



July 6th, 2020

Notice Of Meeting

You are requested to attend the meeting to be held on **Monday, 6th July 2020** at **2:00 pm** in **Via Skype**.

Committee Membership:

Councillor P Byrne

Councillor C Casey

Councillor L Devlin

Councillor C Enright

Councillor M Gibbons

Councillor O Hanlon

Councillor A Lewis

Councillor K Owen

Councillor M Ruane

Councillor G Sharvin

Agenda

1.0 Apologies and Chairpersons' remarks.

2.0 Declarations of Interest.

3.0 Action Sheet : Audit Committee Meeting held on Thursday 09 January 2020. (Attached)

 *Action Sheet - AC Jan 2020.dc.pdf*

Page 1

4.0 Implications of Covid 19 on Audit Committee. (Attached)

 *(4) Rpt re Implications of COVID on the work of AC..pdf*

Page 8

5.0 To note dates and agree start times for Audit Committee Meetings 2020/2021. (Attached)

 *Audit Cmttee Mtg Dates and Start Times.pdf*

Page 57

6.0 Audit Committee Terms of Reference. (Attached)

 *ToR Audit Committee (Final approved SPR Feb 2019 and Council March 2019).pdf*

Page 58

7.0 Audit Committee Timetable. (Attached)

 *Audit Committee Timetable.pdf*

Page 62

8.0 Audit Committee Self Assessment. (Attached)

 *(8) Rpt from B Slevin re Self Assessment.pdf*

Page 64

9.0 Annual Report from Independent Chair of Audit Committee 2019/20. (Attached)

 *(9) Rpt from B Slevin re Annual Report.pdf*

Page 74

10.0 Annual Review of Chairperson's Performance. (Attached)

 *(10) Rpt re Assessment of Chairpersons Performance 2020.pdf*

Page 82

11.0 NMDDC Assurance Statements and Code of Governance. (Attached)

 *Rpt re (11) Assurance Framework and Code of Governance.pdf*

Page 88

12.0 Draft Annual Governance Statement. (Attached)

 *(12) Annual Governance Statement 2019-20 reviewed.pdf*

Page 107

13.0 Corporate Risk Register . (Attached)

 *(13) Rpt re Cor Risk Register.pdf*

Page 121

14.0 Prompt Payment Statistics. (Attached)

 *(14) Prompt Payments.pdf*

Page 205

Corporate Services (CLOSED SESSION)

15.0 Direct Award Contracts. (Attached)

This item is deemed to be restricted by virtue of Paragraph 3 of Part 1 of Schedule 6 of the Local Government Act (Northern Ireland) 2014 - information relating to the financial or business affairs of any particular person (including the Council holding that information) and the public may, by resolution, be excluded during this item of business.

 *(15) Rpt re STA-Direct Awards Con EXEMPT.pdf*

Not included

 *(15) App STA Q4 Q1.pdf*

Not included

16.0 Update re: Audit Recommendations. (Attached)

This item is deemed to be restricted by virtue of Paragraph 3 of Part 1 of Schedule 6 of the Local Government Act (Northern Ireland) 2014 - information relating to the financial or business affairs of any particular person (including the Council holding that information) and the public may, by resolution, be excluded during this item of business.

 *(16) Rpt re Update on Audit Recs -EXEMPT.pdf*

Not included

17.0 Update re: Cyber Security. (Attached)


This item is deemed to be restricted by virtue of Paragraph 3 of Part 1 of Schedule 6 of the Local Government Act (Northern Ireland) 2014 - information relating to the financial or business affairs of any particular person (including the Council holding that information) and the public may, by resolution, be excluded during this item of business.

 *(17) Cyber Security EXEMPT.pdf*

Not included

18.0 Update re: Fraud and Whistleblowing. (Attached)

This item is deemed to be restricted by virtue of Paragraph 3 of Part 1 of Schedule 6 of the Local Government Act (Northern Ireland) 2014 - information relating to the financial or business affairs of any particular person (including the Council holding that information) and the public may, by resolution, be excluded during this item of business.

 (18) Rpt re Fraud and Whistleblowing.pdf

Not included

Internal Audit (CLOSED SESSION)

19.0 ASM re: NMDDC Summary Progress Report. (Attached)

This item is deemed to be restricted by virtue of Paragraph 3 of Part 1 of Schedule 6 of the Local Government Act (Northern Ireland) 2014 - information relating to the financial or business affairs of any particular person (including the Council holding that information) and the public may, by resolution, be excluded during this item of business.

 Rpt from ASM (19) NMDDC Summary Progress Report EXEMPT.pdf

Not included

20.0 ASM re: Annual Assurance Report. (Attached)

This item is deemed to be restricted by virtue of Paragraph 3 of Part 1 of Schedule 6 of the Local Government Act (Northern Ireland) 2014 - information relating to the financial or business affairs of any particular person (including the Council holding that information) and the public may, by resolution, be excluded during this item of business.

 Rpt from ASM (20) re Annual Assurance Report EXEMPT.pdf

Not included

21.0 ASM re: Internal Audit Report - Leisure & Time Recording. (Attached)

This item is deemed to be restricted by virtue of Paragraph 3 of Part 1 of Schedule 6 of the Local Government Act (Northern Ireland) 2014 - information relating to the financial or business affairs of any particular person (including the Council holding that information) and the public may, by resolution, be excluded during this item of business.

 Rpt from ASM (21) re Leisure services (time recording) EXEMPT.pdf

Not included

22.0 ASM re: Internal Audit Report - Contract Management. (Attached)

This item is deemed to be restricted by virtue of Paragraph 3 of Part 1 of Schedule 6 of the Local Government Act (Northern Ireland) 2014 - information relating to the financial or business affairs of any particular person (including the Council holding that information) and the public may, by resolution, be excluded during this item of business.

 Rpt from ASM (22) re Contract management EXEMPT.pdf

Not included

23.0 ASM re: Advisory Report - Health & Safety. (Attached)

This item is deemed to be restricted by virtue of Paragraph 3 of Part 1 of Schedule 6 of the Local Government Act (Northern Ireland) 2014 - information relating to the financial or business affairs of any particular person (including the Council holding that information) and the public may, by resolution, be excluded during this item of business.

 *Rpt from ASM (23) - Health and Safety- compliance checking EXEMPT.pdf*

Not included

24.0 Building Control - Review of Performance Inspections. (Attached)

This item is deemed to be restricted by virtue of Paragraph 3 of Part 1 of Schedule 6 of the Local Government Act (Northern Ireland) 2014 - information relating to the financial or business affairs of any particular person (including the Council holding that information) and the public may, by resolution, be excluded during this item of business.

 *Rpt from ASM (24) re Building Control - DPI - final report EXEMPT.pdf*

Not included

25.0 EU Programme Audit - FFNI. (Attached)

This item is deemed to be restricted by virtue of Paragraph 3 of Part 1 of Schedule 6 of the Local Government Act (Northern Ireland) 2014 - information relating to the financial or business affairs of any particular person (including the Council holding that information) and the public may, by resolution, be excluded during this item of business.

 *Rpr from ASM (25) NMDDC - Full Fibre EXEMPT.pdf*

Not included

26.0 Review of Prior Year Recommendations 2018/19. (Attached)

This item is deemed to be restricted by virtue of Paragraph 3 of Part 1 of Schedule 6 of the Local Government Act (Northern Ireland) 2014 - information relating to the financial or business affairs of any particular person (including the Council holding that information) and the public may, by resolution, be excluded during this item of business.

 *Rpt from ASM (26) re Review Prior year Recs EXEMPT.pdf*

Not included

27.0 ASM re: Internal Audit Plan 2020/21. (Attached)

This item is deemed to be restricted by virtue of Paragraph 3 of Part 1 of Schedule 6 of the Local Government Act (Northern Ireland) 2014 - information relating to the financial or business affairs of any particular person (including the Council holding that information) and the public may, by resolution, be excluded during this item of business.

 *Rpt from ASM (27) re DRAFT Internal Audit Plan EXEMPT.pdf*

Not included

28.0 NIAO Audit Strategy 2019/20. (Attached)

This item is deemed to be restricted by virtue of Paragraph 3 of Part 1 of Schedule 6 of the Local Government Act (Northern Ireland) 2014 - information relating to the financial or business affairs of any particular person (including the Council holding that information) and the public may, by resolution, be excluded during this item of business.

 (28) NIAO LG Audit Strategy 2019-20 EXEMPT.pdf

Not included

29.0 NIAO Director Responsibilities. (Attached)

This item is deemed to be restricted by virtue of Paragraph 3 of Part 1 of Schedule 6 of the Local Government Act (Northern Ireland) 2014 - information relating to the financial or business affairs of any particular person (including the Council holding that information) and the public may, by resolution, be excluded during this item of business.

 NIAO DIRECTOR RESPONSIBILITY EXEMPT.pdf

Not included

NIAO (OPEN SESSION)

30.0 NIAO Raising Concerns Best Practice Guide. (Attached)

 Item 30 NIAO Good Practice Guide.pdf

Not included

 Item 30 NIAO Media Release - Raising Concerns a Good Practice Guide.pdf

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 Item 30 Raising Concerns - Public Information Leaflet.pdf

Page 209

Performance (OPEN SESSION)

31.0 Department for Communities re: Suspended PIP. (Attached)

 DfC - LG Performance Improvement 2020-21.pdf

Page 213

Circulars

32.0 Circular LG 03/20 re: Accounts Directive to District Councils 2019/20. (Attached)

 (32) lg-03-20-accounts-direction-to-district-councils-2019-20.pdf

Page 214

33.0 Circular LG 08/20 re: Consolidated Councillor Allowances. (Attached)

 (33) lg-0820-consolidated-councillor-allowances.pdf

Page 222

34.0 Circular LG 09/20 re: Rates Statistics. (Attached)

 (34) *lg-09-20-rate-stats-covering-letter.pdf*

Page 226

 (34) *app lg-09-20-rates-stats-working-tables.pdf*

Page 227

35.0 LG 13/20 Re: Record of Councillors and Committee Members Allowances Funded by Council 2019/20. (Attached)

 (35) *lg-13-20-Councillor Allowances covering-letter.pdf*

Page 231

 (35) *App lg-13-20-councillor-allowances-return-2019-2020 (1).xlsx*

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Invitees

Cllr Terry Andrews

Mr Patrick Barr

Mr Alan Beggs

Cllr Patrick Brown

Cllr Robert Burgess

Cllr Pete Byrne

Mr Gerard Byrne

Mrs Dorinnia Carville

Cllr charlie casey

Cllr William Clarke

Cllr Dermot Curran

Cllr Laura Devlin

Ms Louise Dillon

Cllr Sean Doran

Cllr Cadogan Enright

Cllr Aoife Finnegan

Cllr Hugh Gallagher

Cllr Mark Gibbons

Christine Hagan

Cllr Oonagh Hanlon

Cllr Glyn Hanna

Cllr Valerie Harte

Cllr Roisin Howell

Mrs Sheila Kieran

Cllr Mickey Larkin

Cllr Alan Lewis

Mr Michael Lipsett

Cllr Oonagh Magennis

Mr Conor Mallon

Cllr Gavin Malone

Cllr Cathy Mason

Colette McAteer

Cllr Declan McAteer

Cllr Leeanne McEvoy

Cllr Harold McKee

Patricia McKeever

Cllr Karen McKevitt

Cllr Andrew McMurray

Mr Ken Montgomery

Mr Roland Moore

Cllr Roisin Mulgrew

Cllr Declan Murphy

Cllr Barra Ó Muirí
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Linda O'Hare
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Cllr Gerry O'Hare
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Mr Brian ONeill
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Cllr Kathryn Owen
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Cllr Henry Reilly
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Cllr Michael Ruane
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Cllr Michael Savage
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Cllr Gareth Sharvin
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Ms Brona Slevin
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Donna Starkey
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Cllr Gary Stokes
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Sarah Taggart
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Cllr David Taylor
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Cllr Jarlath Tinnelly
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Cllr John Trainor
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Central Support Unit
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Cllr William Walker
.....
Mrs Marie Ward
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ACTION SHEET
AUDIT COMMITTEE MEETING
THURSDAY 09 JANUARY 2020

(Outstanding action: Audit Committee Meeting - 11 January 2018)

Minute Ref	Subject	Decision	Lead Officer	Actions taken/ Progress to date	Remove from Action Sheet Y/N
AC/18/2018	Internal Audit Asset Summary Report	<ul style="list-style-type: none">A status report on the Grants Database be brought back to Committee.	D Carville/G Byrne	The EGMS went live for call 2 COVID Response & Recovery. The new Financial Assistance Policy will be implemented alongside Call 3 which will be issued in August/September 2020.	Y

(Outstanding action: Audit Committee Meeting – 3 July 2019)

Minute Ref	Subject	Decision	Lead Officer	Actions taken/ Progress to date	Remove from Action Sheet Y/N
AC/047/2019	Members Training	<p>a) One to one training will be provided by the Director of Corporate Services and the Audit Services Manager, for newly elected Councillors who are members of the Audit Committee.</p> <p>b) Any member of the Audit Committee who wishes to attend external On Board training should contact Ms L Dillon Democratic Services Officer who will arrange booking.</p> <p>c) Ms D Carville Director of Corporate Services arrange for 'in house' Audit Committee training to take place after the Audit Committee Meeting September 2019.</p>	<p>D Carville Director Corporate Services</p> <p>L Dillon DSO</p> <p>D Carville Director Corporate Services</p>	<p>All new members have been invited to training. Two sessions have taken place to date.</p> <p>4 No. Members have been booked to attend On Board Training.</p> <p>In House Training was delivered prior to AC Meeting in January 2020.</p>	<p>Y</p> <p>Y</p> <p>Y</p>

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(Outstanding actions: Audit Committee Meeting – 24 September 2019)

Minute Ref	Subject	Decision	Lead Officer	Actions taken/ Progress to date	Remove from Action Sheet Y/N
AC/047/2019	Members Training	In-House Training for Members of the Audit Committee will be provided by ASM Internal Audit and will be held on Thursday 9 January 2020, prior to the Audit Committee Meeting to be held on that date.	G Byrne, Audit Services Manager	In House Training was delivered prior to AC Meeting in January 2020. Delivered by ASM and Audit Services Manager	Y

Audit Committee Meeting – 09 January 2020

Minute Ref	Subject	Decision	Lead Officer	Actions taken/ Progress to date	Remove from Action Sheet Y/N
AC/0003/2020	(AC/067/2019) Statement of Accounts 2018- 2019	Action Sheet to be amended to reflect that the Statement of Accounts 2018-19 was 'approved' at	D Carville Director Corporate Services	Accounts approved – amendment to Action Sheet	Y

		the Audit Committee Meeting held in September 2019, as opposed to being 'Noted'.				
AC/004/2020	Corporate Risk Register	To note the Corporate Risk Register.	G Byrne, Audit Services Manager	Noted	Y	
ACX/005/2020	Direct Awards Contracts	To note report dated 09 January 2020 from Mr G Byrne Audit Services Manager regarding Direct Awards Contracts/Single Tender Actions.	G Byrne, Audit Services Manager	Noted	Y	
AC/006/2020	Prompt Payment Statistics	To note the Report on Prompt Payment Statistics.	G Byrne, Audit Services Manager	Noted	Y	
AC/007/2020	(Closed Session) Update re Audit Recommendations	(a) To note the Report from the Audit Services Manager providing an update on Internal Audit recommendations and NIAO recommendations. (b) To continue to include NIAO recommendations in the Risk profile report going forward.	G Byrne, Audit Services Manager	Noted – IT Manager attending the July AC meeting to give an update on IT Disaster Recovery and cyber security	Y	

		(c) To ensure the relevant Officer to be in attendance at the Audit Committee Meeting in April 2020 to provide an update to Members regarding IT Disaster Recovery. (d) A copy of the Report from the External Planning Consultant to be provided to the Audit Committee Members when completed.			N	
AC/008/2020	(Closed Session) Fraud & Whistleblowing	To note Report dated 09 January 2020 regarding Fraud & Whistleblowing.	G Byrne, Audit Services Manager	Noted	Y	Report from Planning Consultant to be presented to July AC Meeting
AC/009/2020	(Closed Session) ASM Summary/Progress Report	To note the Summary/Progress Report for period 25 September 2019 – 09 January 2020.	C Hagan, ASM	Noted	Y	
AC/010/2020	(Closed Session) ASM Internal Audit Plan 2019-2020 (Revised)	To approve the revised ASM 2019/2020 Internal Audit Plan.	C Hagan, ASM	Approved	Y	
AC/011/2020	(Closed Session) ASM Internal Audit Report – Leisure (Time Recording)	To defer the ASM 2019-20 Report on Leisure Services – Time recording, to the next Audit Committee Meeting to be held on Thursday 23 April 2020.	C Hagan, ASM	On agenda for meeting 6.07.20	Y	

AC/012/2020	(Closed Session) ASM Internal Audit Report – Contract Management	To defer the ASM 2019-20 Report on Contract Management, to the next Audit Committee Meeting to be held on Thursday 23 April 2020.	C Hagan, ASM	On agenda for meeting 6.07.20	Y	
AC/013/2020	(Closed Session) ASM Internal Audit Report - Tourism (Service Level Agreements)	To note ASM Internal Audit 2019/20 – Tourism Service Level Agreements.	C Hagan, ASM	Noted	Y	
AC/014/2020	(Closed Session) Internal Audit re: PCSP Expenditure	To note the Internal Audit regarding PCSP expenditure.	G Byrne, Audit Services Manager	Noted	Y	
AC/015/2020	(Closed Session) NIAO 2018 -19 RTTCWG	To accept the NIAO 2018-19 Final Report to Those Charged with Governance.	D Carville Director Corporate Services	Noted	Y	
AC/016/2020	NIAO Annual Audit Letter	To note the NIAO Annual Audit Letter 2018-2019.	D Carville Director Corporate Services	Noted	Y	
AC/017/2020	Mid Year Assessment – Performance	To note the Mid Year Assessment – Performance Improvement Plan 2019-2020 as approved at the Strategy	D Carville Director Corporate Services	Noted	Y	

	Improvement Plan 2019/20	Performance & Resources Committee Meeting held in September 2019.			
AC/018/2020	NIAO Audit & Assessment Report 2019-2020	To note the NIAO Audit and Assessment Report 2019-20.	D Carville Director Corporate Services	Noted	Y
AC/019/2020	Councillors Allowances Guidance for District Councils in Northern Ireland	To note correspondence from Department for Communities regarding Consolidated Guidance on Councillor Allowances – updated September 2019.	D Carville Director Corporate Services	Noted	Y
AC/020/2020	Reimbursement of Travel & Subsistence Expenses	To note the correspondence from Department for Communities regarding Article 19 – Application re: Reimbursement of Travel & Subsistence Expenses.	D Carville Director Corporate Services	Noted	Y

Report to:	Audit Committee
Date of Meeting:	6 July 2020
Subject:	Implications of COVID19 on the work of the Audit Committee
Reporting Officer (Including Job Title):	Dorinnia Carville, Director of Corporate Services
Contact Officer (Including Job Title):	Gerard Byrne, Audit Services Manager

Confirm how this Report should be treated by placing an x in either:-

For decision	<input type="checkbox"/>	For noting only	<input checked="" type="checkbox"/>
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1.0	Purpose and Background:
1.1	<p>The purpose of this paper is to give Audit Committee Members a summary of the impact of COVID19 on the work of the Audit Committee. The key items include:</p> <ul style="list-style-type: none"> • Internal Audit; • Financial Statements / External Audit; • Risk Management; • Performance; • NAO Guidance for Audit Committees; and • Council Finance and Going Concern Assessment.
2.0	Key issues:
2.1	<p>1. Internal Audit</p> <p>On 16 March 2020, the UK Government announced its response to the Covid-19 outbreak. The advice on social distancing was to stop non-essential contact with others and to stop all unnecessary travel. The impact of this announcement meant Internal Audit were unable to complete the planned review of fuel management, which required access to both the Greenbank and Strangford Road Depots. This review has been deferred until the 2020/21 Internal Audit Plan.</p> <p>Except for the fuel management audit, Internal Audit completed all of their internal audit assurance work as detailed in the final Internal Audit Plan for 2019/20 approved by the Audit Committee, therefore a year end Assurance rating has been completed for the purposes of the Governance Statement and to provide the Audit Committee with assurance around the control environment during 2019/20.</p> <p>The Director of Corporate Services and Audit Services Manager met with ASM in April 2020 to discuss the 2020/21 draft internal audit plan which is subject to Members approval. We reviewed the current plan and the proposed resource requirements in light of: current risk; emerging risk arising from COVID-19 response; and changing control environments. At this time, we would propose that the Emergency Planning review be focused on the Council's response to COVID-19.</p>

Due to social distancing requirements we are considering which internal audits can be best carried out remotely to begin with. However, we are hopeful that the 2020/21 internal audit plan can be completed in full dependant on the guidance from the Executive.

2. Financial Statements / External Audit

Local government officials engaged with the Department around the impact of COVID 19 on Council's ability to prepare accounts in accordance with the statutory timetable, and the impact on the audit timetable. The Department has brought through an amendment to the legislation (See Appendix 1 for the change in legislation).

In relation to the 2019-20 financial accounts for local government, the unaudited accounts are now to be submitted to the Department of Communities by 31 August 2020 (normally 30 June 2020) and final accounts signed and certified by the NI Audit Office on the 31 December 2020 (normally 30 September 2020).

In accordance with Government measures to support the UK through the COVID-19 pandemic, the timetable for the Whole of Government Accounts 2019-2020 submissions has been extended. DCT submission deadlines have been extended to 30 September 2020 for Cycle 1, and 4 December 2020 for Cycle 2. (See Appendix 2 for updated Guidance from the Department of Finance).

A meeting was held with the NIAO and it was agreed that both parties would try, as far as possible, to work as closely to the previous timetable. The Council Finance team are aiming to get a draft set of Account to the NIAO for mid July 2020, so the NIAO can begin the external audit over the summer. The aim of both parties is to have the audit substantially completed by the date of the September Audit Committee meeting. However, the Accounts will not be certified by the local government auditor until the 31 December 2020.

3. Risk Management

SMT completed a thorough review of the Corporate Risk Register on the 7 May 2020 and the Risk Register was scrutinised by SMT again on the 23 June 2020, with a specific focus on the impact of COVID 19.

