audit will take management representation as to the closure of the recommendation and will not conduct any testing

The first quarterly report status of recommendations was presented to the June 2024 Audit Committee meeting and a report on the final quarter status update is presented to the March 2025 Audit Committee. In addition, at the end of the year in February 2025, we carried out an annual exercise to test a sample of recommendations (Priority 3) that have been reported as closed to confirm the implementation and the operational effectiveness of the implemented action.

The table below presents a summary of the status of Internal Audit recommendations per the status update in March 2025:

	Priority 1	Priority 2	Priority 3	Total
Total open issues as at 01/07/2024	5	26	19	50
Items added to the tracker during last year	2	3	4	9
Issues closed / superseded during the year	(4)	(7)	(9)	(20)
Total items remaining open as at 13/03/2025	3	22	14	39
Items started and overdue	1	7	3	11
Items not started and overdue	-	14	9	23
Items not due yet	2	1	2	5

3. Statement of Annual Assurance

As defined in the Public Sector Internal Audit Standards the prime responsibility of the Internal Audit service is to provide the Audit Committee, the Chief Executive as Chief Financial Officer and the other managers of the Council assurance on the adequacy and effectiveness of risk management, control, and governance arrangements. In assessing the arrangements in place, we take into account:

- All Internal Audits undertaken between 1 April 2024 and 13 March 2025;
- Whether recommendations have been accepted by management and where they have not, the consequent risks;
- The actions agreed in response to our audit recommendations and an assumption that management will implement the agreed action;
- Follow-up review of the status of implementation of prior Internal Audit recommendations performed within this period; and
- Whether or not any limitations have been placed on the scope of Internal Audit.

During the course of delivery of our 2024/25 Internal Audit Plan, where notified by management and where applicable, we have familiarised ourselves with the work completed by other assurance providers. Whilst we cannot place reliance on their work, we have considered any findings in forming our overall view.

Based on the conclusions of our work during the year 1 April 2024 to 13 March 2025, we can provide the Chief Executive as Ards and North Down Borough Council's Chief Financial Officer with a satisfactory level of assurance in relation to the Council's arrangements for governance, risk management and control, with the exception of procurement and data protection where we have given a limited assurance.

We note also that there remain a significant number of Internal Recommendations that have yet to be fully implemented. The volume and ageing of these recommendations could present a risk to the Council that the Corporate Leadership Team should review and seek to close as soon as practicable. Additionally, the Chief Executive and Director of Corporate Services should consider the impact these outstanding recommendations have on the effectiveness of the Council's control environment.

Internal Control

Our 2024/25 Internal Audit Plan provided assurance to Ards and North Down Borough Council around the Council's system of internal control. Our work focused on a range of key risk areas such as budgetary control, cash handling, governance, procurement, transformation and project management, and a review of the implementation of recommendations raised in previous internal audit reports.

Risk and Governance

The Council's Corporate Risk Register is a key driver of Internal Audit coverage. Our Service reviews considered processes for risk management and performance monitoring. Our work also included a review of the governance framework with regards to the Labour Market Partnership and the PCSP.

4. Statement of Responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below. The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. This report is not based on an attest engagement. We have relied on information provided by Ards and North Down Borough Council’s management, and we do not accept responsibility for such information and have not performed any substantiation or external confirmation procedures to establish its accuracy or completeness.

Recommendations for improvements should be assessed by you (Ards and North Down Borough Council) for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management’s responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by us should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

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Appendix 1: Classification of Levels of Assurance

These assurance levels reflect the latest requirements of the Department of Finance (DAO (DoF) 07/16).

Assurance Level	Evaluating and Testing Conclusion
Satisfactory	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	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	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.

Recommendation Priorities	
Priority 1	Failure to implement the recommendation is likely to result in a major failure of a key organisational objective, significant damage to the reputation of the organisation or the misuse of public funds.
Priority 2	Failure to implement the recommendation could result in the failure of an important organisational objective or could have some impact on a key organisational objective.
Priority 3	Failure to implement the recommendation could lead to an increased risk exposure.

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1. Introduction

In line with good practice, we have worked in partnership with Senior Management to prepare a four-year Internal Audit Strategic Plan and Annual Internal Audit Plan which is based on the current and emerging risks for the Council, in line with the Public Sector Internal Audit Standards (PSIAS) and the standards of the Chartered Institute of Internal Auditors.