The Director Corporate Services and the Audit Services Manager also discussed the Corporate Risk Register with Internal Audit considering the implications of COVID19.

It was decided it was best to integrate the COVID19 implications within our existing risk register as it has an impact on most Corporate Risks rather than to create a separate COVID19 register. Two new COVID19 Risks have been added to the Corporate Risk Register (CR13 and CR14 – discussed in detail at item number 13).

Assurance Statements were received for the period ending 31 March 2020. These assurance statements were tailored to reflect the impact on services and resources in relation to COVID19. The Assurance Statements for period ending 30 June 2020 and going forward will include a dedicated section on COVID19 issues.

4. Performance Improvement

Due to COVID19 the Department of Communities have released a communication directing that there is no requirement to publish the Performance Improvement Plan 2020-21 by 30 June 2020. Council are waiting for further guidance in relation to the deferral arrangements. See item number 31 for further details.

Council are proceeding with the publication of the annual Assessment of Performance 2019-20 in September 2020, as per the statutory timetable. However, we are still not sure when/if the Performance Audit will take place, and whether it will be a retrospective look at performance, in the absence of the forward-looking Performance Improvement Plan 2020-21.

5. NAO Guidance for Audit Committee – COVID 19

The National Audit Office have released a guide for audit and risk committees on financial reporting and management during COVID-19. This guide aims to help audit committee members support and challenge the organisations they work with in the following areas:

- Annual reports;
- Financial reporting;
- The control environment; and
- Regularity of expenditure.

The guide has a series of questions that audit committee members can ask their organisations during this time and going forward. See Appendix 3 for the full report. We will table this report at future audit committees to assist the Committee as the issues raised come in front of the Committee.

6. Council Finance's and Going Concern Assessment

Council agreed a budget for the 2020-21 year at its Council meeting of February 2020. Council officers provided a budget for that financial year, based on best estimates of expenditure and income at that time. The COVID19 global pandemic could not have been foreseen to this extent and therefore was not factored into the budgets agreed by Council.

SMT commenced a large scale and detailed review of our budgets for the 2020-21 year. Whilst Council has engaged with Central government seeking financial support, SMT felt it was critically important that Council reviewed our own budgets and took all available steps to us to reduce our expenditure where possible, to maximise on available cost savings arising from COVID 19, and to take all reasonable measures to alleviate the financial losses incurred in conjunction with seeking Central Government support. A detailed report was tabled to the SP&R Committee on the 11 June 2020.

	<p>Council anticipate that budgets will require continual monitoring and review as government changes to lockdown restrictions ease. We will be continually reviewing and revising budgets throughout the 2020-21 financial year and anticipate bringing these back to the SP&R Committee periodically throughout the year.</p> <p>A detailed cashflow has been prepared by management and reviewed with the Chief Executive to provide her with assurance as to Council's ability to continue as a going concern. This will be reviewed and updated throughout the year. It is anticipated that easing of lockdowns and reopening of facilities with the increased health and safety measures required as a result of COVID 19 will put considerable pressure on Council's cashflow and finances going forward.</p>
3.0	Recommendations:
3.1	Members are asked to note the contents of the report.
4.0	Resource implications
4.1	None
5.0	Equality and good relations implications
5.1	This report has been equality screened to assess the likely impact on the promotion of equality of opportunity and good relations. No equality impact assessment is required at this time.
6.0	Rural Proofing implications
6.1	A rural needs impact assessment is not required at this time.
7.0	Appendices
	<p>Appendix 1 - The Local Government (Accounts and Audit) (Coronavirus) (Amendment) Regulations (Northern Ireland) 2020</p> <p>Appendix 2 – WGA Guidance</p> <p>Appendix 3 – Guide for audit and risk committees on financial reporting and management during COVID-19</p>
8.0	Background Documents
	None

STATUTORY RULES OF NORTHERN IRELAND

2020 No. 120

LOCAL GOVERNMENT

**The Local Government (Accounts and Audit) (Coronavirus)
(Amendment) Regulations (Northern Ireland) 2020**

Made - - - - - *29th June 2020*

Coming into operation - - - - - *30th June 2020*

The Department for Communities^(a) makes the following Regulations in exercise of the powers conferred by Article 24 of the Local Government (Northern Ireland) Order 2005^(b) and now vested in it^(c).

In accordance with Article 24(4) of that Order the Department has consulted councils, such associations or bodies representative of councils, such associations or bodies representative of officers of councils and such other persons or bodies as appear to the Department to be appropriate.

Citation and commencement

1. These Regulations may be cited as the Local Government (Accounts and Audit) (Coronavirus) (Amendment) Regulations (Northern Ireland) 2020 and shall come into operation on 30th June 2020.

Amendment of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015

2. The Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015^(d) shall be amended in accordance with regulations 3 and 4.

3. In regulation 8 (signing, approval and publication of statement of accounts)—

- (a) at the beginning of paragraph (2), insert “Subject to paragraph (7).”;
- (b) in paragraph (3) for “paragraph (4)” substitute “paragraphs (4) and (8)”; and
- (c) after paragraph (6) insert—

“(7) Paragraph (2) applies in relation to the signing, dating and certifying of the statement of accounts relating to the financial year beginning in 2019 as if for “30th June” there were substituted “31st August”.

(a) Formerly known as the Department for Social Development; see the Departments Act (Northern Ireland) 2016 c.5 (NI).

(b) S.I. 2005/1968 (N.I. 18).

(c) See S.R. 2016 No. 76, Article 8 of and Schedule 5 to the Departments (Transfer of Functions) Order (Northern Ireland) 2016 transferred functions to the Department for Communities which were previously exercisable by the Department of the Environment.

(d) S.R. 2015 No. 106.

(8) Paragraph (3) applies in relation to the publication of documents relating to the financial year beginning in 2019 as if for “no later than 30th September” there were substituted “no later than 31st December”.

4. In regulation 10 (signing, approval and publication of statement of accounts)—

- (a) at the beginning of paragraph (2), insert “Subject to paragraph (7).”;
- (b) in paragraph (3) for “paragraph (4)” substitute “paragraphs (4) and (8)”; and
- (c) after paragraph (6) insert—

“(7) Paragraph (2) applies in relation to the signing, dating and certifying of the statement of accounts relating to the financial year beginning in 2019 as if for “30th June” there were substituted “31st August”.

(8) Paragraph (3) applies in relation to the publication of documents relating to the financial year beginning in 2019 as if for “no later than 30th September” there were substituted “no later than 31st December”.

Sealed with the Official Seal of the Department for Communities on 29th June 2020



Anthony Carleton
A senior officer of the Department for Communities

EXPLANATORY NOTE

(This note is not part of the Regulations)

The Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 (“the 2015 Regulations”) make provision with respect to the accounts and audit of local government bodies whose accounts are required to be audited in accordance with Part II (local government audit) of the Local Government (Northern Ireland) Order 2005.

In anticipation of the potential disruption to relevant authorities caused by the spread of coronavirus, these Regulations amend the 2015 Regulations to extend the deadlines for relevant authorities to certify and publish their annual accounts and supporting documents in relation to the financial year beginning on 1st April 2019.

Regulation 1 deals with the citation and commencement of these Regulations.

Regulation 2 introduces amendments to the 2015 Regulations.

Regulations 3 and 4 amends regulations 8 (larger local government bodies) and 10 (smaller local government bodies) of the 2015 Regulations, respectively.

For the financial year beginning 1st April 2019, these amendments extend the deadline for relevant authorities:

- to sign, date and certify their statement of accounts and supporting documents (together with any certificate or opinion of the local auditor), from 30th June to 31st August; and
- to publish these documents, from 30th September to 31st December.

Stuart Stevenson
Treasury Officer of Accounts

Public Spending Directorate
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DCO (DoF) 01/20

10 June 2020

Dear Consolidation Officer

Timetables for Whole of Government Accounts 2019-20 – All NI Bodies

Purpose of this letter

1. This letter sets out the timetables for Whole of Government Accounts (WGA) for the 2019-20 financial year.

Application

2. The timetable at **Annex A** applies to **Central Government departments, Club Pension Schemes, NI Consolidated Fund (NICF), Non Departmental Public Bodies (NDPBs) (including Health and Social Care Trusts), Trading Funds and Public Corporations.**
3. The timetable at **Annex B** applies to **Local Government bodies.**
4. These timetables **do not apply to minor bodies in 2019-20.** Minor bodies will be required to submit minimal information using the CG03 form which will be issued in due course.
5. A list of the bodies involved in WGA is attached at **Annex C.**

Summary key action points

6. Consolidation Officers and Consolidation Managers are asked to note the timetables and take appropriate action to ensure these deadlines are met.
7. Detailed guidance will be provided in the form of a Dear Consolidation Manager letter from DoF in due course.

Statutory Audits and Management Review Checklist – Central Government Only

8. Where the statutory audit of the body's accounts has not been completed by 4 December, the body should record on the Management Review Checklist "draft accounts used", and notify DoF of the expected date of audit completion. Bodies should then advise DoF of any material audit adjustments once the statutory audit has been completed.

Statutory Audits – Local Government Only

9. Please send electronic confirmation by 4 December 2020 that the statutory audit of the financial statements is complete, and confirm that any required adjustments have been made in the Cycle 2 return.

Training

10. For 2019-20, departments and NDPBs will be required to input data directly to the new OSCAR II web-based system. Unfortunately, planned face-to-face training for Central Government bodies in April 2020 had to be cancelled due to COVID-19 restrictions and it is unlikely that it will be possible to reschedule this. However, Treasury intends to provide online training for both Central and Local Government. The online webinar registration information will be forwarded to Consolidation Managers in due course, and any further training materials will also be issued directly to Consolidation Managers.

Contacts

11. Queries should be addressed to Joanne Warnock joanne.warnock@finance-ni.gov.uk (028) 9081 6798 (ext: 76798) or Leona Johnston leona.johnston@finance-ni.gov.uk (028) 9081 6750 (ext: 76750). Returns should be emailed directly to wga.afmd@finance-ni.gov.uk.

Yours sincerely



STUART STEVENSON

Copy Distribution

Consolidation Managers
Kathryn Allen
Joanne Warnock
Leona Johnston
Suzanne Walsh (NIAO)
Gary Currie (NIAO)
Deborah Park (NIAO)

ANNEX A

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TIMETABLE FOR CENTRAL GOVERNMENT BODIES

Deadline	Return Required	Completed by	Return to
21 August 2020	Agreement of Balances (CG01) – should be generated on OSCAR II and issued for agreement.	Departmental contacts	Balance and Agreement Contacts
18 September 2020	Agreement of Balances (CG01)	Departmental contacts / Consolidation Managers	NDPBs, Health Trusts, Trading Funds, Public Corporations send to their sponsor department Departments email to wga.afmd@finance-ni.gov.uk
18 September 2020	Notification of the Completion of the Agreement Process (CG02)	Consolidation Managers of all designated bodies that are not minor bodies	NDPBs, Health Trusts, Trading Funds, Public Corporations send to their sponsor department Departments email to wga.afmd@finance-ni.gov.uk
Cycle 1			
30 September 2020	Cycle 1 submission complete on OSCAR II	Contact within the designated body	Submit online on OSCAR II
16 October 2020	Sub-consolidation	Department of Finance	HMT
<i>WGA audit by NIAO to take place between Cycle 1 and 2 if the audit threshold is met.</i>			
Cycle 2			
4 December 2020	Cycle 2 submission complete on OSCAR II	Contact within the designated body	Submit changes to correct mismatches and any audit adjustments online on OSCAR II
4 December 2020 (ALBs should agree a date with their sponsor department to meet this deadline)	Cycle 2 DCT and list of changes Statement of Financial Position Management Review Checklist (CG04)	Consolidation Manager & Consolidation Officer	NDPBs, Health Trusts, Trading Funds, Public Corporations send to their sponsor department Departments email to wga.afmd@finance-ni.gov.uk
4 December 2020 (For bodies subject to audit for WGA)	Confirmation of WGA Audit Completion (CG05)	Consolidation Manager	
January 2021	Sub-consolidation	Department of Finance	HMT

TIMETABLE FOR LOCAL GOVERNMENT BODIES

Deadline	Return Required	Completed by	Return to
21 August 2020	Agreement of Balances (CG01) – should be generated on OSCAR II and issued for agreement.	Local Council contact	Balance and Agreement Contacts
18 September 2020	Agreement of Balances (CG01)	Local Council contact / Consolidation Manager	Local Councils to send to LGFinanceBranch@communities-ni.gov.uk
18 September 2020	Notification of the Completion of the Agreement Process (CG02)	Consolidation Manager	DfC – send to DoF
Cycle 1			
30 September 2020	Cycle 1 submission complete on OSCAR II	Local Council contact	Submit online on OSCAR II
16 October 2020	Sub-consolidation	Department of Finance	HMT
<i>No Local Government bodies are subject to WGA audit by NIAO in the 2019-20 financial year.</i>			
Cycle 2			
4 December 2020	Cycle 2 submission complete on OSCAR II	Local Council contact	Submit changes to correct mismatches and any audit adjustments online on OSCAR II
4 December 2020 (Councils should agree a date with DfC to meet this deadline)	Cycle 2 DCT and list of changes Management Review Checklist Confirmation that the statutory audit is complete and adjustments have been processed	Consolidation Manager & Consolidation Officer	Local Councils to send to LGFinanceBranch@communities-ni.gov.uk DfC – send to DoF
January 2021	Sub-consolidation	Department of Finance	HMT

ANNEX C

List of bodies to be designated for 2019-20 Whole of Government Accounts by departmental consolidation group

Department of Agriculture, Environment and Rural Affairs

<i>Designated Bodies</i>
Department of Agriculture, Environment and Rural Affairs
Agri Food and Biosciences Institute
Livestock and Meat Commission for Northern Ireland
Northern Ireland Fishery Harbour Authority

Department for Communities

<i>Designated Bodies</i>
Department for Communities
Arts Council of Northern Ireland
Charity Commission for Northern Ireland
Commissioner for Children and Young People for Northern Ireland
Commissioner for Older People for Northern Ireland
Governors of the Armagh Observatory and Planetarium
Local Government Staff Commission for Northern Ireland
National Museums and Galleries of Northern Ireland
Northern Ireland Events Company
Northern Ireland Housing Executive
Northern Ireland Library Authority
Northern Ireland Local Government Officers' Superannuation Committee
Northern Ireland Museums Council
North West Regional Waste Management Group
Sports Council for Northern Ireland
Ulster Supported Employment Limited
Antrim and Newtownabbey Borough Council
Arc21 Joint Committee
Ards and North Down Borough Council

Armagh City, Banbridge and Craigavon Borough Council
Belfast City Council
Causeway Coast and Glens Borough Council
Derry City and Strabane District Council
Fermanagh and Omagh District Council
Lisburn and Castlereagh City Council
Mid and East Antrim Borough Council
Mid Ulster District Council
Newry, Mourne and Down District Council

Department for the Economy

<i>Designated Bodies</i>
Department for the Economy
Belfast Metropolitan College
Construction Industry Training Board
General Consumer Council for Northern Ireland
Health and Safety Executive for Northern Ireland
Invest Northern Ireland (consolidated accounts)
Labour Relations Agency
Northern Ireland Screen Commission
Northern Ireland Tourist Board
Northern Regional College
North West Regional College
South Eastern Regional College
Southern Regional College
South West College
Stranmillis University College

Department of Education

<i>Designated Bodies</i>
Department of Education
Comhairle na Gaelscolaíochta

Council for Catholic Maintained Schools
Education Authority
General Teaching Council for Northern Ireland
Northern Ireland Council for the Curriculum, Examinations and Assessment
Northern Ireland Council for Integrated Education
Youth Council for Northern Ireland

Department of Finance

<i>Designated Bodies</i>
Department of Finance

Department of Health

<i>Designated Bodies</i>
Department of Health
Belfast Health and Social Care Trust
Business Services Organisation
Health and Social Care Regulation and Quality Improvement Authority
Northern Health and Social Care Trust
Northern Ireland Ambulance Service Health and Social Care Trust
Northern Ireland Blood Transfusion Service (Special Agency)
Northern Ireland Fire and Rescue Service
Northern Ireland Guardian ad Litem Agency
Northern Ireland Medical and Dental Training Agency
Northern Ireland Practice and Education Council for Nursing and Midwifery
Northern Ireland Social Care Council
Patient and Client Council
South Eastern Health and Social Care Trust
Southern Health and Social Care Trust
Western Health and Social Care Trust

Department for Infrastructure

<i>Designated Bodies</i>
Department for Infrastructure
Driver and Vehicle Agency
Northern Ireland Transport Holding Company
Northern Ireland Water Limited

Department of Justice

<i>Designated Bodies</i>
Department of Justice
Criminal Justice Inspection Northern Ireland
Northern Ireland Police Fund
Northern Ireland Policing Board
Police Ombudsman for Northern Ireland
Police Rehabilitation and Retraining Trust
Police Service of Northern Ireland
Probation Board for Northern Ireland
Royal Ulster Constabulary George Cross Foundation

The Executive Office

<i>Designated Bodies</i>
The Executive Office
Commission for Victims and Survivors for Northern Ireland
Equality Commission for Northern Ireland
Ilex Urban Regeneration Company Limited
Maze/Long Kesh Development Corporation
Northern Ireland Community Relations Council
Northern Ireland Judicial Appointments Commission
Strategic Investment Board Limited
Victims and Survivors Service Limited

Northern Ireland Authority for Utility Regulation

<i>Designated Bodies</i>
Northern Ireland Authority for Utility Regulation

Public Prosecution Service for Northern Ireland

<i>Designated Bodies</i>
Public Prosecution Service for Northern Ireland

The Schemes and Funds listed below are designated administratively for inclusion in WGA:

Department of Education – Teachers' Superannuation Scheme

Department of Finance – Superannuation and Other Allowances

Department of Health – Health and Social Care Pension Scheme

Department of Justice – Northern Ireland Judicial Pension Scheme

Police Service of Northern Ireland – Police Pensions Scheme

Northern Ireland Fire and Rescue Service – Pension Scheme

Northern Ireland Consolidated Fund

Arts Council of Northern Ireland – Lottery Fund

Sports Council of Northern Ireland – Lottery Fund

Department of Finance – Land and Property Services Trust Statement

Department of Justice – Northern Ireland Courts and Tribunal Service Trust Statement



National Audit Office

Report

by the Comptroller
and Auditor General

Good Practice Guide

Guide for audit and risk committees on financial reporting and management during COVID-19

We are the UK's independent public spending watchdog.

We support Parliament in holding government to account and we help improve public services through our high-quality audits.

The National Audit Office (NAO) scrutinises public spending for Parliament and is independent of government and the civil service. We help Parliament hold government to account and we use our insights to help people who manage and govern public bodies improve public services. The Comptroller and Auditor General (C&AG), Gareth Davies, is an Officer of the House of Commons and leads the NAO. We audit the financial accounts of departments and other public bodies. We also examine and report on the value for money of how public money has been spent. In 2018, the NAO's work led to a positive financial impact through reduced costs, improved service delivery, or other benefits to citizens, of £539 million.



National Audit Office

Good Practice Guide

Guide for audit and risk committees on financial reporting and management during COVID-19

Report by the Comptroller and Auditor General

Ordered by the House of Commons
to be printed on 23 June 2020

This guide has been prepared under Section 5 of the
National Audit Act 1983 for presentation to the House of
Commons in accordance with Section 9 of the Act

Gareth Davies
Comptroller and Auditor General
National Audit Office

22 June 2020

This guide aims to help audit and risk committee members discharge their responsibilities and to examine the impacts on their organisations of the COVID-19 outbreak. It is part of a programme of work undertaken by the NAO to support Parliament in its scrutiny of the UK government's response to COVID-19.

Good practice guide

We publish good practice guides on important issues to make it easier for others to understand and apply the lessons from our work.

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The National Audit Office study team consisted of:
Charlotte Borg and Robert O'Donoghue,
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This guide can be found on the
National Audit Office website at
www.nao.org.uk

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Introduction

Background

- 1** The scale and nature of the current COVID-19 outbreak and government's response is unprecedented in recent history. The outbreak has impacted on all public sector bodies, either through delivering the government's response, or in dealing with challenges for individual organisations.
- 2** This guide is part of a programme of work to be undertaken by the National Audit Office (NAO) to support Parliament in its scrutiny of the UK government's response to COVID-19. Our aim is to report in a risk-based way on programmes and activities being undertaken by government departments and other organisations, and also to support organisations' own internal scrutiny and challenge.
- 3** Audit and risk committees are integral to the scrutiny and challenge process. They advise boards and accounting officers on matters of financial accountability, assurance and governance, and can support organisations, providing expert challenge, helping organisations focus on what is important, and how best to manage risk.
- 4** Each organisation will have existing risk management processes in place, but risk appetite may have changed as a result of COVID-19, for the organisation to operate effectively and respond in a timely manner. This may result in a weakening of controls in some areas, increasing the likelihood of other risks occurring. Organisations will need to consider how long this change in risk appetite is sustainable for.

This guide

5 This guide aims to help audit and risk committee members discharge their responsibilities in several different areas, and to examine the impacts on their organisations of the COVID-19 outbreak, including on:

- annual reports;
- financial reporting;
- the control environment; and
- regularity of expenditure.

6 In each section of the guide we have set out some questions to help audit and risk committee members to understand and challenge activities. Each section can be used on its own, although we would recommend that audit and risk committee members consider the whole guide, as the questions in other sections may be interrelated. Each individual section has the questions at the end, but for ease of use all the questions are included in Appendix One.

7 The guide may also be used as organisations and audit and risk committees consider reporting in the 2020-21 period when more specific and detailed reporting on the outbreak will be required.

8 While this guide is intended to be a comprehensive consideration of areas that organisations, and audit and risk committees, will need to consider, each organisation will need to take account of its own unique circumstances in considering the impact of COVID-19. The guide is not exhaustive, and we would expect each organisation to familiarise themselves with the underlying guidance where relevant.

Part One

Annual reports

1.1 The annual report is a key mechanism for transparent disclosure of an organisation's in-year performance and governance matters. Disclosures in the annual report will help to provide information about the impact of COVID-19 on the organisation to users of annual reports and accounts.

1.2 This part sets out HM Treasury's requirements for annual reports and potential questions for audit and risk committees to ask in the context of COVID-19.¹ While the significant impacts of the outbreak only emerged in the UK in mid-March, there are some impacts in 2019-20. Annual report disclosures are expected to consider the period up to when the document is published.

Performance report

1.3 The purpose of the performance section of the annual report is to provide information on the entity, its main objectives and strategies and the principal risks it faces. The report should discuss how the entity has performed in the year, including areas where performance has deteriorated or is below expectations, where money has been spent and the other key risks impacting on the organisation.

1.4 HM Treasury expects that the performance report will detail the impact of COVID-19 on the organisation in 2019-20. While reporting could be more streamlined than in prior years, it should still provide enough information to satisfy parliamentary accountability and provide appropriate transparency. Any planned streamlining should be agreed with the relevant select committee or department before approval of the annual report and accounts.

¹ We have summarised HM Treasury's requirements for annual reports in this part. The full requirements can be found in the *Government Financial Reporting Manual* here: www.gov.uk/government/publications/government-financial-reporting-manual-2019-20. Specific COVID-19-related updates to this manual can be found here: www.gov.uk/government/publications/financial-reporting-manual-addendum-2019-20

Accountability report

1.5 The purpose of the accountability section of the annual report is to meet key accountability requirements of Parliament. In the context of COVID-19, the corporate governance report element of the accountability report provides an important mechanism for organisations to outline how COVID-19 has affected governance arrangements, the control environment, changes to their risks and risk appetite, as well as any relevant considerations in relation to the regularity of expenditure.

Box A: Annual reports – questions audit and risk committees could ask

Has COVID-19 caused new risks to achieving the organisation's stated objectives?

- Does the performance report reflect the impact of COVID-19 on the organisation's performance against objectives in the year?
- Does it clearly consider whether COVID-19 influenced the organisation's ability to meet objectives?
- Does it consider the organisation's performance in general, including where this deteriorated or was below expectations?

Does the corporate governance report consider whether expenditure in response to COVID-19 was in line with parliamentary authority (regular) and in accordance with the principles of *Managing Public Money*?²

- Where this was not the case, has this been clearly disclosed?

Does the corporate governance report detail how the control environment has changed due to COVID-19 and the risks associated with these changes?

- How does the report discuss new risks in relation to COVID-19 and the associated responses to these?
- Does the report discuss how the organisation's risk appetite has changed?
- Where relevant, has any streamlining to the annual report due to COVID-19 been agreed with the relevant select committee or parent department?

² HM Treasury, *Managing Public Money* is available at: www.gov.uk/government/publications/managing-public-money

Part Two

Financial reporting

2.1 The effects of the COVID-19 outbreak and response could appear in different areas of the financial statements. This part considers key questions for audit and risk committees to consider, including:

- valuations, including property, pension scheme and inventory valuations;
- completeness of liabilities;
- going concern; and
- events after the reporting period.

Valuations

2.2 The economic uncertainty caused by COVID-19 has made valuations of assets and liabilities more challenging for 2019-20. We expect the biggest issues for management to be accessing reliable data sources to base valuations on, as well as significantly increased estimation uncertainty. Therefore, management should consider the following areas in preparing valuations for financial statements:

- Whether usual sources of information for valuations remain appropriate in the context of COVID-19 uncertainties, and if not, what alternative sources of information are available.
- Whether assumptions used in valuation models/estimates require updating because of COVID-19. This should include considerations that underpin credit loss calculations and impairment reviews where COVID-19 has changed the circumstances for creditors and markets.
- If there are additional sources of information that should be used for valuation judgements – such as updated customer information to determine expected credit losses or impairments.
- Whether there are practical impacts for some organisations where lockdown measures limit the ability for valuers to complete work on physical assets, including stock-takes as noted in the inventory valuations section below.
- If there will be more appropriate information that gives an indication of the situation at the year-end available before the finalisation of the financial statements.

2.3 The financial statement disclosures should also be transparent in setting out all sensitive and material assumptions made in determining valuations.

Box B: Valuations – questions audit and risk committees could ask

What information has been used in determining the value of assets and liabilities?

- In the absence of timely information, how has management estimated valuations? Is this reasonable? How have changes in valuations for reasons due to COVID-19 been considered? Is there any other information that should be considered?

How have experts been used to support management in valuations?

- Where experts' work was completed before the reporting date, how has management gained comfort that the valuation remains appropriate?
- Have the experts provided any caveats on their advice? If so, how have these been considered?

What are the key assumptions used to determine valuations and how has the relative probability of various outcome scenarios been assessed?

- Have the key assumptions been disclosed clearly?

Property valuations

2.4 The impact of COVID-19 on the economy and the impact of government restrictions has led to a significant slowing of the property market. As of April 2020, property sales in the UK were 45% lower than in March.³ This makes it more difficult for management, and its experts, to value significant property portfolios. In addition to the general valuation considerations set out above, we expect there could be specific challenges in the following areas of property valuation:

- Where management uses an expert to value property, the expert may include material uncertainty clauses in valuation reports, given the uncertain environment, which management will need to consider.
- Organisations not due to revalue property in 2019-20 may be using an indexation method to uplift prior-year valuations. Due to the lack of reliable and appropriate market data, organisations may find it difficult to identify appropriate indices to use.
- There are practical challenges due to the outbreak in relation to the physical verification of assets, impacting valuation judgements.

³ HM Revenue & Customs, *UK Property Transactions Statistics, April 2020 update*, available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/883277/MPT_Com_May_20_cir.pdf

Box C: Property valuations – questions audit and risk committees could ask

What data have management used for property valuations?

- Is this reasonable? Are there other data that could be used?
- Do these data consider how the market changed in late March 2020?

How have experts been used to support management in valuing property?

- Where experts' work was completed before the reporting date, how has management gained comfort that the valuation remains appropriate?
- If experts were not used for property valuations, should they have been given the current uncertainty?

Have the valuers been able to complete their work?

- If they have managed to complete their work, has a material uncertainty paragraph been included in their report?
- How has this clause been considered by management?

Where a full revaluation is not required in-year how has management valued property in the current market?

- Has management considered whether the indices used remain appropriate?

Have assets been physically verified?

- If not, how have impairment reviews been carried out? Are there any other impacts of not physically verifying property?

Is the disclosure of estimation uncertainty clear and understandable for users?

- Have all relevant sources of estimation uncertainty been disclosed?

Pension scheme valuations

2.5 If an organisation participates in a defined benefit pension scheme, it may be required to recognise the deficit or surplus of that scheme as at year-end. The significant uncertainty associated with the COVID-19 outbreak will affect the measurement of pension scheme assets or liabilities in the following ways, in addition to the general valuation difficulties above:

- There may be increased complexity in valuing scheme assets, particularly where assets do not have an active market or where the valuation is affected by the volatility in the financial markets.
- Actuarial assumptions used to project the defined benefit obligation may require updating due to the outbreak, including financial assumptions such as discount rates and salary growth. As for general valuations, we would expect any changes in assumptions would be disclosed, along with any sensitivity analysis of these assumptions.

Box D: Pension schemes valuations – questions audit and risk committees could ask

Has management held discussions with pension plan actuaries regarding changes to their assumptions due to COVID-19?

- What adjustments have been made to assumptions?
- Do the actuarial assumptions represent the information available at the reporting date?

What is the availability of information to be used in determining valuation?

- Where valuation information which does not date from the year-end has been used, how has management ensured this is accurate as at the reporting date?

Have pension plan actuaries provided any caveats in their reporting?

- If so, how has management taken account of these?

Inventory valuations

2.6 In addition to the general valuation difficulties set out above, we anticipate specific inventory challenges in relation to the outbreak, including:

- organisations may encounter difficulties estimating the value of inventories held due to the volatile market conditions or a lack of a market in which to sell inventory due to lockdown restrictions;
- organisations may encounter greater obsolescence of perishable stock due to lockdown restrictions; and
- practical difficulties in completing physical inventory counts due to lockdown restrictions.

Box E: Inventory valuations – questions audit and risk committees could ask

How has management gained comfort over the quantity and condition of the stock held at the reporting date?

- If stock counts have not been possible, what alternative procedures have management completed?

How has COVID-19 impacted inventory usage?

- When do you expect this to go back to normal?
- How has this impacted valuation forecasts?

How has management valued inventory held in the context of COVID-19?

- Is this reasonable? What other methods could have been considered?

Has management had to use new suppliers/hold inventory of new goods?

- How has management assured itself that the suppliers can supply or have supplied the goods at the quality or quantity required?

Completeness of liabilities

2.7 The impact of COVID-19 may impact on the liabilities of an organisation. For example, new liabilities could emerge due to legal cases, contractual obligations, commitments or changes in assumptions and policies. The impact of COVID-19 could also lead to onerous contracts, as plans for contracts held could have changed, costs may have increased, or an organisation may be unable to fulfil contracts previously signed.

2.8 Management should consider the following areas in assessing the completeness of liabilities for financial statements:

- Consideration of all major contracts to identify potential onerous contracts.
- Re-assessment of the likelihood of open legal cases at the reporting date in consideration of the COVID-19 context.
- Use of the best available information to value new liabilities identified.
- Disclosure of assumptions made about material estimation uncertainty in relation to liabilities.

Box F: Completeness of liabilities – questions audit and risk committees could ask

Are liabilities complete based on your knowledge of the business and the impact of COVID-19?

- Has management completed a robust review to identify onerous contracts?
- Are there any other areas of COVID-19 impacts that are not yet considered?

Is management using the best available and most up-to-date information to value?

- Where information is not available at the reporting date, has management completed adequate procedures to assess the impact of COVID-19?

Where there is estimation uncertainty is it disclosed transparently in the financial statements?

- Does this include sensitivity analysis?

Going concern

2.9 An entity is a going concern unless management either intends to cease the activities of the organisation or has no realistic alternative but to do so. For some organisations, the impact of COVID-19 may leave management with no realistic alternative but to cease its activities. When preparing the financial statements, management is responsible for completing a full assessment of whether the organisation is a going concern, considering the impacts of COVID-19 and other events on the long-term viability of the organisation.

2.10 There may be material uncertainty related to going concern, caused by COVID-19 casting significant doubt on the organisation's ability to continue to operate. Where this is the case, the financial statements must clearly state that there is material uncertainty related to going concern, and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. The principal events or conditions casting doubt should be clearly disclosed in the financial statements.

2.11 For central government organisations that follow the *Government Financial Reporting Manual*, it is rare that activities completely cease, and it is more likely that the activities of an organisation that may be closing are transferred to an organisation that is continuing. In this case, going concern is presumed by virtue of the functions transferring, and therefore financial statements are prepared on this basis, but we would still expect management to document its consideration of the impact of COVID-19 on its future business plans.

2.12 Management should consider the following areas in making its going concern assessment:

- All information available about the future, including impacts of COVID-19 on the organisation's future performance and agreement of future funding. This should be updated and considered until the financial statements are published.
- A view of at least, but not limited to, 12 months from the date when the financial statements are published.
- Specific considerations for the organisation and its specific risks.

Box G: Going concern – questions audit and risk committees could ask

Is management's strategy or business plan from a period pre-COVID-19?

- Has this been updated? If not, is it clear why a plan from before the outbreak remains appropriate?

Is management's forward plan robust in the context of COVID-19?

- Do forecasts represent the latest information available? Has management completed scenario-testing on its forecasts?
- Is the forward plan in line with your understanding?

Is management's going concern consideration complete?

- Has management considered different eventualities and the likelihood of each?

Is there substantial doubt over the entity's ability to continue as a going concern?

- Do the disclosures in the financial statements reflect the impact of COVID-19 transparently?

Events after the reporting period

2.13 The impacts of the COVID-19 pandemic emerged in March 2020 around the year-end for many government organisations, increasing the likelihood of events after the reporting period that may require disclosure in the financial statements. This may include events such as new liabilities for the organisation as a result of new COVID-19-related activities, changes in key contractual arrangements impacting the organisation, or impacts on the recoverability of the organisation's asset values.

2.14 Management are required to consider two types of potential events after the reporting period:

- those that provide evidence of conditions that existed at the date of the financial statements (adjusting events); and
- those that provide evidence of conditions that arose after the date of the financial statements (non-adjusting events).

2.15 Adjusting events would lead to the financial statements of an organisation being updated for the impact of the change, whereas non-adjusting events are only disclosed if material to the organisation, in the events after the reporting date note.

Box H: Events after the reporting period – questions audit and risk committees could ask

Have management considered all relevant events after the reporting date that could impact on the organisation?

- Are these events correctly assessed as adjusting or non-adjusting events?
- Do the financial statements make clear how COVID-19 has impacted the organisation in general after the reporting period date?

Do the financial statements appropriately recognise the events identified?

- Are the financial statements appropriately adjusted for relevant adjusting events?
- Have non-adjusting events been clearly and transparently disclosed?
- Is the value of non-adjusting events and potential impact for the organisation clear?

Part Three

Control environment

3.1 The internal controls in place at many organisations may have stopped, required modification or been overridden by new controls introduced to adapt to the impact of the COVID-19 outbreak. Changes may have been made at pace to respond to a dynamic environment, which may impact effectiveness.

3.2 This part outlines some areas where controls may have changed as well as potential questions for audit and risk committees to ask in the context of COVID-19.

3.3 There may be changes in controls over preparing the financial statements in the following areas:

- **Remote working** may have impacted the ability for controls to operate as designed. Due to the quick transition, controls may have been changed at pace or not be operating as intended, increasing the risk of fraud and error.
- **Operational imperative to deliver more quickly** or due to changes in staff availability may mean standard procedures needed to be overridden.
- **New activities** not previously undertaken by the organisation may mean new processes were introduced at speed and may not be as robust.
- **Senior management oversight** may have been reduced due to urgent operational priorities.
- **IT security systems** may not have been designed for large-scale remote working and controls may have been reduced by the changed ways of working.

3.4 Where internal controls have been implemented or revised, management should consider whether it is sustainable in the longer term for the controls to operate in this way. For example, an increased burden on specific members of the organisation may be appropriate in the short term but, as the outbreak continues, there is a risk that the organisation becomes overly reliant on a small group of individuals. Management should consider how it can reinstate or strengthen the controls that are in place in order to operate in the current conditions for a sustained period. In the longer term, management should also consider what the desired control environment will look like and how to achieve it, when the outbreak has passed.

3.5 We would expect organisations to consider their risk assessments when making changes to their internal controls, enhancing and prioritising the critical controls needed to reduce the risk of fraud or error.

Box 1: Control environment – questions audit and risk committees could ask

Were any changes needed to the design and implementation of internal controls to respond to COVID-19?

- What has been the impact of these changes? How long are these changes expected to last? Are the changes sustainable? How significant are these changes?
- Has internal audit assessed the design, implementation and operational effectiveness of revised internal controls? Can the negative impact of any changes be reversed?

Where changes were made to controls, did the organisation understand where there was increased risk because of this?

- Were other controls strengthened to compensate for this?

Has remote working affected the operational effectiveness of internal controls?

- Are any controls only able to be implemented in person, such as those over physical assets?
- Have changes in personnel performing the controls impacted effectiveness?

How have IT services performed during the outbreak?

- How has this impacted the effectiveness of controls?
- How have cyber security controls been considered?

Where service organisations are used, have there been any changes to the design and implementation of their controls?

- Where relevant, what has been the impact of this?

Part Four

Regularity of expenditure

4.1 In response to COVID-19, organisations have been required to increase spending and, in some circumstances, incur expenditure on activities outside those permitted by original authorising legislation or other applicable delegated authority.

4.2 This part outlines the relevant regularity considerations for organisations, along with potential questions for audit and risk committees to ask in the context of COVID-19.

4.3 During the current circumstances, organisations and their accounting officers should still ensure that all expenditure adheres to the principles in *Managing Public Money*:⁴

- **Regularity:** if a proposal is outside an organisation's framework of authorities, it is deemed irregular. The framework of authorities can be the legal powers, parliamentary authority, HM Treasury delegations or voted spend. If a department exceeds its spending limits authorised by Parliament, this is irregular and results in an excess vote and qualified regularity audit opinion.
- **Propriety:** if a proposal does not meet "standards of public conduct", such as appropriate governance or parliamentary expectations.
- **Value for money:** if an alternative proposal, or doing nothing, would deliver better value (cheaper, higher quality or more effective use of funding).
- **Feasibility:** where there is a significant doubt about whether the proposal can be implemented accurately, sustainably or to the intended timetable.

⁴ HM Treasury, *Managing Public Money* is available at, www.gov.uk/government/publications/managing-public-money

4.4 Accounting officers should bring to the attention of the relevant minister any conflict between their instructions and the principles in *Managing Public Money*. If the minister decides to continue with this course of action even though the accounting officer has advised the instructions conflict with *Managing Public Money*, it would be expected that a ministerial direction would be provided. During the outbreak we have seen an increased use of ministerial directions. Where ministerial directions are required, management should bring the matter to the attention of the audit and risk committee and it should be disclosed in the corporate governance report.

Procurement Policy Note 02/2020

4.5 In response to the COVID-19 outbreak, the Cabinet Office has issued Procurement Policy Note (PPN) 02/2020 which sets out its expected approach for supplier payments during the outbreak.⁵ This PPN aims to ensure the continuity of service during the outbreak and ensure suppliers can resume normal contract delivery after the outbreak is over. The PPN is clear that the usual *Managing Public Money* principles of spend being regular, proper and value for money still apply.

4.6 The PPN instructs contracting authorities to pay all suppliers as quickly as possible to maintain cash flow and protect jobs. It advises that contracting authorities should take action to continue to pay suppliers at risk due to COVID-19 to ensure continuity and retention of the supply going forward. Where necessary, advanced payments to suppliers are permitted under the PPN.

4.7 Where the provisions of this PPN are being used by management, we would expect them to be clear that this was required to ensure continuity of service during the outbreak (or after the outbreak) and for all appropriate checks to be carried out and documented on the relevant suppliers before payments are made. The PPN requires suppliers to act on an open book basis, so we would expect management to have received relevant supporting data for payments made.

⁵ Procurement Policy Note 02/2020 is available at: www.gov.uk/government/publications/procurement-policy-note-0220-supplier-relief-due-to-covid-19

Box J: Regularity of expenditure – questions audit and risk committees could ask

Have there been any significant changes to the organisation's activities during the outbreak?

- If so, have the changes required new legislation or changes to delegated authorities?

Has the accounting officer assessed the reasonableness of increased expenditure or new activities in the context of *Managing Public Money*?

- Have ministerial directions been required? Have these been provided?
- Are these disclosed transparently in the corporate governance report?

Is there any new expenditure that could be deemed novel and contentious?

- How has this been treated?

Has management breached any control totals?

- Have there been any other regularity breaches or contentious issues?

Have the provisions in Procurement Policy Note 02/2020 been used by management?

- Has management carried out and documented appropriate due diligence checks on relevant suppliers?
- Have all other *Managing Public Money* provisions applied to payments made under the Procurement Policy Note?
- Has management received open book information from impacted suppliers?

Fraud and error

4.8 A specific area of regularity that is impacted by COVID-19 is the potential for fraud and error in expenditure, which is heightened due to the pace of the COVID-19 response. This risk could manifest in several ways, including:

- **procurement risks:** new supply chains created at pace not allowing for complete risk assessments or single tender actions with no other options;
- **contractor risks:** new contractors being used at pace not allowing for appropriate due diligence;
- **payments/grants/loans risks:** new or expanded support schemes in place to support employers, employees and businesses during the outbreak that may not have appropriate controls in place; and
- **cyber security risks:** enhanced risk of cyber-attack, leading to fraud or error.

4.9 Instances where controls do not operate as intended due to the outbreak, or where organisations are required to spend at pace may also increase the likelihood of fraud and error.

National Audit Office's Fraud and Error Framework

4.10 The Fraud and Error Framework (Appendix Three) is used to assess the effectiveness of an organisation's response to fraud and error risk. The framework can provide prompts to support departments and larger organisations in regular reporting to the Cabinet Office on fraud risks and incidents. In responding to the outbreak, audit and risk committees may find the framework helpful in considering an organisation's risk and exposures to fraud or error that arise from changes to business as usual, or when introducing new activities.

Box K: Fraud and error – questions audit and risk committees could ask

What exposure to fraud and error does the organisation have in its responses to COVID-19?

- Have controls been turned off or reduced?
- Are there new expenditure or procurement streams, or delivery methods that introduce new risks?

How is the organisation managing fraud and error risks?

- Are they logged, with a monetary estimate of the potential fraud and error exposure?
- Have options to reduce fraud and error been evaluated? Has management assessed the organisation's risk appetite for losses through fraud and error? Are there any changes to this?

What processes are in place to measure fraud and error and evaluate the effectiveness of activities to prevent or detect this?

- How is management using this information to update risk assessments or inform controls?
- Does management have real-time indicators to support informed decisions on risks?

Appendix One

Key questions to ask

Box A: Annual reports

Has COVID-19 caused new risks to achieving the organisation's stated objectives?

- Does the performance report reflect the impact of COVID-19 on the organisation's performance against objectives in the year?
- Does it clearly consider whether COVID-19 influenced the organisation's ability to meet objectives?
- Does it consider the organisation's performance in general, including where this deteriorated or was below expectations?

Does the corporate governance report consider whether expenditure in response to COVID-19 was in line with parliamentary authority (regular) and in accordance with the principles of *Managing Public Money*?⁶

- Where this was not the case, has this been clearly disclosed?

Does the corporate governance report detail how the control environment has changed due to COVID-19 and the risks associated with those changes?

- How does the report discuss new risks in relation to COVID-19 and the associated responses to these?
- Does the report discuss how the organisation's risk appetite has changed?
- Where relevant, has any streamlining to the annual report due to COVID-19 been agreed with the relevant select committee or parent department?

Box B: Valuations

What information has been used in determining the value of assets and liabilities?

- In the absence of timely information, how has management estimated valuations? Is this reasonable? How have changes in valuations for reasons due to COVID-19 been considered? Is there any other information that should be considered?

How have experts been used to support management in valuations?

- Where experts' work was completed before the reporting date, how has management gained comfort that the valuation remains appropriate?
- Have the experts provided any caveats on their advice? If so, how have these been considered?

What are the key assumptions used to determine valuations and how has the relative probability of various outcome scenarios been assessed?

- Have the key assumptions been disclosed clearly?

⁶ HM Treasury, *Managing Public Money* is available at: www.gov.uk/government/publications/managing-public-money

Box C: Property valuations

What data have management used for property valuations?

- Is this reasonable? Are there other data that could be used?
- Do these data consider how the market changed in late March 2020?