1.1 The Role of Internal Audit

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Our role is to provide an independent opinion for the Audit Committee on risk management, internal control and corporate governance. In order to provide this opinion, we are required to review annually the risk management, internal control and governance processes within the Council.

1.2 The Internal Audit Strategy and Internal Audit Plan

The Strategic Internal Audit Plan approved by the Audit Committee on 20th March 2023 allows an organisational wide view of current and emerging risks for the Council over a four-year period. This will help ensure the most efficient and effective use of Internal Audit resources and enable us to focus on areas at greater risk.

In line with the PSIAS, on an annual basis we provide the Audit Committee and Senior Management with a risk based Internal Audit Plan. The Annual Internal Audit Plan enables Internal Audit to facilitate:

- The provision to the Audit Committee of an overall opinion each year on the Council's risk management, control and governance;
- Review of the Council's risk management, control, governance systems through periodic audit plans in a way which affords suitable priority to the organisation's objectives and risks;
- Provision to management of recommendations arising from Internal Audit work;
- The identification of audit resources required to deliver an Internal Audit service which meets required professional standards;
- Effective co-operation with External Auditors and other review bodies; and
- Provision of both assurance and advisory services by Internal Audit, to enhance and protect organisational value by delivering insight and assurance.

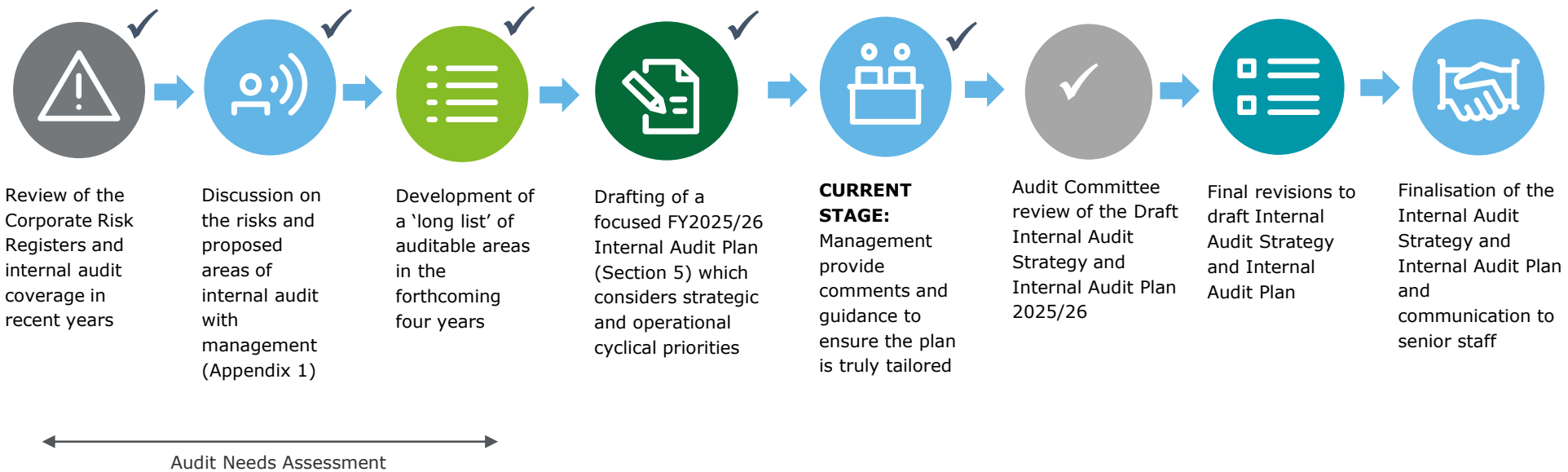
The Internal Audit Strategy and Internal Audit Plan are aligned to the Council's current risk profile, and will be updated at least annually. The Audit Committee is therefore requested to approve the Annual Internal Audit Plan 2025/26.

The work of Internal Audit fits within the framework of assurance already established within the Council. It will complement the ongoing risk management framework and other assurance mechanisms, and thus is not to be considered as the only source of assurance for the Audit Committee.