How have experts been used to support management in valuing property?

- Where experts' work was completed before the reporting date, how has management gained comfort that the valuation remains appropriate?
- If experts were not used for property valuations, should they have been given the current uncertainty?

Have the valuers been able to complete their work?

- If they have managed to complete their work, has a material uncertainty paragraph been included in their report?
- How has this clause been considered by management?

Where a full revaluation is not required in-year how has management valued property in the current market?

- Has management considered whether the indices used remain appropriate?

Have assets been physically verified?

- If not, how have impairment reviews been carried out? Are there any other impacts of not physically verifying property?

Is the disclosure of estimation uncertainty clear and understandable for users?

- Have all relevant sources of estimation uncertainty been disclosed?

Box D: Pension schemes valuations

Has management held discussions with pension plan actuaries regarding changes to their assumptions due to COVID-19?

- What adjustments have been made to assumptions?
- Do the actuarial assumptions represent the information available at the reporting date?

What is the availability of information to be used in determining valuation?

- Where valuation information which does not date from the year-end has been used, how has management ensured this is accurate as at the reporting date?

Have pension plan actuaries provided any caveats in their reporting?

- If so, how has management taken account of these?

Box E: Inventory valuations

How has management gained comfort over the quantity and condition of the stock held at the reporting date?

- If stock counts have not been possible, what alternative procedures have management completed?

How has COVID-19 impacted inventory usage?

- When do you expect this to go back to normal?
- How has this impacted valuation forecasts?

How has management valued inventory held in the context of COVID-19?

- Is this reasonable? What other methods could have been considered?

Has management had to use new suppliers/hold inventory of new goods?

- How has management assured itself that the suppliers can supply or have supplied the goods at the quality or quantity required?

Box F: Completeness of liabilities

Are liabilities complete based on your knowledge of the business and the impact of COVID-19?

- Has management completed a robust review to identify onerous contracts?
- Are there any other areas of COVID-19 impacts that are not yet considered?

Is management using the best available and most up-to-date information to value?

- Where information is not available at the reporting date, has management completed adequate procedures to assess the impact of COVID-19?

Where there is estimation uncertainty is it disclosed transparently in the financial statements?

- Does this include sensitivity analysis?

Box G: Going concern

Is management's strategy or business plan from a period pre-COVID-19?

- Has this been updated? If not, is it clear why a plan from before the outbreak remains appropriate?

Is management's forward plan robust in the context of COVID-19?

- Do forecasts represent the latest information available? Has management completed scenario-testing on its forecasts?
- Is the forward plan in line with your understanding?

Is management's going concern consideration complete?

- Has management considered different eventualities and the likelihood of each?

Is there substantial doubt over the entity's ability to continue as a going concern?

- Do the disclosures in the financial statements reflect the impact of COVID-19 transparently?

Box H: Events after the reporting period

Have management considered all relevant events after the reporting date that could impact on the organisation?

- Are these events correctly assessed as adjusting or non-adjusting events?
- Do the financial statements make clear how COVID-19 has impacted the organisation in general after the reporting period date?

Do the financial statements appropriately recognise the events identified?

- Are the financial statements appropriately adjusted for relevant adjusting events?
- Have non-adjusting events been clearly and transparently disclosed?
- Is the value of non-adjusting events and potential impact for the organisation clear?

Box I: Control environment

Were any changes needed to the design and implementation of internal controls to respond to COVID-19?

- What has been the impact of these changes? How long are these changes expected to last? Are the changes sustainable? How significant are these changes?
- Has internal audit assessed the design, implementation and operational effectiveness of revised internal controls? Can the negative impact of any changes be reversed?

Where changes were made to controls, did the organisation understand where there was increased risk because of this?

- Were other controls strengthened to compensate for this?

Has remote working affected the operational effectiveness of internal controls?

- Are any controls only able to be implemented in person, such as those over physical assets?
- Have changes in personnel performing the controls impacted effectiveness?

How have IT services performed during the outbreak?

- How has this impacted the effectiveness of controls?
- How have cyber security controls been considered?

Where service organisations are used, have there been any changes to the design and implementation of their controls?

- Where relevant, what has been the impact of this?

Box J: Regularity of expenditure

Have there been any significant changes to the organisation's activities during the outbreak?

- If so, have the changes required new legislation or changes to delegated authorities?

Has the accounting officer assessed the reasonableness of increased expenditure or new activities in the context of *Managing Public Money*?

- Have ministerial directions been required? Have these been provided?
- Are these disclosed transparently in the corporate governance report?

Is there any new expenditure that could be deemed novel and contentious?

- How has this been treated?

Has management breached any control totals?

- Have there been any other regularity breaches or contentious issues?

Have the provisions in Procurement Policy Note 02/2020 been used by management?

- Has management carried out and documented appropriate due diligence checks on relevant suppliers?
- Have all other *Managing Public Money* provisions applied to payments made under the Procurement Policy Note?
- Has management received open book information from impacted suppliers?

Box K: Fraud and error

What exposure to fraud and error does the organisation have in its responses to COVID-19?

- Have controls been turned off or reduced?
- Are there new expenditure or procurement streams, or delivery methods that introduce new risks?

How is the organisation managing fraud and error risks?

- Are they logged, with a monetary estimate of the potential fraud and error exposure?
- Have options to reduce fraud and error been evaluated? Has management assessed the organisation's risk appetite for losses through fraud and error? Are there any changes to this?

What processes are in place to measure fraud and error and evaluate the effectiveness of activities to prevent or detect this?

- How is management using this information to update risk assessments or inform controls?
- Does management have real-time indicators to support informed decisions on risks?

Appendix Two

Further resources

Below is a selection of guidance and insights that may be useful.

- 1 HM Treasury, *Managing Public Money*, March 2018, available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/742186/Managing_Public_Money__MPM__2018.pdf
- 2 HM Treasury, *Audit and risk committee handbook*, March 2016, available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/512760/PU1934_Audit_committee_handbook.pdf
- 3 The Institute of Chartered Accountants in England and Wales, *Coronavirus (COVID-19): considering going concern*, 2020, available at: www.icaew.com/technical/audit-and-assurance/coronavirus-considering-going-concern
- 4 The Pensions Regulator, *COVID-19 guidance for employers*, April 2020, available at: www.thepensionsregulator.gov.uk/en/media-hub/press-releases/2020-press-releases/new-covid-19-pension-guidance-published-for-employers
- 5 The Royal Institution of Chartered Surveyors, *Valuation practice alert COVID-19*, 2020, available at: www.rics.org/uk/upholding-professional-standards/sector-standards/valuation/valuation-coronavirus/
- 6 The Institute of Chartered Accountants in England and Wales, *Coronavirus and financial reporting*, 2020, available at: www.icaew.com/coronavirus/financial-reporting
- 7 Financial Reporting Council, *FRC COVID-19 Response*, 2020, available at: www.frc.org.uk/covid-19-guidance-and-advice
- 8 International Auditing and Assurance Standards Board, *Subsequent Events in the Current Evolving Environment*, 2020, available at: www.iasb.org/publications/subsequent-events-current-evolving-environment-audit-considerations-impact-covid-19

- 9 HM Treasury, *Addendum to Government Financial Reporting Manual 2019-20: minimum reporting requirements*, 2020, available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/884458/2019-20_Government_Financial_Reporting_Manual_-_addendum.pdf
- 10 HM Government, *The Orange Book: Management of Risk – Principles and Concepts*, 2020, available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/866117/6.6266_HMT_Orange_Book_Update_v6_WEB.PDF

Appendix Three

National Audit Office's Fraud and Error Framework

The Framework assesses an entity's approach to managing fraud and error risks. Based on good practice seen in government, entities and the private sector, the overall principle is to understand and target risks and causes in a way that achieves greatest impact, and over time iterate the approach based on information on the efficacy of interventions and residual or new risks, to best direct interventions and drive a sustainable reduction in fraud and error.

Evaluate:

Does the organisation understand which are the effective key indicators of fraud and error?

Does the organisation understand what the results of its measurement work tell it about its exposure to fraud and error and the efficacy of its controls?

How will the organisation use measurement and detected error data to revise and refresh and iterate its approach to fraud and error?

Measure:

What measurement basis is used to assess fraud and error?

What balance is appropriate between continuous, business as usual and periodic measurement and evaluation of fraud and error?



Implement:

How can accuracy in processing be achieved? How will the tension between a manageable workload of controls versus ambition of strategy be managed?

How will the organisation know whether controls are implemented as designed?

Are resourcing decisions informed by an impact on controls and fraud and error?

Strategy and governance:

What is the organisation's fraud and error risk appetite?

What are the key priorities for fraud and error interventions?

What are the appropriate governance arrangements for fraud and error in the organisation?

How do processes and controls align to policy?

Design:

Are fraud and error risks and entry points understood?

What data sources are available for verification controls?

Is the expected cost and impact of each control understood?

What is the desired balance between 'prevent and detect' activities?

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Dates and proposed start times for
AUDIT COMMITTEE MEETINGS
(2020/21)

Date	Time	Location
Monday 06 July 2020	2.00 pm	Remote by Skype
Thursday 24 September 2020	2.00 pm	TBC
December 2020		TBC
Tuesday 12 January 2021	2.00 pm	TBC
Thursday 22 April 2021	2.00 pm	TBC

All of the above dates have been approved at the Annual Meeting 1 June 2020 with the exception of December. Due to the coronavirus pandemic lockdown a Special Meeting of the Audit Committee will have to be arranged in December 2020 to sign off Annual Accounts.

Proposed start times to be agreed by the Audit Committee.

AUDIT COMMITTEE

-TERMS OF REFERENCE-

Scope

1. The Audit Committee ("the Committee") is a key component of Newry, Mourne and Down District Council's corporate governance arrangements. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.
2. The purpose of the Committee is to provide independent assurance to those charged with governance on the adequacy of the risk management framework and the internal control environment. It provides independent review of the council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

Responsibilities

Governance, risk and control

3. To review the council's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.
4. To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.
5. To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
6. To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.
7. To monitor the effective development and operation of risk management in the council.
8. To approve the council's risk management strategy and monitor progress in addressing risk-related issues reported to the Committee, including the corporate risk register and assurance information on the management of key corporate risks.
9. To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
10. To monitor the council's fraud and whistleblowing policies and monitor the implementation of these policies, including the counter-fraud strategy, actions and resources.
11. To be advised of the Council's structures, processes, systems and related arrangements for performance management.

Internal audit

12. To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.
13. To approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
14. To approve significant interim changes to the risk-based internal audit plan and resource requirements.

Approved by Council on 4 March 2019

Terms of Reference shall be kept under review to ensure they remain appropriate annually. A full review of Council's Committee structures, and the corresponding Terms of Reference will be undertaken within the first 3 months of a new Council. Review of Terms of Reference shall be undertaken by the Council.

15. To make appropriate enquiries of both management and the Internal Auditor to determine if there are any inappropriate scope or resource limitations.
16. To consider the Internal Audit annual report.
17. To consider summaries of all internal audit reports on the Internal Audit plan.

External audit

18. To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
19. To consider specific reports as agreed with the external auditor.

Financial reporting

20. To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.

Membership

21. The Committee is comprised of ten (10) Elected Members appointed to the Committee at the Council's Annual Meeting, plus one independent suitably qualified person, who will be recruited for the 4 year term of Council.

Quorum

22. No business shall be transacted unless at least four (4) Members are present.

Chairperson

23. The Chairperson shall be the independent member of the Committee and they shall serve as Chairperson for the four year term of the Committee. The Head of Internal Audit and the representative from external audit will have free and confidential access to the Chair of the Committee.

Meetings

24. The frequency of the meetings will be driven by the scale and nature of the business with the Committee meeting at least four times per year to enable it to discharge its duties adequately and effectively. The Chair of the Audit Committee may convene additional meetings, as they deem necessary.
25. All meetings of the Committee will be governed by the Council's Standing Orders and the Northern Ireland Code of Conduct for Councillors.
26. The Chief Executive, Director of Corporate Services and the Audit Services Manager will attend all meetings. Internal and External Audit will also be in attendance. The committee may also ask any other officials of the Council to attend to assist it with its discussion on any particular matter.

Communication and Reporting

Approved by Council on 4 March 2019

Terms of Reference shall be kept under review to ensure they remain appropriate annually. A full review of Council's Committee structures, and the corresponding Terms of Reference will be undertaken within the first 3 months of a new Council. Review of Terms of Reference shall be undertaken by the Council.

27. The Committee will provide the Council and the Chief Executive with an Annual Report, timed to support the finalisation of the Annual Statement of Accounts, summarising its conclusions from the work it has done during the year.
28. The Committee will report to those charged with governance on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.
29. The minutes of the Committee will be reported at a meeting of Council by the Director of Corporate Services or, in their absence, by an alternative official (of Council).

Declarations of Interest

30. A Declaration of Interests Register will be kept for all Committee Members. Each member should take personal responsibility to declare proactively any potential conflict of interest arising out of business undertaken by the Council.

Approved by Council on 4 March 2019

Terms of Reference shall be kept under review to ensure they remain appropriate annually. A full review of Council's Committee structures, and the corresponding Terms of Reference will be undertaken within the first 3 months of a new Council. Review of Terms of Reference shall be undertaken by the Council.

Council Task and Finish Working Groups/Project Boards/Forums

Reporting Arrangements

	Task & Finish	Committees			
		AHC	ERT	RTS	SPR
Anti-Litter Working Group				✓	
Camlough Lake Task and Finish Board	✓		✓		
Castlewellan Forest Park Task and Finish Project Board	✓		✓		
Chief Executive Appraisal Group					✓
Councillors Website Reference Group	✓				✓
DEA Fora		✓			
Decade of Centenaries Working Group					✓
Economic Forum			✓		
Efficiency Working Group					✓
Elected Member Development Working Group					✓
Equality and Good Relations Reference Group					
Health Forum	✓	✓			
Implementation of Irish Language Strategy Working Group	✓				✓
Marine Task Force				✓	
Newry and Mourne Travellers Forum		✓			
Strategic Waste Issues Working Group				✓	
St Patrick's Day Cross Party Working Group	✓				✓
Strategic Projects Forum					✓
Sustainable Development and Climate Change Forum		✓			
Tourism Strategy Task and Finish Project Board	✓		✓		

Community Planning Thematic Partnerships – report to Community Planning Partnership Board

Community Planning Partnership Board – report to Council

Approved by Council on 4 March 2019

Terms of Reference shall be kept under review to ensure they remain appropriate annually. A full review of Council's Committee structures, and the corresponding Terms of Reference will be undertaken within the first 3 months of a new Council. Review of Terms of Reference shall be undertaken by the Council.

AUDIT COMMITTEE TIMETABLE

At every Audit Committee the following standing agenda reports will be presented to the members.

- Corporate Risk Register
- Prompt Payment Statistics
- Direct Award Contracts
- Update on Audit Recommendations
- Fraud and Whistleblowing Update
- Internal Audit Progress Report with final reports completed in quarter
- Update on Performance Improvement Plan
- Review of Circulars/NIAO Publications

The table below illustrates who should be attending pre-meeting of the Audit Committee and which reports we would typically expect to see at each Audit Committee meeting supplementing the standing agenda items listed above.

MEETING DATE	AGENDA
December / January Pre-meeting: -Chairperson -Members	<ul style="list-style-type: none"> • Final Report to those Charged with Governance (RTTCWG) – Financial • Annual Audit Letter from NIAO
April Pre-meeting: -Chairperson -Members -Internal Audit -External Audit	<ul style="list-style-type: none"> • Internal Audit Follow up of the Prior Year Recommendations • Internal Audit Annual assurance • Internal Audit Strategy & Annual plan • Annual Review of Internal Audit and consideration of contract • External Audit Strategy (Financial) • Audit Committee self-assessment • Assessment of Audit Committee Chairperson's Performance
July Pre-meeting: -Chairman -Members	<ul style="list-style-type: none"> • Audit Committee Annual Report • Review of the Audit Committee Timetable • NMDDC Assurance Statement and Code of Governance • Unaudited Financial Statements (including Annual Governance Statement) • NIAO Performance Improvement Audit Strategy • Annual Review of Audit Committee Terms of Reference
September Pre-meeting: - Chairperson - Members - Internal Audit - External Audit	<ul style="list-style-type: none"> • Recommend Approval of Audited Financial Statements • Draft Report to those Charged with Governance (RTTCWG) • Draft Report to those charged with Governance (RTTCWG) for Performance Improvement

Report to:	Audit Committee Meeting
Date of Meeting:	Monday 06 July 2020
Subject:	Audit Committee Self Assessment 2019/2020
Reporting Officer (Including Job Title):	Brona Slevin Independent Chair of Audit Committee
Contact Officer (Including Job Title):	Brona Slevin Independent Chair of Audit Committee

Confirm how this Report should be treated by placing an x in either:-

For decision	<input checked="" type="checkbox"/>	For noting only	<input type="checkbox"/>
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Members are asked to consider and approve the contents of this report.

1.0	Purpose and Background
1.1	<p>Similar to previous years, the Chair has completed a self assessment exercise of the effectiveness of the Audit Committee on behalf of Elected Members, this year using the National Audit Office Self-Assessment Checklist (September 2017). The NAO checklist is the benchmark for best practice.</p> <p>In prior years this questionnaire would have been circulated earlier than June, however, due to the Corona Virus pandemic, there has been a delay in both the issuing and the reporting of the results of the questionnaire. The Chair would like to apologise for this unavoidable delay.</p> <p>The Chair circulated the draft questionnaire to Members for comment on 15 June 2020. Attached for consideration and approval is a completed final self-assessment checklist.</p> <p>Members can take reassurance from the number of good practice questions that have been answered 'yes' demonstrating that the Audit Committee is operating effectively.</p>
2.0	Key issues
2.1	<p>Having completed the self-assessment checklist, the following recommendations to build effectiveness are tabled for consideration:</p> <p>Principle 2: Skills</p> <p>(a) Political parties to be asked to give consideration to appointing Elected Members for a term greater than one year where possible which will enable knowledge and skills to be built up in this area. Generally there is little change in</p>

	<p>the Audit Committee make up which shows the Council is committed to keeping the experience and knowledge of Members on the Audit Committee.</p> <p>Principle 3 and 4: The role and scope of the Committee</p> <p>It should be noted that under this heading, that due to the Corona Virus pandemic there were unavoidable delays in presenting some items to the Audit Committee.</p> <p>(b) the Audit Committee's Terms of Reference should be approved by the Audit Committee annually. This will be completed in July 2020.</p> <p>(c) a report on Cyber Risk Management to be presented to the Audit Committee. This will be presented in July 2020.</p> <p>(d) a paper on Assurance mapping to be presented to the Audit Committee. This will be presented to the July 2020 Audit Committee meeting.</p> <p>(e) a paper on the CIPFA Code of Practice on Managing Risk of Fraud and Corruption will be presented to the Audit Committee in July 2020</p> <p>Principle 5: Communication and Reporting</p> <p>(f) Officers to strive to ensure Internal Audit reports and the Financial Statements are completed and reported on a timely basis to the Audit Committee.</p> <p>(g) Officers to strive to ensure that all papers are provided on a timely basis to Democratic Services so that papers are issued in compliance with standing orders so that Members have sufficient time to review them.</p>
3.0	Recommendations
3.1	Members are asked to approve the contents of this report.
4.0	Resource implications
4.1	None
5.0	Equality and good relations implications
5.1	None
6.0	Rural Proofing implications
6.1	None

7.0	Appendices
	Appendix 1: Completed self-assessment checklist 2019/20
8.0	Background Documents
	None

November 2017



National Audit Office

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Audit and Risk Assurance Committee Effectiveness Checklist

Introduction

1 Audit and Risk Assurance Committees play a crucial role in supporting the effective governance of central government departments, their agencies and their arm's-length bodies. The main source of guidance for public sector Audit and Risk Assurance Committees is HM Treasury's *Audit and Risk Assurance Committee Handbook: Corporate Governance in central government departments: Code of Practice 2011* specifies that Audit and Risk Assurance Committees should be established in all central government bodies and that they should function in accordance with HM Treasury's *Audit and Risk Assurance Committees Handbook*.

2 An effective Audit and Risk Assurance Committee is plays a pivotal role in ensuring that organisations function according to good governance, apply appropriate accounting and auditing standards, and adopt appropriate risk management arrangements. A well functioning Audit and Risk Assurance Committee has the ability to:

- understand the role and activities of the Board;
- discuss with the Board policies and attitudes towards risk and ensure that management act within these parameters;
- critically challenge and review risk registers to provide assurance that the arrangements in place are working within the organisation;
- understand the risk management framework and the respective assignment of responsibilities;
- assume good communications and relationships with both those it seeks briefings from and those it provides assurance to; and
- contribute to the delivery of results and add value to the organisation.

Audit and Risk Assurance Committee Effectiveness

3 In line with good practice, Audit and Risk Assurance Committees should assess their effectiveness annually. A variety of assessment tools exist, from facilitated workshops to short questionnaires. Core principles from HM Treasury's *Audit and Risk Assurance Committee Handbook*, and common themes and good practice we have seen through our range of work with Audit and Risk Assurance Committees across central government, have been condensed to generate a series of prompts that Committees can use to help assess their effectiveness. This checklist can be used as a standalone exercise to consider effectiveness or in conjunction with other methods of assessment.

How to use this effectiveness tool

4 This short checklist condenses the core good practice principles of HM Treasury's *Audit and Risk Assurance Committee Handbook*. Committee members and other regular attendees should consider whether the Committee meets the detailed good practice question – "yes" (or adequately for the entity), "no", or "comment". As well as providing an opportunity to comment on an issue, the last of these categories could indicate uncertainty, that there is room to enhance practice in this area, or that the practice is not relevant. As an aide memoire, there is also space to note issues and actions identified at the end of each section.

5 Audit and Risk Assurance Committee members and their committee secretaries will, of course, need to ensure that they are familiar with the full requirements of the Handbook, and that they operate in accordance with them.

David Aldous
National Audit Office 2017

Principle 1

Membership, independence, objectivity and understanding

"The Audit and Risk Assurance Committee should be independent and objective; in addition each member should have a good understanding of the objectives and priorities of the organisation and of their role as an Audit and Risk Assurance Committee member."

Question/Checklist	Y/N	Comments
1 Do we have a minimum of three members, all non-executive, at least two of whom, including the ARAC Chair, are non-executive board members?	<input type="radio"/> Yes <input type="radio"/> No	Not Applicable to Local Authorities. The Chair is an Independent Member and the remaining membership consists of Elected Members.
2 Do the Accounting Officer, Director of Finance, the Head of Internal Audit and the External Auditor routinely attend ARAC meetings?	<input checked="" type="radio"/> Yes <input type="radio"/> No	The Chief Executive who is the Accounting Officer, the Director of Corporate Services, Internal Audit Contractor Manager and NIAO attend all meetings.
3 Are we satisfied with the range, frequency and numbers of executives and other participants attending the ARAC meeting? (Numbers of attendees should be sufficient to deal adequately with the agenda, but not so many as to blur the issues).	<input checked="" type="radio"/> Yes <input type="radio"/> No	Yes, in addition to 2 above, the Assistant Director of Finance and Audit Services Manager would attend all meetings and Heads of Service and Directors attend by request.
4 Is our relationship and communication with the Departmental ARAC effective (or, in the case of a Departmental ARAC, its relationship and communications with its group ARACs), particularly in support of the Departmental Governance Statement?	<input type="radio"/> Yes <input type="radio"/> No	Not Applicable to Local Authorities.
5 Does a representative of our Sponsor Department (or, in the case of a Departmental ARAC, a representative of its ALBs) attend our ARAC, where appropriate?	<input type="radio"/> Yes <input type="radio"/> No	Not Applicable to Local Authorities
6 Are conflicts recorded and declared at the start of every meeting, and is appropriate action taken when relevant matters are discussed?	<input checked="" type="radio"/> Yes <input type="radio"/> No	Elected Members and the Independent Chair must complete a Register of interests. Conflicts are recorded and declared at start of every meeting and appropriate action taken when relevant matters are discussed.
7 Do we have a clear understanding of our terms of appointment, including what is expected of us, how our individual performance will be appraised, the duration of our appointment, training required and how this will be provided?	<input type="radio"/> Yes <input type="radio"/> No	Not Applicable to Local Authorities. The Independent Chair is externally recruited and is appointed for a term of four years. The Chair's performance is appraised on an annual basis by the Chief Executive and an Elected Member.

Conclusion

Are we performing effectively in this area?	Yes
Are there any actions we want to take to build our effectiveness?	No

Principle 2

Skills

"The Audit and Risk Assurance Committee should corporately own an appropriate skills mix to allow it to carry out its overall function."

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Question/Checklist	Y/N	Comments
8 Are we satisfied that, collectively, we have the range of skills we need to ensure that the Accounting Officer and the Board gain the assurance they need on governance, risk management, the control environment and on the integrity of all elements of the Annual Report and Accounts?	<input checked="" type="radio"/> Yes <input type="radio"/> No	The Independent Chair has the range of skills required and is ably supported by the Elected Members on the Committee.
9 Do we possess the wider skills necessary to be fully effective (eg in relation to the core business of the organisation, change management, digital strategy, the wider political landscape and other strategically relevant issues)?	<input checked="" type="radio"/> Yes <input type="radio"/> No	Yes
10 Does at least one member have recent and relevant financial experience sufficient to allow them to competently analyse the financial statements and understand good financial management discipline?	<input checked="" type="radio"/> Yes <input type="radio"/> No	The Independent Chair is a qualified accountant with relevant financial experience at a senior level.
11 Where we need additional skills are we empowered to co-opt additional members or procure specialist advice?	<input checked="" type="radio"/> Yes <input type="radio"/> No	Yes
12 Do we have effective induction and training arrangements for new members and does the ARAC Chair ensure that all members have an appropriate programme of engagement with the organisation to help build sufficient understanding?	<input checked="" type="radio"/> Yes <input type="radio"/> No	The Chair ensures that effective training arrangements in place. New Members when appointed receive one to one induction training with the Director of Corporate Services and the Audit Services Manager. Other training was provided by ASM and On Board.

Conclusion

Are we performing effectively in this area?	Yes
Are there any actions we want to take to build our effectiveness?	<ul style="list-style-type: none"> Political Parties to give consideration to appointing Elected Members for a term greater than one year where possible to build up knowledge and skills

Principle 3 and 4

The role and scope of the Committee

"The Audit and Risk Assurance Committee should support the Board and the Accounting Officer by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of financial statements and the annual report."

"The scope of the Audit and Risk Assurance Committee's work should be defined in its terms of reference and should encompass all the assurance needs of the Board and Accounting Officer. Within this the Audit and Risk Assurance Committee should have particular engagement with the work of Internal Audit, risk management, the External Auditor and financial management and reporting issues."

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Question/Checklist	Y/N	Comments
13 Do we, have a clear understanding of the role and responsibilities of the ARAC?	<input checked="" type="radio"/> Yes <input type="radio"/> No	The Audit Committee has an agreed terms of reference which clearly defines its role and responsibilities.
14 Does our work programme cover the assurance needs of the Board and Accounting Officer through a balance of agenda items?	<input checked="" type="radio"/> Yes <input type="radio"/> No	The Audit Committee has developed a work programme which is reviewed annually to ensure it covers the assurance needs of Council.
15 Do we provide insight and strong, constructive challenge to the organisation (including within the Departmental family/group) where required?	<input checked="" type="radio"/> Yes <input type="radio"/> No	The Audit Committee is effective in providing insight and constructive challenge.
16 Do we have sufficient understanding of the organisation's overall control environment, including its governance and any outsourcing arrangements, and review its effectiveness regularly to provide assurance that arrangements are responding to risks within the organisation?	<input checked="" type="radio"/> Yes <input type="radio"/> No	The audit Committee has a good understanding of the Council's overall control environment which is informed by the independent audit work carried out by internal audit and NIAO.
17 Do we use assurance mapping to target the areas of greatest risk in our organisation (including within the Departmental family/group)?	<input type="radio"/> Yes <input checked="" type="radio"/> No	Assurance Mapping has been completed and is used when developing the Audit Plan.
18 Do we critically review the comprehensiveness and reliability of assurances that we receive from across the organisation?	<input checked="" type="radio"/> Yes <input type="radio"/> No	The Audit Committee receives comprehensive risk based internal audit reports per approved Internal Audit Annual Plan. The Committee places strong emphasis on the independent work of internal audit and external audit and where necessary will invite Heads of Services and Directors to attend to update members on implementation of audit recommendations.
19 Are we proactive in commissioning additional assurance work where we have identified a risk or control issue which is not subject to sufficient review?	<input checked="" type="radio"/> Yes <input type="radio"/> No	Members consider the corporate risk register at each meeting and reviews the adequacy and timeliness of mitigating controls and actions in place.

Principle 3 and 4 *continued*

The role and scope of the Committee

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Question/Checklist	Y/N	Comments
20 Do we draw the Accounting Officer's and the Board's attention to the results of our work on risk?	<input checked="" type="radio"/> Yes <input type="radio"/> No	The Corporate Risk Register is a standing item on the Audit Committee's Agenda and the Accounting Officer attends all meetings. The Minutes of the Audit Committee are reported to Full Council.
21 Do we lead on the assessment of the annual Governance Statement for the Accounting Officer and Board, including the provision of advice on its preparation and scope?	<input checked="" type="radio"/> Yes <input type="radio"/> No	The Audit Committee leads on the assessment of the annual Governance Statement.
22 Do we give sufficient and timely attention to financial management and reporting issues, including the consideration of key accounting policies, estimates and judgements and the quality of the year-end financial statements?	<input checked="" type="radio"/> Yes <input type="radio"/> No	Yes
23 Do we sufficiently consider and challenge the work of internal audit and external audit?	<input checked="" type="radio"/> Yes <input type="radio"/> No	Yes
24 Do we track all audit recommendations (internal and external, including any arising from the NAO's VFM work) and hold the organisation to account for their implementation?	<input checked="" type="radio"/> Yes <input type="radio"/> No	Standing agenda item reported by the Audit Services Manager. Internal Audit do a year end follow up review of their recommendations. NIAC follow up on their Priority 1 recommendations annually.
25 Do we regularly review anti-fraud and corruption arrangements?	<input checked="" type="radio"/> Yes <input type="radio"/> No	Standing agenda item.

Principle 3 and 4 *continued*

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The role and scope of the Committee

Question/Checklist	Y/N	Comments
26 Do we regularly review the organisation's cyber risk management and consider the appropriateness of the organisation's risk mitigation strategies?	<input checked="" type="radio"/> Yes <input type="radio"/> No	Cyber risk management is part of the developing ICT Strategy. A report on Cyber Security is planned for the Audit Committee in July 2020.
27 Do we regularly review the organisation's response to the <u>Cabinet Office's Counter-Fraud Standards</u> and consider the sufficiency of this response?	<input type="radio"/> Yes <input type="radio"/> No	Not Applicable. Local Authorities comply with the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption.
28 Do we ensure that a senior board member has overall responsibility for whistleblowing arrangements within the organisation?	<input checked="" type="radio"/> Yes <input type="radio"/> No	Director of Corporate Services has overall responsibility for whistleblowing arrangements within Council.
29 Do we regularly review our Terms of Reference to ensure they are consistent with the model Terms of Reference provided in HMT's ARAC Handbook?	<input checked="" type="radio"/> Yes <input type="radio"/> No	The Audit Committee Terms of Reference are reviewed annually based on the CIPFA Audit Handbook and the HM Treasury Handbook 2016. The Independent Chair provides assurance annually that the Committee's terms of reference covers the scope of the work of the Audit Committee and encompasses all the assurance needs required.

Conclusion

Are we performing effectively in this area?	Yes
Are there any actions we want to take to build our effectiveness?	- Political Parties to give consideration to appointing Elected Members for a term greater than one year where possible to build up knowledge and skills

Principle 5

Communication and reporting

"The Audit and Risk Assurance Committee should ensure it has effective communication with all key stakeholders, for example, the Board, the Group Chief Internal Auditor, Head of Internal Audit, the External Auditor, the Risk Manager and other relevant assurance providers."

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Question/Checklist	Y/N	Comments
30 Is our work effectively and promptly reported to the Board and Accounting Officer after each meeting and are these reports copied to the Head of Internal Audit and the External Auditor?	<input checked="" type="radio"/> Yes <input type="radio"/> No	Minutes are reported to Full Council. Internal Audit and External Audit have access to all minutes.
31 Are our relationships and communications sufficiently well developed with those we seek briefings from and those we provide assurance to, including where risks cross organisational boundaries?	<input checked="" type="radio"/> Yes <input type="radio"/> No	Not Applicable to Local Authorities.
32 Do we provide an Annual Report to the Board, timed to support the Governance Statement; is our report open and honest in presenting our views and opinions from the work we have done during the year; and, is its content consistent with good practice?	<input checked="" type="radio"/> Yes <input type="radio"/> No	An Annual Report is prepared by the Independent Chair for Audit Committee approval and is timed to support the Governance Statement.
33 Does the ARAC Chair have regular bilaterals with the key attendees (eg the Accounting Officer, Director of Finance, the Head of Internal Audit and the External Auditor)?	<input checked="" type="radio"/> Yes <input type="radio"/> No	The Independent Chair meets regularly with all the key attendees and Committee members meet bilaterally with Internal Audit and NIAO without officers present.
34 Where appropriate, do we communicate our work across the departmental group?	<input type="radio"/> Yes <input type="radio"/> No	Not Applicable to Local Authorities.

Conclusion

Are we performing effectively in this area?	Yes
Are there any actions we want to take to build our effectiveness?	<ul style="list-style-type: none"> - To ensure that Internal Audit reports are completed and timely reported to Audit Committee. - Officers to strive to ensure that all papers are provided on a timely basis to Democratic Services so that papers are issued in compliance with standing orders so that Members have sufficient time to review.

Report to:	Audit Committee
Date of Meeting:	6 July 2020
Subject:	Audit Committee Annual Report 2019-20
Reporting Officer (Including Job Title):	Dorinnia Carville, Director of Corporate Services
Contact Officer (Including Job Title):	Brona Slevin, Independent Chair of Audit Committee

Decisions required: Members are asked to consider and approve the contents of this report prior to reporting to Council.

1.0	Purpose and Background: The Annual Report summarises the key activities and highlighting any key issues arising throughout the year. This report will inform the Governance Statement contained within the Council's Annual Accounts.
2.0	Key issues: The Annual Report of the Newry Mourne and Down Audit Committee for 2019-20 is attached.
3.0	Recommendations:
3.1	Members are asked to consider and approve the Annual Report of the Audit Committee 2019-20.
3.2	The approved Annual Report of the Audit Committee 2019-20 to be reported to Council.
4.0	Resource implications
4.1	None.
5.0	Equality and good relations implications:
5.1	None.
6.0	Appendices
	Appendix 1 – Audit Committee Annual Report for 2019-20

Newry, Mourne and Down District Council
Audit Committee
Annual Report for 2019/2020

1. Overview

This Annual Report provides an overview of the Audit Committee activities for the Financial Year 2019/20 and demonstrates how the Committee has met its key responsibilities. Any outstanding items of business not conducted in April 2020 were included in the next meeting in July 2020.

The Audit Committee met on three occasions during the year; on 3 July 2019, 24 September 2019 and 09 January 2020. The Meeting scheduled for 23 April 2020 did not take place due to the coronavirus pandemic and lockdown. A programme of work has been agreed by the Audit Committee and is allocated over a schedule of four meetings during the year. Any outstanding items of business not concluded in April 2020 were included in the next meeting in July 2020.

The role of the Audit Committee is to support the Chief Executive (Accounting Officer) and Council by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of the financial statements.

2. Attendance

2.1 Members' attendance at committee meetings were as follows:

	Audit Committee	Audit Committee	Audit Committee	Audit Committee	Totals
	03-Jul-19	24-Sep-19	09-Jan-20	*23-Apr-20	
Ms B Slevin	✓	✓	✓		3 / 3
Clr P Byrne	✓	✓	✓		3 / 3
Clr W Clarke		✓	✓		2 / 3
Clr L Devlin			✓		1 / 3
**Clr T Andrews		✓			1 / 3
Clr C Enright		✓	✓		2 / 3
Clr M Gibbons	✓				1 / 3
Clr O Hanlon	✓	✓	✓		3 / 3
***Clr H Harvey	✓				1 / 3
Clr K Owen			✓		1 / 3
Clr A Lewis	✓		✓		2 / 3
Clr G Sharvin	✓		✓		2 / 3
Clr M Ruane	✓		✓		2 / 3

*Audit Committee Meeting scheduled for 23 April 2020 did not take place due to the Coronavirus Pandemic lockdown

******Cllr Andrews attended the Audit Committee Meeting 24 September 2019 only, as a replacement for Cllr L Devlin

*******Cllr Harvey left Council and was replaced by Cllr K Owen

2.2 Ms Brona Slevin was appointed as an Independent Member of the Audit Committee in March 2019 and in accordance with the Committee's terms of reference took up the role of Chairperson in July 2019 after the previous Chairperson Mr Joe Campbell, stepped down.

2.3 The Audit Committee meetings requires the attendance of the Chief Executive, the Director of Corporate Services and the Internal Auditors. The Audit Services Manager, Assistant Director of Finance and NIAO representatives also usually attend and the Senior Management Team and other Senior Officers attend by invitation.

3. Performance Evaluation

3.1 In accordance with best practice, the Audit Committee self-assessed its performance against the National Audit Office Checklist for Audit Committees during the year and the results were presented to the meeting on 06 July 2020. This was unavoidably delayed due to the Coronavirus Pandemic. The Committee agreed the following actions/recommendations to build effectiveness:

Principle 2: Skills

- (a) Political parties to be asked to give consideration to appointing Elected Members for a term greater than one year where possible which will enable knowledge and skills to be built up in this area

Principle 3 and 4: The role and scope of the Committee

- (b) The Audit Committee's Terms of Reference should be approved by the Audit Committee annually. This will be completed in July 2020.
- (c) A report on Cyber Risk Management to be presented to the Audit Committee. This will be presented in July 2020.
- (d) A paper on Assurance mapping to be presented to the Audit Committee. This will be presented to the July 2020 Audit Committee meeting.
- (e) A paper on the CIPFA Code of Practice on Managing Risk of Fraud and Corruption will be presented to the Audit Committee in July 2020.

Principle 5: Communication and Reporting

- (f) Officers to strive to ensure Internal Audit reports and the Financial Statements are completed and reported on a timely basis to the Audit Committee.

- (g) Officers to strive to ensure that all papers are provided on a timely basis to Democratic Services so that papers are issued in compliance with standing orders so that Members have sufficient time to review them.

Members can take reassurance from the number of good practice questions that have been answered 'yes' demonstrating that the Audit Committee is following best practice and operating effectively.

3.2 An appraisal of the Chairperson performance was also completed by the Chief Executive and Councillor Byrne and was deemed satisfactory.

4. Terms of Reference

A review of the Audit Committee's Terms of Reference was undertaken and approved by Council on 5 March 2019 as part of the review of the terms of references of all Committees of Council. The Audit Committee noted the approved Terms of Reference at its meeting on 15 April 2019. The Audit Committee's Terms of Reference was approved at the Audit Committee Meeting in July 2020. The delay was due to the cancellation of the Audit Committee Meeting April 2020 resulting from the Coronavirus lockdown.

5. 2018/19 Financial Statements and External Audit

The Council's Audited Financial Statements for 2018/19 including the Annual Governance Statement were reviewed by the Audit Committee on 24 September 2019. The Committee also reviewed the draft report to those charged with governance.

The Audit Committee was pleased to note that the Northern Ireland Audit Office (NIAO) had certified the financial Statements with an unqualified audit Opinion and the Audit Committee approved the Accounts for signing within the statutory deadline of 30 September 2019.

The Audit Committee noted the contents of final report to those charged with governance with management responses and the Annual Audit Letter at its meeting on 09 January 2020.

6. Risk Management

The Committee welcomed the continued good progress made by Officers on Risk Management and the structure put in place to ensure ownership and management of risk at all levels of the organisation.

The Council has a Corporate Risk Register which identifies the key corporate level risks faced, and to be managed. Each corporate risk is linked to specific priorities set out by the Council in its Corporate Plan. The Corporate Risk Register and mitigating actions are

scrutinised at each Audit Committee meeting. Risk management is also a standing agenda item at monthly meetings of the SMT.

There were 14 corporate risks on the Corporate Risk Register at July 2020 (information at April 2020 is not available due to the Audit Committee meeting not taking place as a result of the Corona Virus) and the corporate risks with the highest residual scores (shown in brackets) were as follows:

CR. 02 Breach of legislation in relation to the procurement of goods and services and works (20)

CR. 04 Failure to effectively manage waste (20)

CR. 05 – Failure to provide timely planning decisions (20)

CR. 06 - IT Services do not support the Statutory, Strategic or Operational requirements of Council (16)

CR. 09 – Failure to implement an economic development programme to regenerate the district and attract inward investment due to financial uncertainties caused by the current economic and political climate (20)

CR. 11 – Accidents/injuries may occur if health and safety of service users and staff is not considered, with a particular focus on Fire Risk Assessments (15)

CR. 12 - If sickness absence is not kept to a minimum, this may affect the delivery of services, staff morale and lead to increased costs (16)

CR. 14 - Risk that Council does not assist the post COVID 19 recovery of the district, therefore failing in its objectives to regenerate and build a prosperous district due to the inability of Council to be financially sustainable in the long term (20)

7. Internal Audit

7.1 ASM Limited were reappointed on 01 April 2019 as Internal Auditors for a period of 4 years.

7.2 From the Internal Audit Plan 2019/20, 6 Internal Audit Reports were reported to the Audit Committee during the year, 5 of which received a satisfactory assurance rating. One service, Contracts Management, received a limited assurance rating.

In agreement with the Audit Committee Internal Audit undertook an advisory piece of work, final report dated June 2020, in respect of Health and Safety (facilities – considering fire risk, asbestos and legionella checking). This report was considered at the 06 July Audit Committee. The review identified a large number of recommendations for improvement. The Audit Committee will follow up progress on these improvements during the year.

On 16 March 2020, the UK Government announced its response to the Covid-19 outbreak. The impact of this announcement meant Internal Audit was unable to complete the planned review of fuel management. This review has been deferred to the 2020/21 year. Except for the fuel management audit, all of internal audit assurance work as detailed in the final Internal Audit Plan 2019/20, and as approved by the Audit Committee, was completed.

7.3 Internal Audit Annual Assurance Opinion

The Committee reviewed the Annual Internal Audit Assurance Report for 2019/20 at its meeting on 06 July 2020 and noted the Auditor's overall opinion that the Council's systems in relation to internal control, risk management and governance were in general adequate and operated effectively and they were able to provide satisfactory assurance in relation to the effective and efficient achievement of the Council's objectives.

The Audit Committee welcomed the overall opinion of Satisfactory Assurance and commended Officers for their good work. The Committee also requested regular progress updates on the actions taken to address the significant issues referred to in Annual Internal Audit Annual Assurance Report.

7.4 Follow up Review of Internal Audit Recommendations

The Committee also reviewed on 6th July 2020 a follow up report from Internal Audit on the Implementation of Prior Year Internal Audit Recommendations for 2018/19. The review identified that, out of the 58 accepted recommendations, 30 recommendations were fully implemented, 10 recommendations were partially implemented, 12 recommendations were not implemented, 3 recommendations were no longer accepted and the remaining 3 recommendations were unable to be tested due to access restrictions from the Corona Virus to the Council's facilities.

The Audit Services Manager also reported during the year the progress on the implementation of the Internal Audit Recommendations in the years prior to 2018/19. This included an update on the risk facing the Council when these recommendations were not implemented on a timely basis which enabled the Audit Committee to have a fuller understating of the implications of these recommendations not being in place. Due to the Corona Virus this work was completed up to January 2020 with the focus for the Council on the Covid 19 risk taking priority during the March 2020 to July 2020 period.

The Audit Committee is committed to ensuring the prior year Internal Audit recommendations are completed and reported to the Audit Committee at each meeting.

7.5 Tender for Internal Audit Services

The current contract with ASM ended on 31 March 2019. The Council completed a public tendering competition for the next Council term and ASM have been successful and reappointed on a 4 year contract commencing 1 April 2019.

7.6 Approval of Internal Audit Plan 2020/21 and Internal Audit Strategy

The Annual Internal Audit Plan for 2020/21 was brought to the Audit Committee meeting in July 2020 for approval. This would normally be presented in April, however this was not possible due to the Coronavirus lockdown.