2. Approach

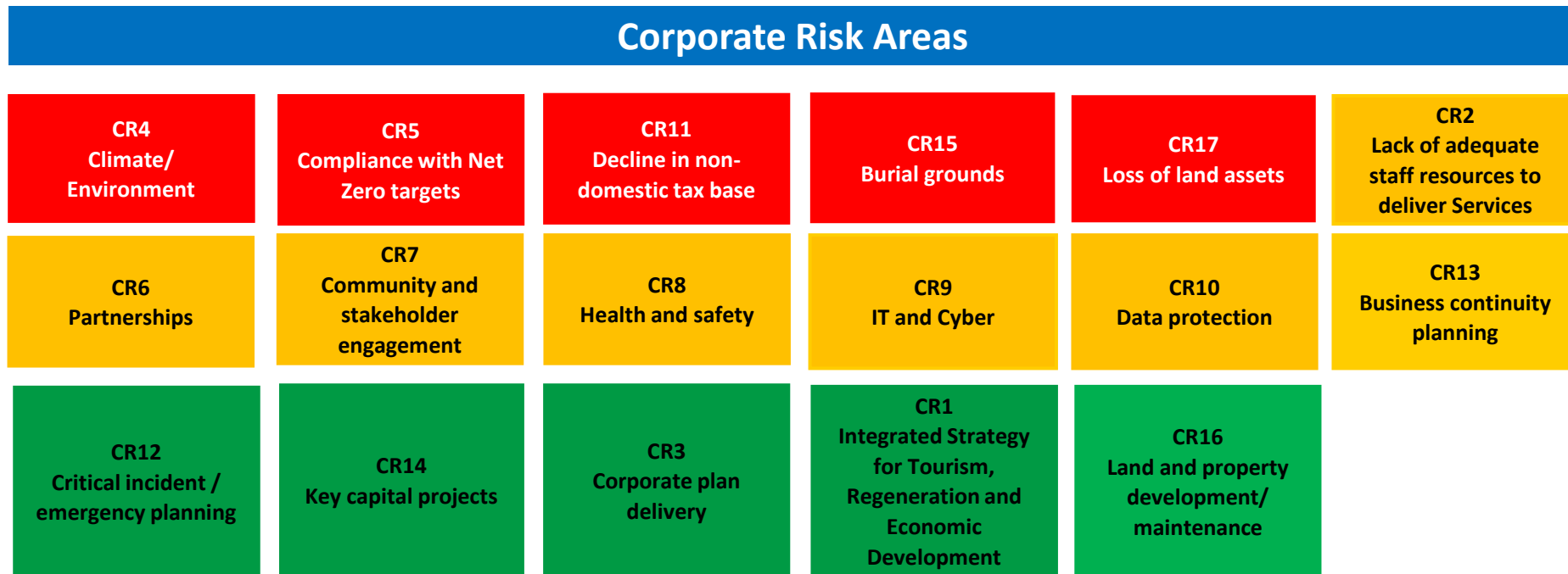
Approach

Our approach to the development and preparation of the Internal Audit Strategy and Internal Audit Plan is delivered through a tried and tested methodology and our understanding of the Council and the assurance requirements. This Internal Audit Plan 2025/26 is presented to the Audit Committee for approval. A summary of the approach is outlined below:







3. Risk Universe






The diagram below sets out the Corporate risks impacting upon the Council. These risks have been used in developing the Internal Audit Strategy and Annual Plan. Risks in the diagram below have been taken from the Corporate Risk Register February 2025, and colour coded to reflect management’s assessment of severity as documented in the risk register.















4. Internal Audit Plan 2025/26

In the following table we have set out the proposed assignments to be delivered during 2025/26.

Key to Icons	
Assurance review	
Core team	
Subject matter experts	
Advisory review	

Audit Area	Days	Assurance or Advisory	Senior Management Lead	Deloitte Team	Cyclical	Related Corporate Risk	Proposed start date	Audit Scope and Additional Comments
Strategic								
Service reviews	30		Head of Administration/ Head of Community and Culture		✓	CR1, CR3, CR5, CR7, CR9	(1) April 2025 (2) June 2025	Review of controls in place to manage risk associated with Service planning, budgetary control, risk management and performance monitoring/reporting. Proposed Services for 2025/26 are (1) Administration and (2) Community and Culture.
Climate Change Strategy	15		Director of Corporate Services / Head of Administration	 	-	CR4, CR5	November 2025	Review of the governance and controls in place for the development and implementation of a climate change strategy.