8. External Audit Strategy

The NIAO presented their Annual Audit Strategy for the Year Ending 31 March 2020 to the Audit Committee on 06 July 2020. Due to the Coronavirus pandemic, the Audit Certification deadline for certifying local government bodies' Accounts is 31 December 2020 and to ensure compliance a meeting of the Audit Committee will be scheduled for December 2020 to review and approve the Audited accounts so they can be signed by the deadline.

NIAO have identified two significant risks, Weaknesses in Procurement and Contract Management and Weaknesses in Controls over the Completeness and Valuation of Fixed Assets which they will review as part of their audit plan.

9. Performance Improvement Arrangements

The Audit Committee were presented with the Improvement Audit and Assessment Report 2019/20 by NIAO at its meeting on 09 January 2020 which audited the Council's assessment of its performance for 2018/19 and its 2019/20 improvement plan.

The Committee welcomed that the Council's Performance Improvement and Assessment Arrangements had been certified with a standard unqualified opinion by the NIAO Audit having discharged its performance and reporting duties under Part 12 of the Act and acted in accordance with the Guidance issued by the Department for Communities.

Whilst the Strategic Policy and Resources Committee has responsibility for Performance Improvement, NIAO have also recommended that the Audit Committee track progress on their implementation.

10. Acknowledgments

As Chair of the Audit Committee, this is my first Annual Report and I wish to extend my thanks to the Members for their support during my first year and to the political parties for ensuring continuity of membership on the Committee from year to year. On behalf of the Audit Committee I wish also to thank officers, the Internal and External Auditors for their openness and engagement with the Committee, thereby allowing it to meet its responsibilities.

Finally, I would like to thank Mr Joe Campbell for his excellent work as Chair of the Audit Committee during his term of office.

Brona Slevin
Independent Chairperson
06 July 2020

Report to:	Audit Committee
Date of Meeting:	6 July 2020
Subject:	Assessment of Chairperson's Performance
Reporting Officer (Including Job Title):	Dorinnia Carville, Director of Corporate Services
Contact Officer (Including Job Title):	Marie Ward, Chief Executive

Confirm how this Report should be treated by placing an x in either:-

For decision		For noting only	x
1.0	Purpose and Background:		
1.1	<p>Councillor Byrne and the Chief Executive reviewed the performance of the Chairperson using the agreed NAO best practice checklist on the 26 March 2020.</p> <p>On the 27 March 2020, the Chief Executive and Director of Corporate Services had a tele conference with the Chairperson to provide her with feedback on her performance arising from the completed assessment and thank Mrs Slevin her for her services to date.</p>		
2.0	Key issues:		
2.1	It was agreed that Mrs Slevin has demonstrated performance aligned to best practice in carrying out the role of independent Chairman of the Newry, Mourne and Down District Council Audit Committee.		
3.0	Recommendations:		
3.1	Members are asked to note the contents of this report.		
4.0	Resource implications		
4.1	None		
5.0	Equality and good relations implications		
5.1	This report has been equality screened to assess the likely impact on the promotion of equality of opportunity and good relations. No equality impact assessment is required at this time.		
6.0	Rural Proofing implications		
6.1	A rural needs impact assessment is not required at this time.		
7.0	Appendices		
	Completed Checklist – Councillor Byrne		
8.0	Background Documents		
	None		

Section II

The role of the Chair: good practice

The Chair of the Audit Committee has particular responsibility for ensuring that the work of the Audit Committee is effective, that the Committee is appropriately resourced, and that it is maintaining effective communication with stakeholders.

Good Practice Questions

Agenda Setting

	Yes	No	N/A
1. Does the Chair of the Audit Committee meet with the Committee Secretary before every meeting to discuss and agree the business for the meeting?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Are outline agendas planned one year ahead to cover core activities and specific issues on a cyclical basis?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Does the Chair encourage full and open discussion and invite questions at the Audit Committee meetings?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Communication

4. Does the Chair of the Audit Committee have open lines of communication with the Head of Internal Audit and the External Auditors?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Does the Chair encourage all Committee members to have regular interface with the organisation and its activities to help them understand the organisation, its objectives, and business needs and priorities?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
6. Does the Chair have Bilateral meetings at least annually with the AO, Head of Internal Audit, Risk Manager and External Audit?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Monitoring Actions

7. Does the Chair or the Secretariat ensure that all action points from Committee meetings are appropriately acted upon?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Is a report on matters arising made and minuted at the Audit Committee's next meeting?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Does the Chair ensure that after each meeting appropriate reports are prepared from the Committee to the Council and the AO?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Does the Chair present an Annual Report to the committee?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Does the Chair hold managers within the organisation to account for the implementation of all Audit Recommendations?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Appraisal

12. Does the Audit Committee Chair seek appraisal of their personal performance from the Accounting Officer?




Section II

The role of the Chair: good practice

The Chair of the Audit Committee has particular responsibility for ensuring that the work of the Audit Committee is effective, that the Committee is appropriately resourced, and that it is maintaining effective communication with stakeholders.

Good Practice Questions

Agenda Setting

	Yes	No	N/A
1. Does the Chair of the Audit Committee meet with the Committee Secretary before every meeting to discuss and agree the business for the meeting?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Are outline agendas planned one year ahead to cover core activities and specific issues on a cyclical basis?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Does the Chair encourage full and open discussion and invite questions at the Audit Committee meetings?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Communication

4. Does the Chair of the Audit Committee have open lines of communication with the Head of Internal Audit and the External Auditors?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Does the Chair encourage all Committee members to have regular interface with the organisation and its activities to help them understand the organisation, its objectives, and business needs and priorities?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
6. Does the Chair have Bilateral meetings at least annually with the AO, Head of Internal Audit, Risk Manager and External Audit.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Monitoring Actions

7. Does the Chair or the Secretariat ensure that all action points from Committee meetings are appropriately acted upon?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Is a report on matters arising made and minuted at the Audit Committee's next meeting?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Does the Chair ensure that after each meeting appropriate reports are prepared from the Committee to the Council and the AO.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Does the Chair present an Annual Report to the committee?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Does the Chair hold managers within the organisation to account for the implementation of all Audit Recommendations?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Appraisal

12. Does the Audit Committee Chair seek appraisal of their personal performance from the Accounting Officer?

☒ ☐ ☐

Petty

26/03/2020

Report to:	Audit Committee
Date of Meeting:	6 July 2020
Subject:	Assurance Framework and Annual Governance Statement
Reporting Officer (Including Job Title):	Gerard Byrne, Audit Services Manager
Contact Officer (Including Job Title):	Gerard Byrne, Audit Services Manager

Confirm how this Report should be treated by placing an x in either:-

For decision	<input type="checkbox"/>	For noting only	<input checked="" type="checkbox"/>
---------------------	--------------------------	------------------------	-------------------------------------

1.0	Purpose and Background:
1.1	<p>The purpose of this paper is twofold;</p> <ul style="list-style-type: none"> to explain to Members the key elements of the 'year-end' process and the 'assurance framework' that the Council developed to help ensure that the Council complies with statutory requirements and Members and senior officers can have effective, ongoing oversight of the Council's governance and assurance arrangements. to present the Annual Governance Statement for 2019/20, for consideration and inclusion in the unaudited statement of accounts which. The Statement has been considered by SMT. <p>The Annual Governance Statement is an important document and it is important that the Committee is fully aware of its contents. The disclosures in the statement are based upon the Council's corporate risk register and take into consideration the disclosures made Directors within their Assurance Statements.</p>
2.0	Key issues:
2.1	<p>The Council's Assurance Framework is summarised at Appendix 1. It shows how different sources of assurance and related key elements / control measures combine to enable the Council to monitor its governance arrangements and produce the evidence to support its Annual Governance Statement.</p> <p>The diagram shows how the Council's Audit Committee, the Strategic Policy and Resources Committee and Council provide oversight of these governance arrangements.</p> <p>The Council has a statutory responsibility to annually prepare and publish an Annual Governance Statement as part of the Financial Report. Many different processes inform the preparation of the Statement as can be seen from the Assurance Framework at Appendix 1.</p> <p>The Annual Governance Statement for 2019/20 is presented at item number 12. It will be incorporated into the unaudited statement of accounts and will be subject to review by the NIAO as part of their annual audit.</p>

3.0	Recommendations:
3.1	<p>The Committees is asked to</p> <ul style="list-style-type: none"> • Note the Council's Assurance Framework (and also the Code of Governance), illustrated and described at Appendix 1. • Review and approve the draft Annual Governance Statement for 2019/20 and, in particular, the disclosure of the significant governance issues contained in the statement. See item number 12. • Following review, the statement will be incorporated into the Council's unaudited financial statements for 2019/20.
4.0	Resource implications
4.1	None
5.0	Equality and good relations implications
5.1	This report has been equality screened to assess the likely impact on the promotion of equality of opportunity and good relations. No equality impact assessment is required at this time.
6.0	Rural Proofing implications
6.1	A rural needs impact assessment is not required at this time.
7.0	Appendices
	Appendix 1 – NMDDC Assurance Framework (including Code of Governance) Item number 12 – Draft Annual Governance Statement
8.0	Background Documents
	None

Newry, Mourne and Down District Council

Assurance Framework



Effective Date: June 2019

Version 2.0

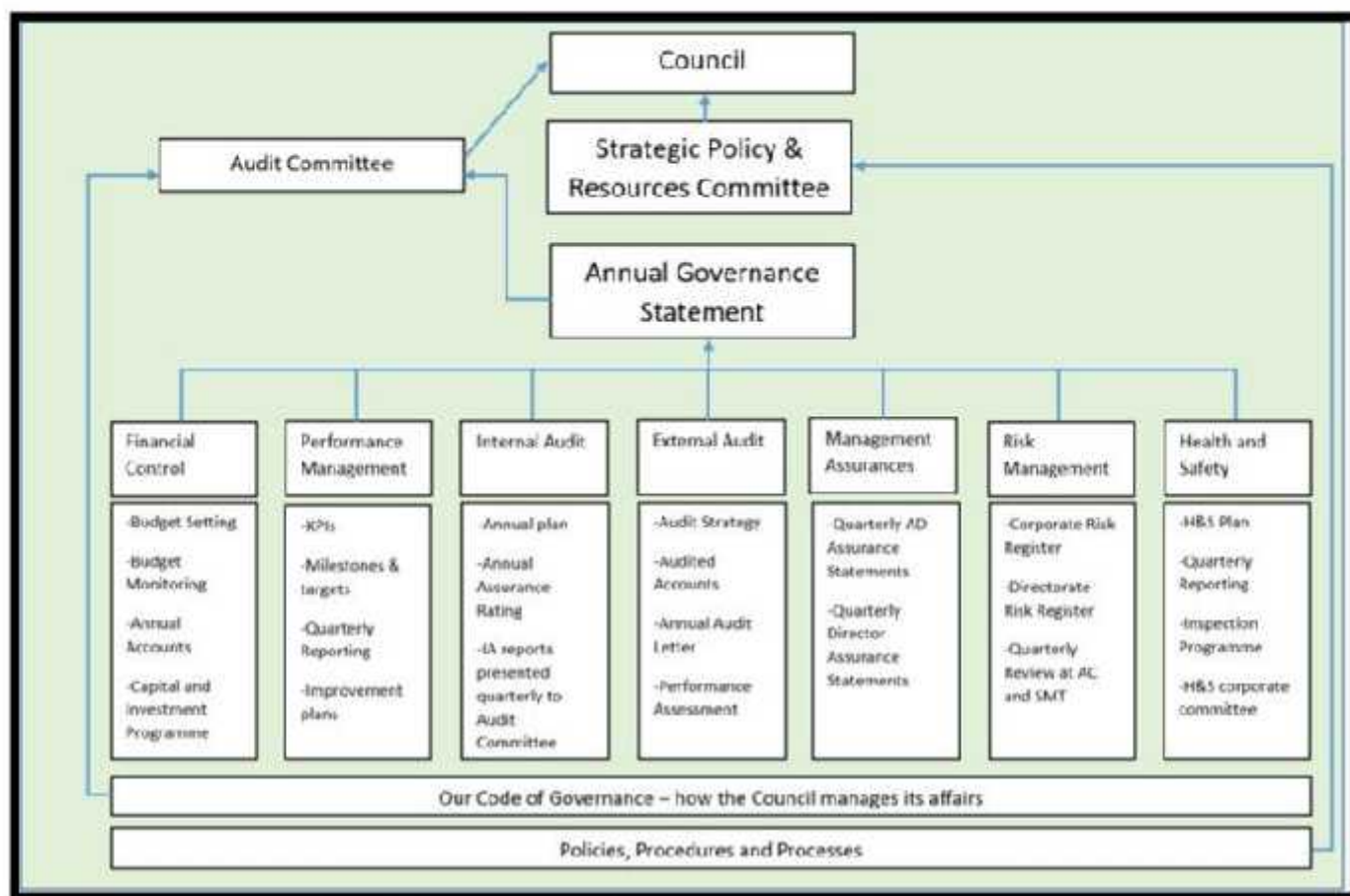


Policy Control

Policy Title	Assurance Framework
Departmental Ownership	Corporate Services
Document Owner	Dorinnia Carville, Director of Corporate Services
Officer Responsible	Gerard Byrne, Audit Services Manager
Date of Approval	Audit Committee – 3 July 2019 Council – 5 August 2019
Date of Last update	June 2020
Updated by	Gerard Byrne, Audit Services Manager
Date of next Review	June 2021
Location where document is held and referenced	Shared Drive and NMDDC Website

DRAFT

Key Components of the Councils Assurance Framework



Description of Key Elements the Council's Assurance Framework

The diagram shows how different sources of assurance and related key elements / control measures combine to enable the Council to monitor its governance arrangements and produce the information which enables the Council to prepare their Annual Governance Statement. The diagram also shows how the Council's Audit Committee, the Strategic Policy and Resources Committee (SP&R) and Council provide oversight of these governance arrangements. The key elements of the framework are described below.

Financial Control

A Financial Report for the year ended 31 March is prepared annually and submitted to the Department for Communities by 30 June. The report is then audited by the Northern Ireland Audit Office (NIAO) and published by 30 September each year (after approval by Committee). There is a budgetary control process including budget setting, budget monitoring and budget reporting. Senior Management Team (SMT), Corporate Management Team (CMT) and Strategic Policy and Resources (SP&R) Committee challenge the process corporately when budgets are approved annually and performance is reported quarterly.

Standing Committees are also responsible for challenging and approving their annual budget and subsequently scrutinizing their budget performance at the end of each quarter in the following financial year.

Performance Management

The Council's performance management framework supports the implementation of the corporate and directorate plans through regular monitoring, reporting and review and, in future, will support monitoring / reporting on Community Planning outcomes. These plans set out what the Council intends to deliver over the course of the year and through the performance framework regular performance reports are produced detailing progress against key milestones and targets.

These reports are considered by Directorate Management Teams and the CMT and actions for improvement are agreed. These arrangements are also designed to ensure that the Council meets its statutory duties in relation to performance improvement and our performance and related plans are subject to annual NIAO audit.

Internal Audit

Internal auditing is an independent and objective assurance designed to add value and improve an the Council's operations. The Council has an Audit Services Manager, who liaises with the fully independent specialist Auditing contractor who prepares an annual Strategy and Plan of work designed to ensure that:

- there is a robust system of internal audit of key Council activities and processes through a plan of work which affords suitable priority to the Council's objectives and risks
- there is a process of ensuring improvements to the Council's control environment, by providing management with advice, training and recommendations to improve risk management, governance and control arrangements, including the formal monitoring of the implementation of audit recommendations
- the specialist Auditing Contractor will be in a position to provide, at the end of each year, a professional, evidence-based opinion on the adequacy of the Council's risk management, control and governance arrangements which, in turn, will support the preparation of the Council's Annual Governance Statement
- the Council meets its legislative responsibilities for internal control, risk management and internal audit.

External Audit

Each year, the Local Government Auditor (LGA), the NIAO, completes an audit of the Council's accounts in accordance with legislation and the Local Government Code of Audit Practice issued by the Chief LGA. The LGA Annual Report sets out their opinion on the Council's financial statements and is included within the annual Financial Report.

The NIAO also examines annually whether the Council has proper arrangements in place to secure economy, efficiency and effectiveness in the use of resources and that public money is properly accounted for and undertakes an annual audit and assessment of the Council's performance improvement arrangements. Their findings are summarised in an Annual Audit Letter, a Performance audit report and a Report to those Charged with Governance.

Assurances from Management & Governance Statement

Each quarter, Assistant Directors provide their Director with a Quarterly Assurance Statement. The Directors in turn then prepare a quarterly assurance statements for the Chief Executive. The Assurance Statements confirms:

- Their responsibility for ensuring that there is a sound risk management and internal control system which supports the achievement of the corporate and directorate objectives.
- Compliance with the risk review process and outlining progress to manage key risks and highlight any significant governance issues that should be considered by SMT for inclusion within the Council's Annual Governance Statement.

Risk Management

There is an agreed risk management strategy which sets out the processes the Council has put in place to manage risk. Risk registers and risk action plans are in place at corporate, directorate and project level and are recorded on the corporate risk management system, GRACE Governance Solutions. There is reporting to CMT, SMT and the Audit Committee on risk management.

Health and Safety (H&S)

The Council has an H&S Policy in place with an associated Organisation Structure and Arrangements to deliver on the Policy. The Corporate Health and Safety Unit reports on a quarterly basis to a senior management H&S Assurance Board and then on to the Audit Assurance Board and Audit & Risk Panel on compliance and strategic matters regarding the Council's health and safety management system. Operational matters are dealt with through the quarterly H&S Committee structure. Routine reports include information on performance against health and safety targets, accident statistics, policy changes, legislative changes and emerging health and safety issues. The Corporate H&S Unit deliver an annual programme of health and safety inspections, audits and training to monitor and support the management system. Risk assessments are in place at an operational level to identify and manage health and safety risks.

Code of Governance

Underlying our Assurance Framework is our Code of Governance. The Council is committed to the principles of good governance and our Code of Governance is a public statement of that commitment. Our Code has been prepared in line with best practice and a summary is contained in the Annual Governance Statement, see appendix 1 for further detail.

Policies, procedures and processes

Policies, procedures and processes are designed to underpin day-to-day operations. All policies are controlled centrally by the Head of Corporate Policy.

Audit Committee

Its purpose is to provide an independent assurance on the adequacy of the Council's risk management framework and associated control environment.

Strategic Policy & Resources Committee (SP&R)

The SP&R Committee also oversees directly the financial management / stewardship of the Council.



Code of Governance

Appendix 1

Introduction

Governance arrangements in the public sector are keenly observed and sometimes criticised. We need to ensure that we meet the highest standards and that our governance arrangements are not only sound but are seen to be sound.

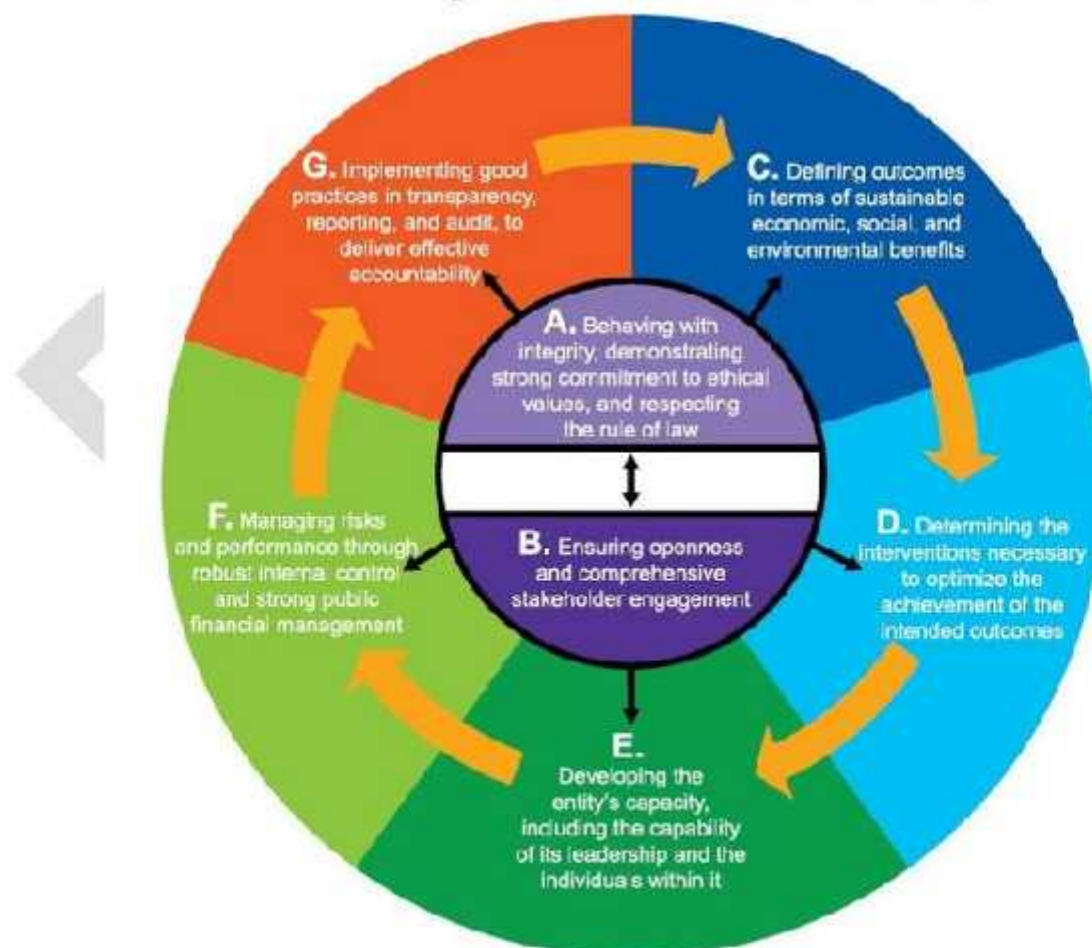
Governance is about how Newry, Mourne and Down District Council (NMDDC) ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, and cultures and values, by which Council is directed and controlled and through which it accounts to, engages with and, where appropriate, leads its community.

The CIPFA Solace 'Delivering Good Governance in Local Government: A Framework' was issued in April 2016 and represents best practice for developing and maintaining a local code of governance and applies to annual governance statements prepared for the 2018/19 financial year onwards.

NMDDC is committed to the principles of Good Governance and has developed this Code of Governance to demonstrate this commitment. This Code will be updated and approved by the Audit Committee on an annual basis.

The 7 Principles of Good Governance

Achieving the Intended Outcomes While Acting in the Public Interest at all Times



A. Behaving with integrity

- Shared values communicated via community plan, corporate plan and key strategies
- Mandatory Code of Conduct for Councillors
- NI charter for Elected Member Development
- Staff Code of conduct
- Council Constitution including Standing Orders, Financial Regulations and Scheme of Delegation
- Council Anti-Fraud Policies and Fraud Response Plan
- Council Whistleblowing Policy
- Gifts and Hospitality Policy
- Declarations of interest
- Conflicts of Interest Policy

B. Ensuring Openness

- Council and Committee meetings open to the public
- Council and Committee agendas and minutes displayed on the Council web site
- Consultation and engagement with staff and trade unions
- Annual financial report published on the Council's web site
- Access to Information Policy and Procedure
- Council Magazine, 'NMD Connect' published annually
- Community Plan and Local Development Plan

C. Defining Outcomes

- Community Plan 'Living well together'
- Corporate and Directorate Plans
- Leisure Transformation - Newry Leisure Centre and Down Leisure Centre Provision
- Organisational Development
- Tourism Development and Marketing Strategy
- Performance Improvement Plans
- Local Development Plan

D. Optimising the achievement of outcomes

- Corporate and Directorate plans
- Constitution
- Strategic financial planning
- Risk Management Policy

E. Developing Capacity and Capability

- Organisational Development
- Harmonisation of policies
- Development of a joint Employee Relations consultation and negotiating policy
- Elected Members Development Charter/Member Leadership Programme

F. Finance, Performance and Risk Management

- Financial Regulations
- Risk Management Policy
- Audit Committee
- Audit Services Manager who liaises with a fully independent outsourced Internal Audit firm
- Annual Internal Audit Strategy and Plan
- Data Protection policy and procedures

- Director and Assistant Director quarterly Assurance reporting
- Independent Audit Committee Chairperson

G. Transparency, Reporting and Effective Accountability

- NMDDC website
- Publication of key reports including Annual Accounts, Annual Governance Statement and Performance Improvement Report
- Committee support framework
- Monitoring of all Internal and External Audit recommendations and quarterly updates to the Audit Committee.

Compliance with the Code

This Code of Governance is supported by Policies, Procedures and Systems that determine and control how the Council manages its affairs. **Appendix B** provides more detail, demonstrating how the Council currently complies with the Code.

Monitoring and Review

Our governance arrangements are reviewed annually to ensure that they are adequate and operating effectively in practice. The results of these reviews are reported to the Audit Committee and inform the preparation of our Annual Governance Statement which forms part of our published financial report.

Internal Audit will undertake reviews of the Councils governance arrangements to ensure they are adequate and operating effectively in practice.

Appendix B

Core Principle A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law	
Supporting Principles	How we meet these principles
A.1 Behaving with integrity	<ul style="list-style-type: none"> ➤ Mandatory Code of Conduct for Councillors – The NI code of Local Government Conduct for Members ➤ Code of conduct for NMDDC staff ➤ NI Charter for Elected Member Development ➤ Declarations of Interest a standing agenda item for Council/Committee meetings ➤ Conflicts of Interest Policy ➤ Annual Mandatory declarations of Interest to be completed by staff down to Head of Service grade. Voluntary declarations to be completed by other staff ➤ Council minutes include whether any declarations of interests have been made ➤ Fraud and Whistleblowing policies in place ➤ Gifts and Hospitality Policy with each Department maintaining a register (Director's secretaries record all declarations) ➤ Members approve the: <ul style="list-style-type: none"> ▪ Constitution ▪ Standing Orders and Financial Regulations ▪ Codes of Conduct ➤ Members approval of the Community and Corporate Plans ➤ Scheme of Delegation ➤ Party Group Leaders Forum ➤ Members Training and Workshops ➤ Shared values communicated through the Community Plan, Corporate Plan and the Annual Performance Improvement Plan ➤ Open and transparent committee system and reporting
A.2 Demonstrating strong commitment to ethical values	<ul style="list-style-type: none"> ➤ Mandatory Code of Conduct for Councillors ➤ Register maintained of Members' declarations of interest ➤ Register maintained of Officers' declarations of interest ➤ Ethical requirements of Professional Standards ➤ Standing Orders ➤ Register maintained of Members' declarations of interest ➤ Ongoing monitoring and reporting through Internal Audit and Risk Management processes ➤ Systems and processes for financial administration ➤ Partners and Contractors required to comply with relevant policies ➤ Policies in place which demonstrate our commitment to ethical values includes: <ul style="list-style-type: none"> ▪ Equality Scheme and Equality Action Plan ▪ Equality and Diversity Framework

Core Principle A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law	
Supporting Principles	How we meet these principles
	<ul style="list-style-type: none"> Good Relations Forum Disability Action Plan Data Protection Policy <p>Robust Equality Screening process Letters of Offer issued with Grants Monitoring arrangements Procurement guidance and policy</p>
A.3 Respecting the rule of law	<p>Council Constitution Updated Financial Regulations Updated Standing Orders Register maintained of Members' declarations of interest Register maintained of Officer's declarations of interest Operating Protocol for Planning Committee Council Anti-Fraud Policy and Fraud Response Plan Council Whistleblowing Policy Gifts and Hospitality Policy Qualified majority voting and Call-In process in accordance with the Local Government Act 2014 External expert legal and other professional advice sought when necessary. Fraud and Whistleblowing investigations undertaken HR Disciplinary processes.</p>

Core Principal B: Ensuring openness and comprehensive stakeholder engagement

Supporting Principles	How we meet these principles
B1: Openness	<ul style="list-style-type: none"> ➤ Council meetings are open to the public and members of the media ➤ Council's web site provides up-to-date information regarding: <ul style="list-style-type: none"> ▪ Council activities ▪ Policies ▪ Reports issued ➤ Use of Social Media ➤ Council Magazine – 'NMD Connect' published annually ➤ Internal Communications issued via Chief Executives' briefs ➤ Consultation with stakeholders regarding the Community and Performance Improvement Plans ➤ Community Planning Process ➤ Corporate Complaints Procedure ➤ Customer Service Standards in Draft format – to be brought through Council Summer 2019. ➤ Council minutes are published on the website ➤ Standard pro forma for all Committee reports. ➤ Annual Performance Improvement Plan published on the web site. ➤ Categories for 'confidential business' for Committee reporting established ➤ Staff Consultations ➤ Access to Information Policy and Procedure
B2: Engaging comprehensively with institutional stakeholders	<ul style="list-style-type: none"> ➤ A co-ordinated and strategic approach to community engagement and involvement that enables partners to bring together their community engagement work and plans and connects Members, community and citizen engagement and partnership decision making ➤ Local Development Planning ➤ Community Planning Process ➤ Monthly Community Planning team meetings ➤ Community planning partnership meets 3 times per year ➤ Community Plan Statutory Partners ➤ Place Shaping Agenda ➤ Ongoing engagement with Trade Unions



B3: Engaging with individual citizens and service users effectively	<ul style="list-style-type: none"> ➤ Community Plan developed following consultation with Statutory Partners, stakeholders and the public ➤ Local Development Plan ➤ Annual Performance Improvement Plan
Core Principal C: Defining outcomes in terms of sustainable economic, social and environmental benefits	
Supporting Principles	How we meet these principles
C1: Defining Outcomes	<ul style="list-style-type: none"> ➤ 'Living well Together' the Districts Community Plan 2017-2030 ➤ The Corporate Plan will be driven by priorities set out in the 'Living Well Together' Community Plan ➤ 2017/18 Performance Improvement Plan ➤ Corporate Planning Framework for the development of the 2019-2023 Corporate Plan ➤ Transformation programme being developed which will include detailed service reviews ➤ Treasury Management ➤ 4 year Capital Programme ➤ Prudential Financial Framework ➤ Local Development Plan ➤ 2017/18 Directorate Business Plans ➤ Sports Facilities Strategy Document 2017 ➤ NMDDC Tourism Strategy 2017-2022 ➤ Tourism Marketing Plan 2018-19 ➤ Tourism Experience Brochure
C2: Sustainable economic, social and environmental benefits	<ul style="list-style-type: none"> ➤ 'Living well Together' the Districts Community Plan 2017-2030 ➤ 2016/17 Performance Improvement Plan ➤ Local Development Plan ➤ New Corporate Plan will be driven by priorities set out in the Community Plan ➤ Corporate Planning Framework for the development of the 2019-2023 Corporate Plan ➤ Local Development Plan – Preferred Options Papers ➤ Risk Management processes ➤ Policy Officer ➤ Established processes for governance, management and administration of grants ➤ Equality Impact Assessments ➤ EQIA completed for all policies

Core Principal D: Determining the interventions necessary to optimise the achievements of the intended outcomes/	
Supporting Principles	How we meet these principles
D1: Determining interventions	<ul style="list-style-type: none"> ➤ Evidence and Research team support the Council in the development of a data and evidence based approach to support the creation of the Community Plan, Local Development Plan and key related strategies. ➤ Ongoing consultation and engagement with the public, stakeholders and the community and voluntary sectors. ➤ Ongoing consultation and engagement with the public and key stakeholders ➤ Professional advice sought when required ➤ Transformation programme being developed which will include detailed service reviews
D2: Planning interventions	<ul style="list-style-type: none"> ➤ Planning processes encompassing Community, Corporate and Performance Improvement Plans ➤ Community Planning engagement framework completed through thematic groups via the DEA's ➤ Local Development Plan ➤ Strategic Planning Framework ➤ Directorate business plans ➤ Performance Improvement Plans including KPI's ➤ Risk Management processes ➤ Budgetary Control including a rolling 4 year capital plan ➤ Monthly Management accounts ➤ Financial planning ➤ Estimates process including Efficiency Working Group ➤ Performance Indicators ➤ Transformation programme being developed which will include detailed service reviews ➤ Medium term financial planning ➤ Financial management of capital programme ➤ Treasury Management Strategy and Prudential Indicators
D3: Optimising achievement of intended outcomes	<ul style="list-style-type: none"> ➤ Financial reporting ➤ Reporting to the Strategic Policy and Resources Committee ➤ Treasury Management ➤ Estimates Process ➤ Budgetary Reporting ➤ MRP Policy ➤ Estimates Process ➤ Council/Committee Reporting ➤ Community Plan ➤ Local Development Plan

Core Principal E: Developing the entity's capacity, including the capability of its leadership and the individuals within it	
Supporting Principles	How we meet these principles
E1: Developing the entity's capacity	<ul style="list-style-type: none"> ➤ Organisational Development ➤ Transformation programme being developed which will include detailed service reviews ➤ Performance Improvement Plan ➤ NIAO Improvement Audits and Assessments of Councils 2017/18 ➤ Monitoring of the performance of the delivery of Council Improvement Objectives to ensure compliance with the performance ➤ Improvement requirements of part 12 of the Local Government (NI) Act 2014 ➤ Directors and Assistant Directors quarterly assurance statements ➤ Community Plan Statutory Partners ➤ Service Level Agreements
E2: Developing the capability of the entity's leadership and other individuals	<ul style="list-style-type: none"> ➤ Group Party Leaders Meetings ➤ Induction Training and Learning and Development Programme for Members ➤ Member Development Charter ➤ Scheme of Delegation ➤ Audit Committee undertake an annual self-assessment exercise against CIPFA standards ➤ Planning Scheme of Delegation ➤ CE Job Description/Specification and Appraisal Scheme ➤ Terms and conditions of employment ➤ Capacity building around the Code of Conduct ➤ Performance Improvement consultation ➤ Consultation on major Council strategies ➤ Performance Improvement Plan ➤ Directorate business plans ➤ Project Plans ➤ Corporate Management Team Meetings ➤ Continuing Professional Development ➤ Corporate Health & Safety ➤ Occupational Health Service including Westfield Health ➤ All staff have access to leisure facilities ➤ A number of post related to improving health and wellbeing in the district (i.e. Exercise referral coordinator, GP referral coordinator, Macmillan move more coordinator and Age friendly Coordinator)

Core Principle F: Managing risks and performance through robust internal control and strong financial management	
Supporting Principles	How we meet these principles
F1: Managing risk	<ul style="list-style-type: none"> ➤ Risk Management Policy ➤ Risk Management software system ➤ SMT update Corporate Risk Register quarterly and present to audit Committee ➤ Directorate risk registers updated bi-annually ➤ Director and Assistant Director Quarterly Assurance Statements
F2: Managing performance	<ul style="list-style-type: none"> ➤ Annual NIAO Audit and Assessment Reports ➤ Annual Performance Improvement Plans ➤ Directorate business plans ➤ Agreed pro forma for Committee reports showing option appraisals and implications. ➤ Regular reporting of financial information to the SP&R committee ➤ Legal and professional advice obtained as necessary ➤ The SP&R and Audit Committee oversees and monitors performance management, processes, systems and related arrangements. ➤ The SP&R Committee oversees and monitors structures, governance arrangements and financial information. ➤ Performance Improvement updates ➤ Financial Management ➤ Risk Management processes and reporting ➤ Budgetary reporting
F3: Robust internal control	<ul style="list-style-type: none"> ➤ Directorate Business Plans ➤ Risk Management Policy and processes ➤ Risk registers in place and linked to objectives ➤ Audit Services Manager in place who liaises with a fully independent internal audit firm ➤ Independent External Review of Internal Audit every 5 years ➤ Internal Audit planning ➤ Risk based auditing ➤ Recommendation Tracker to monitor all Internal Audit recommendations ➤ Council Fraud Policy and Fraud Response Plan ➤ Council Whistleblowing Policy ➤ Gifts and Hospitality Policy ➤ Directors and Assistant Director Quarterly Assurance Statements ➤ Annual Governance Statement ➤ Audit Committee with an independent Chairperson

Core Principle F: Managing risks and performance through robust internal control and strong financial management		
Supporting Principles	How we meet these principles	
F4: Managing data	<ul style="list-style-type: none"> ➤ Data Protection Policy ➤ Data Protection training ➤ IT Transformation Project underway ➤ Access controls in place on Council network ➤ Secure physical access to Council buildings and IT server rooms 	
F5: Strong public financial management	<ul style="list-style-type: none"> ➤ Rates Estimates process ➤ Annual Budget setting process and Budgetary reporting systems ➤ Financial management detailed in Directorate Business Plans ➤ Prudential Framework ➤ Compliance with CIPFA's Code on a Prudential Framework for Local Authority Capital Finance and CIPFA's Treasury Management Code ➤ Transformation programme being developed which includes detailed service reviews ➤ All Committee reports include financial implications ➤ Financial Regulations 	

Core Principal G: Implementing good practices in transparency, reporting and audit to deliver effective accountability		
Supporting Principles	How we meet these principles	
G1: Implementing good practice in transparency	<ul style="list-style-type: none"> ➤ Annual Financial Report published on the Council's website. ➤ The Financial Report and accounts are prepared in line with the Code of Practice on Local Authority Accounting the UK ➤ The Council web site provides the public with up to date information ➤ Standard Committee report template 	
G2: Implementing good practices in reporting	<ul style="list-style-type: none"> ➤ Annual Accounts published on the Council's web site ➤ Established timescale for submission and approval of annual accounts ➤ Performance Improvement – Annual Audit and Assessment Reports ➤ Publication of statutory performance indicators in line with the Local Government (Northern Ireland) Act 2014 ➤ Annual Governance Statement reviewed by Chief Executive and published on Council's website ➤ Council Committees consider and approve reports which are ratified by full Council ➤ Review of Corporate Governance carried out by Internal Audit ➤ Service Level Agreements ➤ The Annual Accounts are prepared in line with the Code of Practice on Local Authority Accounting in the UK based on International Financial Reporting Standards and the Department of Communities Accounts Direction. ➤ Committee reports presented by Senior Officers 	
G3: Assurance and effective accountability	<ul style="list-style-type: none"> ➤ All NIAO recommendations are included on the recommendation tracker with updates reported to Audit Committee ➤ All NIAO (External Audit) reports presented to the Audit Committee ➤ Audit Services Manager in place who liaises with fully independent Internal Audit firm ➤ External audit completed by NIAO ➤ NIAO Proper Arrangements Audit ➤ Internal Audit annual review of effectiveness ➤ Community Planning Statutory Partners ➤ The Local Government (Community Planning Partners) Order (Northern Ireland) 2016 ➤ Service Level Agreements ➤ Contract Management ➤ Directorate Business Plans in place which contain key corporate actions, risk actions and performance indicators 	

NORTHERN IRELAND LOCAL GOVERNMENT BODIES'

ANNUAL GOVERNANCE STATEMENT

The Council's Annual Governance Statement follows DfC accounts directions and where applicable the factsheet on Governance Statements issued by NIAO in 2013, and comprises the following sections:

- Scope of responsibility;
- The purpose of the governance framework;
- The governance framework;
- Review of effectiveness;
- Update on significant governance issues that were declared at the year-end 2018-19; and
- Significant governance issues for the year end 2019-20.

Scope of Responsibility

Newry, Mourne and Down District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiency and effectively.

The Council also has a duty under Local Government (Best Value) Act (Northern Ireland) 2002 to make arrangements for continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Council has prepared an Annual Governance Statement which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the Code can be obtained from the Council's Audit Services Manager. This statement explains how the Council has complied with the code and meets the requirements of Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 in relation to the publication of an Annual Governance Statement.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Newry, Mourne and Down District Council for the year ended 31 March 2020 and up to the date of approval of the financial statements. The following section sets out the key elements of the governance framework.

The governance framework

Our committee structure, which is based on the full council and six standing committees is illustrated and described below.

Council Committee and Management Structure



Through the work of the committees, our members oversee the work of the Council. All committee decisions need to be ratified by the full Council except where committees have been granted delegated authority to make decisions. The full Council, which consists of 41 elected representatives, is the overarching decision-making body.

The ERT Committee is responsible for the development and implementation of strategies, policies, programmes and projects directed to the regeneration and growth of the district in the context of the outcomes agreed in the community and corporate plans. The ERT committee is also responsible for all matters pertaining to policy and legislation in relation to building control and licencing issues.

The AHC Committee is responsible for the development and implementation of strategies, policies, programmes and projects aimed at improving life at local level in the context of the outcomes agreed in the community and corporate plans.

The Audit Committee provides an independent assurance on the adequacy of the Council's risk management framework and associated control environment. It provides an independent scrutiny of the Council's financial and non-financial performance, which is relied upon by Council, to the extent that it exposes it to risk and weakens the control environment.

The NS Committee is responsible for the development and implementation of strategies, policies, programmes and projects aimed at ensuring the waste service is delivered across the district in the context of the outcomes agreed in the community and corporate plans.

The Planning Committee is responsible for all of the Council's planning functions, except those matters, which are delegated to Officers or reserved to full Council.

The SP&R Committee is responsible for setting the strategic direction of the Council through the development of its corporate plan and other key corporate and cross cutting strategies and policies. It will also ensure effective use of resources and value for money for ratepayers and oversee the Council's relationship with a number of key agencies and partners.

In addition to the committees listed above, there are also 20 working groups established to support the work of Committees.

The Council has an Assurance Framework in place that provides sufficient, continuous and reliable assurance on organisational stewardship and the management of major risk to organisational success and the delivery of improved, cost effective services. The framework is structured and provides reliable evidence to underpin the assessment of risk and control environment for the Annual Governance Statement.

The Council's Code of Governance is based on the seven core principles set out in the CIPFA/SOLACE Framework (2016 edition). How we meet these seven core principles is reviewed and updated annually and a summary of the key elements of our governance framework are set out below:

A. Behaving with integrity

- Shared values communicated via community plan, corporate plan and key strategies
- Mandatory Code of Conduct for Councillors
- NI charter for Elected Member Development
- Staff Code of conduct
- Council Constitution including Standing Orders, Financial Regulations and Scheme of Delegation
- Council Anti-Fraud Policies and Fraud Response Plan
- Council Whistleblowing Policy
- Gifts and Hospitality Policy
- Declarations of interest
- Conflict of Interest Policy

B. Ensuring Openness

- Council and Committee meetings open to the public
- Council and Committee agendas and minutes displayed on the Council web site
- Consultation and engagement with staff and trade unions
- Annual financial report published on the Council's web site
- Access to Information Policy and Procedure
- Council Magazine, 'NMD Connect' published annually
- Community Plan and Local Development Plan

C. Defining Outcomes

- Community and Corporate Plans
- Leisure Transformation - Newry Leisure Centre and Down Leisure Centre Provision
- Organisational Development
- Tourism Development and Marketing Strategy
- Performance Improvement Plans
- Local Development Plan

D. Optimising the achievement of outcomes

- Corporate and Directorate plans
- Constitution
- Strategic financial planning
- Risk Management Policy

E. Developing Capacity and Capability

- Organisational Development
- Harmonisation of policies
- Development of a joint Employee Relations consultation and negotiating policy
- Elected Members Development Charter/

F. Finance, Performance and Risk Management

- Financial Regulations
- Risk Management Policy
- Audit Committee
- Audit Services Manager who liaises fully independent outsourced Internal Audit firm
- Annual Internal Audit Strategy and Plan
- Data Protection policy and procedures
- Director and Assistant Director quarterly assurance reporting
- Independent Audit Committee Chairperson

G. Transparency, Reporting and Effective Accountability

- NMDDC website
- Publication of key reports including Annual Accounts, Annual Governance Statement and Performance Improvement Report
- Committee support framework
- Internal Audit effectiveness annually reviewed against the Public Sector Internal Audit Standards
- Monitoring of all Internal and External Audit recommendations and quarterly updates to the Audit Committee.

Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its system of internal control. The review of effectiveness is informed by the work of the Senior Management Team within Council who have responsibility for the development and maintenance of the governance environment, the Internal Audit's annual report, and also by comments made by the external auditors.

Recommendations arising out of internal and external reviews are agreed with management before finalisation to ensure that they will achieve the desired enhancement to the control environment and are practical solutions. Registers are maintained of all outstanding recommendations and these are circulated at Audit Committee. Assistant Directors have to update quarterly progress on implementing recommendations as part of the Assurance Statement process. Follow up reviews are also reported to the Audit Committee.