4. Internal Audit Plan 2025/26

Audit Area	Days	Assurance or Advisory	Senior Management Lead	Deloitte Team	Cyclical	Related Corporate Risk	Proposed start date	Audit Scope and Additional Comments
Operational								
Use of Agency Staff Policy and Processes	10		Director of Corporate Services		-	CR2	March / April 2025	Review of policies and procedures in place for the Council’s use of agency staff.
Staff Performance Management	13		Director of Corporate Services / Head of HR and Organisational Development		-	CR2	April 2025	Review of the Council’s staff performance management processes including staff objective setting, periodic appraisals, reporting upwards and the development of a formal training plan.
PCSP	5		Interim Head of Community and Wellbeing		✓	CR1, CR3, CR6, CR7	September 2025	Review of the controls to manage the grants and tendering processes operated by the PCSP.
Labour Market Partnership	5		Head of Economic Development		✓	CR1, CR3, CR6, CR7	January 2026	Review of the controls to manage LMP grants and expenditure.
Lease Management	13		Head of Administration		-	CR3, CR7	July 2025	Review of the Council’s processes and controls around lease management.
Community Plan Implementation	12		Head of Community Planning		-	CR1	June 2025	Review of the processes and controls in place for monitoring and reporting on implementation of the Council’s Community Plan, including stakeholder engagement.

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4. Internal Audit Plan 2025/26 (continued)

Audit Area	Days	Assurance or Advisory	Senior Management Lead	Deloitte Team	Cyclical	Related Corporate Risk	Indicative audit start date	Audit Scope and Additional Comments
ICT								
Business Technology Governance	13		Head of Transformation and Performance	 	-	CR9, CR10	September 2025	Review of the controls in place for Information Technology governance within the Council.
Cyber Security	15		Head of Transformation and Performance	 	-	CR9, CR10	November 2025	Follow up of the implementation of recommendations raised in our cyber security maturity review in 2019/20.
Other areas								
Follow-ups	17	N/A	Head of Finance / HoST		✓	N/A	Quarterly	Quarterly status update on all open Internal Audit recommendations. Review of evidence of implementation for Priority 1 and 2 recommendations reported in year as being closed. Annual sample assessment exercise for Priority 3 recommendations reported in year as being closed.
Contract Management	8	N/A	CLT and HoST	-	-	N/A	N/A	Contract management (including attendance at progress and Audit Committee meetings, and preparation of progress reports and Audit Committee reports).
Strategic and annual audit planning	2	N/A	CLT and HoST	-	-	N/A	N/A	Refresh of the Strategic Audit Plan and development of the Annual Audit Plan.
Total Days	158							

5. Strategic Internal Audit Plan 2023-2027 (Updated March 2024)

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Risk Area	Internal Audit	Related Corporate Risk	Internal Audit Plan			
			23/24	24/25	25/26	26/27
Strategic	Service reviews	CR1 CR3, CR5, CR7, CR9	✓	✓	✓	✓
	Information and Data protection	CR13, CR4		✓		
	Climate Change Strategy	CR7			✓	
	Governance	CR5		✓		
	Workforce Planning Strategy*	CR1, CR7, CR3				✓
	Digital Transformation	CR5, CR7, CR3		✓		
	Transformation programme and project management	CR1, CR3, CR5, CR7, CR8		✓		
	PCSP	CR1, CR3, CR7	✓	✓	✓	✓
	Labour Market Partnership	CR1, CR3, CR7	✓	✓	✓	✓
	Facilities Management	CR3, CR5, CR6				✓
	Licensing	CR3, CR6, CR7	✓			
	Fleet Management	CR3, CR6, CR7				✓
	Vehicle Management		✓			
	Contract management - Leisure Services Contracts	CR3, CR7				✓
Operational	Contract Management	CR3, CR7	✓			
	Lease Management	CR3, CR7			✓	
	HR (Use of Agency Staff Processes)	CR2			✓	
	Staff Performance Management	CR2			✓	
	HR (Absence Management)	CR2	✓			
	HR (Grievance Processes)**	CR2				✓
	Grant Funding/ Management	CR3				✓
	Events Management	CR6	✓			
	Emergency Planning	CR6	✓			
	Stores (stock and fuel management)	CR3, CR7				✓
	Community Plan implementation	CR1			✓	

5. Strategic Internal Audit Plan 2023-2027 (Updated March 2024) DRAFT

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Risk Area	Internal Audit	Related Corporate Risk	Internal Audit Plan			
			23/24	24/25	25/26	26/27
Financial	Payroll	CR3				✓
	Budgetary Control	CR3		✓		
	Travel and subsistence	CR3				✓
	Cash Handling	CR3		✓		
	Procurement - above tender threshold	CR3, CR9	✓			
	Procurement - below tender threshold	CR3, CR9		✓		
ICT	Business Technology Governance	CR4, CR13			✓	
	Cyber security**	CR4, CR13				✓
	General IT controls	CR4, CR13	✓			
Other	Follow-ups	-	✓	✓	✓	✓
	Contract management	-	✓	✓	✓	✓
	Strategic and annual audit planning	-	✓	✓	✓	✓

Key changes from prior Indicative Plan

*Management advised that the Council's Workforce Planning Strategy is currently in outline draft stage with no consultation yet and requested to move out to 2026/27.

** Management requested bringing forward the Cyber Security review from 2026/27 to 2025/25, therefore we have proposed moving out the HR Grievance Processes review to 2026/27.

Appendix I: Background and Approach

1.1 The Development of our Four Year Internal Audit Strategy and the 2023/2024 Internal Audit Annual Plan

As required by best practice Public Sector Internal Audit Standards (PSIAS) the Chief Audit Executive is required to develop a risk based Internal Audit Strategy. The four year strategy was approved by the Audit Committee on 20th March 2023. This Annual Internal Audit Plan for the 2025/26 period is included in the strategy.

1.2 Our approach to your Internal Audit Annual Plan

Our approach to developing the plan is consistent with the standards of the PSIAS. We have taken into consideration any changes ongoing/planned for the Council to ensure that the work we deliver adds value.

The 2025/26 plan, in line with the overall four year Strategy, is risk-based and aligned to the Council's Corporate Risk Register. We have also consulted with members of the Corporate Leadership Team (CLT) to review the coverage and assurance requirements for this period.

Some key questions we consider as part of this process include:

- Has the risk profile changed from the previous year?
- Will any of the areas under review include controls that External Auditors may be planning to place reliance on?
- Does a third party require assurance on the risk area under our review and does our scope meet those requirements?
- Do the outputs of the risk registers suggest other risk areas not already highlighted by management for internal audit review?
- Are we aware of any significant issues previously reported that should be revisited to provide assurance for management?

Appendix I: Background and Approach

1.3 Typical contents of our Annual Plans

Each of our Annual Internal Audit Plans follow a similar agreed format which includes as a minimum:

- An overview of the scope and objectives of each audit and any key considerations;
- Days allocated to each assurance and advisory review;
- Proposed timeframe for commencement; and
- Any advisory inputs.

1.4 Deciding the appropriate audit response

We regard every individual Internal Audit we undertake as an opportunity to add value and therefore it is a core part of our approach for each Internal Audit. We adopt an innovative and robust approach for individual areas by ensuring that our strategy and annual operational plans appropriately focus on operational risks.

We will respond to each risk proportionately and use a range of audit techniques to provide senior management and the Audit Committee with assurance and advisory recommendations.

1.5 Communication and reporting protocols

We have clear communication and reporting protocols in place which allows for a frequent two way flow of information between the Internal Audit team and Management.

We attend all Audit Committee meetings in order to maintain our understanding of the current and emerging risks faced by the Council. This allows us to flex the Internal Audit Plan where deemed appropriate (and as approved by Audit Committee) in line with the Council's evolving risk profile.

We also meet with the Director of Corporate Services and Head of Finance on a monthly basis to discuss progress against the Internal Audit Plan. This allows any 'red flags' to be highlighted to Senior Management early, supporting a robust response to absent/ineffective controls where necessary.



Appendix 2: Historic internal audit coverage

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	2024/25	2023/24	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18
Chief Executive's Office								
Corporate & business planning & performance management								✓
Community planning								✓
Social media				✓				✓
Communications								
Corporate Services								
Contract Management and Contractor Monitoring Repairs and Maintenance							✓	
Governance	✓							
Travel and Subsistence							✓	
Tenders and Contracts							✓	
Cash Handling	✓						✓	
Payroll					✓			✓
Procurement	✓	✓	✓			✓		
Overtime, TOIL and Flexi						✓		
Debtors & Accounts receivable								
Business continuity and emergency planning					✓			
Budgetary control	✓							
Cyber Security						✓		
Supplier Payments				✓				
Treasury Management			✓					
Income Management				✓				
Risk Management							✓	
Information Governance and Data Protection	✓						✓	
Freedom of Information							✓	
Staff Performance Management							✓	
Safeguarding								✓
Whistleblowing arrangements								✓
Equality and Disability Action Planning								✓
Staff Training & Development								✓
Digital Transformation	✓							

Appendix 2: Historic internal audit coverage

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	2024/25	2023/24	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18
Corporate Services (Cont'd)								
Property & lease management				✓				✓
Complaints & Customer Feedback								
HR: recruitment & retention						✓		
HR: Absence management		✓						
Customer Service				✓				
General IT Controls		✓		✓				
Cyber Security			✓					
Service Review – HR and Organisational Development				✓				
Service Review - Finance		✓						
Emergency planning		✓						
Transformation programme and project management	✓							
Prosperity								
Planning – enforcement and development control				✓			✓	
Contract Management & Operations – Exploris							✓	
Event management		✓						✓
Pickie Fun Park								
Visitor Information Centres								
Grant Funding				✓			✓	
Labour Market Partnership	✓	✓	✓					
Service Review - Tourism		✓				✓		
Service Review – Economic Development	✓							
Place								
Service Review - Regeneration				✓		✓		
Capital Projects						✓		
Capital Project Management						✓	✓	
Environment								
Building Control							✓	
Fleet management								✓
Health & Safety – Harbours								✓
Contract management – Waste								✓
Waste management			✓					
Stores: stock and fuel management								✓
Off-street parking enforcement & income collection								
Service Review – Assets and Property Services		✓						

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Appendix 2: Historic internal audit coverage

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	2024/25	2023/24	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18
Environment (Cont'd)								
Fixed Assets					✓			
Vehicle Management	✓							
Asset management					✓			
Service Review – Regulatory Services					✓			
Service Review – Waste Services				✓				
Licensing (including Dog Licensing and Enforcement)		✓						
Community and Wellbeing								
Partnership Arrangements							✓	
PCSP	✓	✓	✓	✓	✓	✓	✓	✓
Grant Funding				✓			✓	
Contract management: Aurora Leisure and Aquatic Centre								✓
Environmental Health								
Leisure centres (Ards Leisure Centre)								
Museum services (North Down)								
Health & Safety					✓			
Service Review – Environmental Health			✓					
Service Review – Leisure and Amenities						✓		
Service Review – Parks and Cemeteries	✓							

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Unclassified

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ITEM 7**Ards and North Down Borough Council**

Report Classification	Unclassified
Exemption Reason	Not Applicable
Council/Committee	Audit Committee
Date of Meeting	24 March 2025
Responsible Director	Director of Corporate Services
Responsible Head of Service	
Date of Report	14 March 2025
File Reference	AUD02
Legislation	Local Government (Accounts and Audit) Regulations 2015
Section 75 Compliant	Yes <input type="checkbox"/> No <input type="checkbox"/> Other <input checked="" type="checkbox"/> If other, please add comment below:
Subject	Workplan and meeting schedule for 2025/26 year
Attachments	

In order to assist the Committee with its oversight responsibilities a suggested meeting schedule and work plan has been prepared.

The following standing items are on each meeting's agenda, with the exception of the June meeting which is a single item agenda to consider the financial statements:

- Follow-up actions from previous committee meetings
- Internal Audit Update
- Single Tender Action Update
- Fraud, whistleblowing and data breaches update
- Meeting with Auditors in the absence of management

Not Applicable

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Meeting Date	Agenda Items
26 May 2025	<ul style="list-style-type: none"> • Statements of Assurance Update • Governance Statement Review • Review of Terms of Reference
24 June 2025	<ul style="list-style-type: none"> • Draft Financial Statements Review
23 September 2025	<ul style="list-style-type: none"> • Audited Financial Statements Approval • Draft Report to those charged with Governance • Corporate Risk Register Review • Policy Status Review
16 December 2025	<ul style="list-style-type: none"> • Final Report to Those charged with Governance • Final Audit Letter • Improvement Audit and Assessment Reports • Interim Statements of Assurance Update
24 March 2026	<ul style="list-style-type: none"> • Draft External Audit Strategy 2025/26 • Review of Corporate Risk Register • Annual Internal Audit Report • Internal Audit Plan 2026/27 • Meeting Schedule and work plan 2026/27

RECOMMENDATION

It is recommended that Council notes the report.