The Chief Executive has responsibility for preparing this Annual Governance Statement. In preparing this statement, she has considered the governance framework and system of internal controls in place. The Chief Executive leads the Council's SMT to collectively have involvement in and oversight of the processes involved in maintaining and reviewing the effectiveness of the governance framework. In producing this statement, full regard has been made to the register of interests for both Councillors and employees, reports of the internal and external auditor, the Corporate Risk Register, Assurance Statements provided by each Director and Assistant Director for year ended 31 March 2020.

The Council itself maintains overall control of the governance framework and has been involved, for example, in approving the implementation of the risk management and statement of assurance processes. Primary responsibility for overseeing the governance process is the responsibility of the Audit Committee as a standing committee of Council. The role of the Audit Committee extends to receiving reports from the Council's internal and external auditors to ensure that any issues raised are subject to due consideration and are addressed by officers on a timely basis. In considering this Annual Governance Statement, the Audit Committee have considered the review of the governance framework and system of internal controls prepared by the Chief Executive.

The following process has been applied in maintaining and reviewing the effectiveness of the governance framework:

- **the Members:** A committee structure is in place within Council which provides elected members with a democratic mechanism by which to approve and scrutinise Council Business. Positions of responsibility and Committee members are appointed as per the Local Government Act (NI) 2014 and are reflective of the broad political makeup of the Council as elected.

The main decision-making body is full Council of elected Members who are ultimately responsible for ensuring effective governance arrangements are in place in order for Council to achieve its goals and objectives. Council meets monthly in statutory meetings. Council has established sub-Committees of Council to consider in further detail its operations in line with specific areas of responsibility, as set out in the Constitution. These Committees of elected members are informed by Council Officers.

Council business is governed by Council Standing Orders and Committee Terms of Reference to ensure that the transaction of the business of Council and its Committees is properly regulated and conducted in an efficient, fair and legal manner.

- **the Senior Officers:** The Chief Executive ensures that all Council services and activities are delivered in accordance with the aims of the Council's Corporate Plan. The Chief Executive is supported by a Senior Management Team who meet at least monthly to monitor strategic direction and good governance across the District. During 2019-20 a meeting of the Corporate Management team occurred monthly. Directors meet regularly with senior members of their Directorates to ensure that all staff are aware of Council's priorities and that risks are being appropriately managed.

Quarterly Assurance Statements are completed by Assistant Directors and Directors to give the Chief Executive assurance over the controls that are in place. The Assurance Statements also make the Chief Executive aware of any of the risks arising which may have a negative impact on the Council.

- **The Audit Committee:** The Audit Committee provides an important source of assurance to those charged with governance about the Council's arrangements for managing risk, maintaining an effective control environment, and reporting on financial and other performance. The Audit Committee has an Independent Chairperson and met on four occasions during 2019/20. The Audit Committee Terms of Reference were revised in July 2020 and sets out the purpose and the roles and responsibilities of committee.

The effectiveness of Audit Committee was reviewed at the Committee on the 6 July 2020. This was done using the National Audit Office Self-Assessment Checklist (September 2017).

The Committee was satisfied with its overall performance when compared against the checklist. The NAO checklist is the benchmark for best practice. The Audit Committee Annual report 2019/20 was presented to the 6 July 2020 Audit Committee to support the completion of the Annual Governance Statement.

- **By Internal Audit:** The Internal Audit function is carried out by an independent firm in accordance with Public Sector Internal Audit Standards. It provides assurance and advisory service to assist Council achieve its objectives and improve the effectiveness of internal control, risk management and governance processes. Six internal audit assignments were carried out in 2019/20, as well as an advisory review on Health and Safety. Internal Audit also carried out a follow up review of the 2018/19 recommendations.

- **Other explicit review / assurance mechanisms:**
 - Health and Safety: By reviews of Health and Safety by professionally qualified officers, the Corporate Health and Safety Committee, and various Health and Safety sub committees.
 - Risk Management: Risk Management is embedded across all activities of the Council and is a continuously evolving process, which is monitored closely by the Audit Services Manager. The Corporate Risk Register is presented quarterly to both SMT and the Audit Committee.
 - External Funding: External funding throughout the year is subject to independent audits from the relevant funders i.e. European Court of Auditors, Government Departments, SEUPB.
 - Local Government Audit: Work carried out by the Local Government Auditor during 2018/19 is also used by the Council as an additional assurance mechanism. The Council's Performance Improvement Plan has also been externally audited by the NIAO and received a satisfactory Assurance rating in 2018/19.
 - The Transport Regulation Unit and the Freight Transport Association undertook a review of the Council's compliance with, and management of, controls in respect of certain aspects of the Operator's Licence.

The Accounting Officer has also been advised on the review of effectiveness of the governance framework by the Audit Committee and a plan to address any weaknesses and ensure continuous improvement of the system is in place.

Update on Significant Governance Issues that were declared in 2018-19

Seven issues were declared last year and six of these continue to be declared as issues in this year's statement (Procurement and Contract Management, IT Transformation Project, Economic and Political climate, Belfast City Region deal, Planning backlog and absenteeism).

An update on the remaining governance issues from 2018/19 is provided below:

1. Big Screen Investigation

An investigation by our internal auditors into the Council's procurement, and erection of the 'Big Screen' in Newry raised serious concerns around the processes surrounding the procurement and erection of the Big Screen by the legacy Newry and Mourne Council, as well as raising concerns regarding the provision of information for audit purposes and under Freedom of Information relating to the Big Screen.

An amount of £23,199 provided to Newry and Mourne Council as a contribution to the Big Screen project was repaid to the Department for Communities in April 2019 as, following the investigations findings, they deemed the expenditure irregular.

A lesson learned report was produced during the course of the investigations which has been widely shared with relevant staff. Additional training has been provided to staff in the areas of procurement, GDPR and code of conduct. Further training on fraud, whistleblowing and conflicts of interest is planned for Autumn 2020.

2. Internal Audit Facilities Management – Canteens

In 2018/19 the 'Facilities Management – Canteens' internal audit review received a limited assurance. Internal Audit concluded that there were several key controls absent from the Council's systems for facilities management at the canteens. Specifically, the review identified a lack of basic control operating over the cash collected particularly at the Monaghan Row canteen and a failure to fully investigate discrepancies daily. Significant progress has been made and out of the 10 recommendations made, 7 have been fully implemented and 2 partially implemented. The recommendations outstanding relate to standardised pricing structures between canteens and are priority 2 and 3. Due to the COVID19, the canteens have all been closed from March 2020, and cooks have both been furloughed with Canteen Assistants redeployed. There are currently no plans at present to reopen the canteens.

Significant Governance Issues in 2019-20

The significant governance issues for 2019/20 were identified through the review of significant risks in the Corporate Risk Register for the year ending 31 March 2020, consideration of significant events / issues, internal / external audit reports and a review of the Directors Assurance Statements.

Internal Audit conducted six reviews during 2019-20. Five Internal Audit Reviews received a satisfactory assurance rating and one report received a limited assurance rating. In agreement with the Audit Committee Internal Audit also undertook an advisory piece of work in respect of Health and Safety (facilities – considering fire risk, asbestos and legionella checking).

Internal Audit also undertook the follow up review of recommendations made in the 2018/19 internal audit reviews. The review identified that, out of the 58 accepted recommendations,

30 recommendations were fully implemented, 10 recommendations were partially implemented, 12 recommendations were not implemented, 3 recommendations were no longer accepted and the remaining 3 recommendations we were unable to test implementation due to access restrictions to Council's facilities.

The internal audit assurance work as detailed in the Internal Audit Plan for 2019/20 was not fully completed. It was agreed at the January 2020 Audit Committee for Internal Audit to carry out a review of fuel procedures. As there is a requirement to be physically present at both depots and the Government's current social distancing restrictions, this audit was moved into the 2020/21 plan. However, Councils Audit Services Manager has created an action plan which the Director and Assistant Director of Waste Management are currently implementing to strengthen controls around fuel usage in Council. Internal Audit will review the new procedures within the 2020/21 plan.

Internal Audit concluded that management should consider our internal audit review of Contract Management, which received limited assurance rating (summarised within the significant governance issues). Internal Audit also highlighted the need to progress those findings set out in the advisory report in respect of Health and Safety facilities – considering fire risk, asbestos and legionella checking where 4 red rating recommendations were identified.

Internal Audit's Annual Opinion during the period from 1 April 2019 to 31 March 2020, was that the Council's systems in relation to internal control, risk management and governance were, in general, adequate and operated effectively and can provide **satisfactory assurance** in relation to the effective and efficient achievement of the Council's objectives.

The Audit Services Manager will continue to follow up on the legacy Internal Audit Recommendations which have not yet been implemented and will also follow up on the 2019/20 recommendations prior to the Independent Internal Auditor carrying their own follow up review during 2020/21. The progress on the implementation on Internal Audit recommendations will be reported quarterly at the Audit Committee along with an update on outstanding external audit recommendations.

The following governance issues have been identified for the year ended 31 March 2020.

1. Procurement and Contract Management

Procurement has remained a significant risk in the Councils Corporate Risk Register at year-end. The risk that the Council may breach legislation in procuring goods and services could affect the Councils ability to deliver its objectives and achieve value for money, open the Council to legal challenge and could result in reputational damage.

Internal Audit gave purchasing, procurement and contract management a limited assurance rating during the 2015-16 year. During the 2018-19 financial year Internal Audit Completed a Stage two of their procurement audit which focused on the compliance with the Councils revised procurement policy (January 2018). Both the stage one audit (review of the revised policy during the 2017-18 year) and stage two audits received a satisfactory assurance levels. At the January 2019 Audit Committee it was agreed to remove the procurement update from the being a standing agenda item due to the progress made over the last number of years. Within the 2018-19 financial year, the controls around procurement have been strengthened significantly;

- The Newry, Mourne and Down District Council Procurement Policy and Procedures was approved by the SP&R committee on the 14 December 2017 and subsequently ratified by Council on the 8 January 2018. Business Case

templates and procedures were approved in February 2013 by SMT. The suite of documents was updated again on 23 June 2020.

- In June 2018, a procurement expert delivered training to relevant staff. The training covered drafting business cases, drafting tender documents, tender evaluation and training on the Council's e-procurement system.
- A new and additional procurement training schedule was delivered to all staff. This commenced in February 2019 and was completed in May 2019. The five separate sessions targeted particular officers proportionate to the value of procurement exercises they regularly undertake to address in more detail areas of Council's procurement policy relevant to them.
- Significant work has been undertaken to review all significant contract spend by Council and to ensure appropriate contracts are in place and formulate a fully operational contract register for future use by Council.

Even though considerable progress has been made, we are still highlighting procurement as a significant issue as the policy and procedures continue to imbed. However, the main concern going forward is now in relation to contract management.

The Contract Management Internal Audit in May 2020 had a limited assurance rating. The report stated that there are number of key controls missing from the Council's systems for Contract management. Specifically, there is a need to: focus management's priorities on the completeness and accuracy of the contract register; ensure that market tested contracts/procurements are in place to support relevant spend in the Council; establish a separate contract management policy; review the approval mechanism for STAs to consider whether spend is likely to be repeated and in these instances whether a contract should be put in place instead; and to ensure performance reviews and post project evaluations are in place. Our review also noted a need for dedicated contract management training for all relevant Officers.

Management have now completed the responses and accepted all the recommendations. The recommendations will be implemented in line with the target dates noted in the report to strengthen Council's controls around contract management.

SMT are concerned with the high level of spend during the first quarter of 2020-21 requiring Single Tender Action on Approval. SMT has directed CMT to ensure competitive procurement processes are put in place immediately for all spend where legacy contracts have lapsed for each of their service areas. This will ensure value for money is being achieved.

2. IT Transformation Project – seeking update from Gavin

Council is currently undertaking an IT transformation project to improve the IT environment and enhance our IT services. This is a long-term project and until a time when the IT Strategy is fully implemented, we are actively working at managing risk in this area and ensuring our current IT systems and IT security is sufficiently robust to meet the needs of the organisation.

The following components of the IT infrastructure have now been made available incorporating strong Business Continuity and Disaster Recovery service levels, RTOs (Recovery Time Objectives) and RPOs (Recovery Point Objectives).

- eMail

- Active Directory/DNS/DHCP
- Fixed Telephony
- Wide Area Network
- Remote Access
- Firewall and Perimeter Security
- Local Area Network
- WiFi

Whilst progress has been made in increasing the availability and resilience of the remaining on-premise infrastructure, significant work is still required to consolidate these onto a single supported platform, capable of meeting the Councils RTOs and RPOs and the standards required to support a transition to IT Managed Service.

This work has already been scoped. This was due to be undertaken earlier in the year but unfortunately all resources had to be diverted to COVID19 response, resulting in a three-month delay. It is presently hoped that the work will complete by the end of October 2020.

3. Economic and Political Climate

The financial landscape for the council is likely to remain challenging for the foreseeable future. The added uncertainty brought about by the exit from the European Union will only serve to compound these issues. There is a risk that funding reductions may continue beyond this point.

The Covid 19 outbreak will also have a significant financial impact on the council in 2020/21 with the impact then likely to be felt in future years. The council began to experience the impact of the outbreak in March 2020 when a number of front line service facilities were closed. Consequently, the council will suffer significant reductions in income in 2020/21 and beyond. The council's spending has also significantly increased to cope with the outbreak. Central Government has pledged economic support to Councils, but this additional funding will not fully fund the loss of income and costs associated with COVID 19. Local Council's will be expected to use their own reserves to fund any shortfall in future funding. More detail can be found on the COVID19 governance issues (item number 7).

The council continues to face a range of significant budget pressures including general inflation, cost pressures in waste and recycling, increases in demand for everyday services as the population grows, and increases in core costs such as wage increases, the national living wage and pension contributions.

There is a major external influence on the Councils future financial security and that will be potentially impacted by the UK's progress in negotiating the terms of its exit from the European Union and agreeing its future trading arrangements. Whilst still unclear what the local implications will be, the impact of leaving the European Union (EU) may lead to increased instability and uncertainty in respect of the financial context for councils and regions.

It is too early to understand the full implications of Brexit on jobs and investment in the District until trade negotiations are finalised. The current uncertainty regarding the ongoing negotiations, which businesses have been operating within since the Brexit referendum, is also having a negative impact. As there is still ongoing uncertainty and a lack of clarity as to the full implications of Brexit, the full impact on the businesses and the economy in our area remain uncertain.

The Council established a Brexit Member's forum in March 2018. The forum consists of Senior Officers and Members. Their role is to create contingency plans to monitor and take actions to reduce the risks arising due to the current levels of uncertainty. Council also have established a Brexit Task and Finish working group which is actively planning for the impacts of Brexit on the operations of Council.

4. Belfast City Region Deal

Appropriate governance and programme management arrangements were put in place to develop the Belfast Region City Deal (BRCD) proposition, which was presented to UK and NI governments in September 2018. The chancellor in his budget statement in October 2018, announced a £350m investment package for the BRCD, with a further £350m match funding from NI Executive and £150m contribution from BRCD partners. Belfast City Council, as the lead authority, have put in place a dedicated programme office and revised Governance Structures to deliver the second phase of the programme, which includes the development of Outline Business Cases (OBCs) for all projects and will result in a financial agreement being drawn up between BRCD and the UK government and NI Executive.

Work will also continue on the governance arrangements and assurance framework which will be put in place for the delivery phase of the deal, which is likely to commence in 2020.

NMDDC have governance structures in place via Project Steering Boards, which will have oversight on the design, development and implementation of the regeneration and tourism capital projects which Council are the lead on. Council decisions on City Deal initiatives will be tabled at the ERT Committee, which will be supplemented with a focused City Deal councillor reference group. At a regional level Advisory Boards have been established under each of the City Deal pillars, and NMDDC officials sit on the Executive Board, relevant pillar boards, Finance Directors Group and other groups as relevant to NMDDC's projects.

Work has continued during COVID19, as the BRCD investment becomes of even greater importance to assist the regeneration of our district post COVID 19.

5. Planning Backlog

The failure to deliver timely planning decisions is highlighted as a risk within the Corporate Risk Register. Internal Audit completed an audit of the planning function during 2017/18 and this received a limited assurance rating.

Senior Management formally commenced a Service Improvement Programme with the appointment of an experienced planning project consultant in January 2020. The aim of the Improvement Programme is to review and refine processes and procedures where necessary, to review team arrangements and to improve the responsiveness of the Development Management Service, including the time taken to determine planning applications and to bring enforcement matters to a satisfactory conclusion.

Before Covid-19, significant progress was being made in terms of service and performance improvement. Since the lockdown, it has not been possible to reduce the overall number of applications within the system as intended. Importantly, however, the total caseload figure has not materially increased since March 2020.

despite the severe challenges and the levels of applications submitted remaining broadly consistent.

Figures provided by the Department for Infrastructure, Analysis, Statistics and Research indicated a significant reduction in the average time taken to determine local applications from 24.3 weeks in November 2019 to 15.4 weeks for March 2020.

The changes implemented will set the foundations for a more modern, efficient, resilient and responsive Development Management Service in the longer term. They will be subject to ongoing review and they will be complemented by further changes in line with the Improvement Strategy when conditions allow. Internal Audit will report on the performance of the Planning Department in the 2021/22 financial year to allow the processes to bed in.

6. Absenteeism

In July 2019, The SMT decided to include a new Corporate Risk; 'if sickness absence is not kept to a minimum, this may affect the delivery of services, staff morale and lead to increased costs'. The Council's level of sickness absence is currently the highest among the Council's in Northern Ireland, this was highlighted in the Local Government Audit Report 2019. Management are highlighting this on the Corporate Risk Register to put in place actions to bring the average number of days down to an acceptable level.

For the twelve-month period ending 31 December 2019, days lost due to sickness increased by 412 to 14332; compared to 13920 for the year ended 31 December 2018; representing an overall increase of 3%.

As well as reminding Line Manager of their duties in relation to absence management, Council introduced a Managing Attendance Procedure. On the 12 March 2020 the SP&R Committee agreed to approve the recommended policy be adopted by Council for implementation. The policy replaced six legacy absence management policies which were previously in operation and became effective on 1 April 2020.

7. Newry Rainbow Community Grant funding

Council awarded £125,000 to Newry Rainbow Community to fund the UK and Ireland Pride Event, which was hosted in Newry in August 2019.

Significant governance issues arose while verifying the first tranche of £60,000 against the letter of offer. Councils Fraud Response Group convened and brought a report to the SP&R Committee highlighting the concerns Officers uncovered. Council reversed the decision to award any further funding to Newry Rainbow Community.

When assessing all information available, an apparent overclaim for the previous year's event by Newry Rainbow Community was discovered. Officers have sought to reclaim this money on behalf of the ratepayer. This case is with PSNI and they are taking forward the investigation, however this is currently delayed due to COVID19.

8. COVID19

Council agreed a budget for the 2020-21 year at its Council meeting of February 2020. Council officers provided a budget for that financial year, based on best estimates of expenditure and income at that time. The COVID 19 global pandemic

could not have been foreseen to this extent and therefore was not factored into the budgets agreed by Council.

COVID 19 has impacted significantly on Council's finances to date, and this impact is likely to continue for some time into the future. Impacts are as follows:

- Significant income losses are being incurred following the enforced closures of leisure and tourism facilities, trade waste and car parking. Restrictions on travel and construction supply has reduced income in areas such as building control and planning, but as restrictions ease activity is expected to pick up again in these areas, yet not to the level anticipated when the budgets were set.
- At the same time, Council continue to incur many significant outgoings, the most significant of which is our payroll cost. Council learned on 30 April 2020 that we could apply to the UK Coronavirus Job Retention Scheme and furlough staff in income generating areas forced to close due to the pandemic. Whilst very welcome, the amount claimed under the scheme does not cover the full cost to Council.
- Whilst some buildings have closed, the larger leisure centres remain open to facilitate the Community Hubs and delivery of food parcels to those in need in our district. Many of the closed buildings still incur utility costs required to maintain the facility, albeit at a reduced rate.
- Additional costs directly associated with the COVID 19 pandemic have also been incurred and further additional costs are anticipated. These include costs of additional PPE and cleansing materials, additional IT equipment to enable more staff to work remotely, as well as increased waste costs associated with increased tonnages from household waste collections.

As a result of the impact of COVID 19, Council management commenced a review and revision of the 2020-21 budget. The objective of this review was to take account of the impacts of COVID 19 in our budgets; to reflect the significant losses of income anticipated but also to review areas where expenditure can be reduced due to the impact of COVID on our working practices and locations.

SMT anticipate that budgets will require continual monitoring and review as government changes to lockdown restrictions ease. We will be continually reviewing and revising budgets throughout the 2020-21 financial year and will these back to the SP&R Committee periodically throughout the year.

The full financial implications of the COVID 19 pandemic will significantly impact the future of the Council and the impact of COVID 19 on Council's risk register has been assessed by the SMT and will remain a key focus for the organisation as we work to recover from the pandemic as a district.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:

CHAIR

Signed:

CHIEF EXECUTIVE

Leading member [or equivalent] & Chief Executive [or equivalent] on behalf of [the authority]

Report to:	Audit Committee
Date of Meeting:	6 July 2020
Subject:	Corporate Risk Register
Reporting Officer (Including Job Title):	Dorinnia Carville, Director of Corporate Services
Contact Officer (Including Job Title):	Dorinnia Carville, Director of Corporate Services

Confirm how this Report should be treated by placing an x in either:-

For decision	For noting only	x
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1.0	Purpose and Background:
1.1	<p>SMT completed a thorough review of the Corporate Risk Register on the 7 May 2020 and the Risk Register was scrutinised by SMT again on the 23 June 2020.</p> <p>The Director Corporate Services and the Audit Services Manager also discussed the Corporate Risk Register with Internal Audit considering the implications of COVID19.</p> <p>It was decided it was best to integrate the COVID19 implications within our existing risk register as it has an impact on most Corporate Risks rather than to create a separate COVID19 register.</p> <p>Assurance Statements were received for the period ending 31 March 2020. These assurance statements were tailored to reflect the impact on services and resources in relation to COVID19.</p> <p><u>Orange Book</u></p> <p>HM Treasury published a new version of the guidance for risk management in the public sector. The 'Orange Book Management of Risk – Principles and Concepts', was released in May 2020 (appendix 4) and replaces the previous version dated October 2004. The new edition of the Orange Book was issued under DAO (DoF) 04/20 (appendix 3).</p> <p>The Orange Book sets out the key principles and concepts underlying effective risk management within and across public sector organisations, and whilst the main principles surrounding effective risk management remain largely unchanged, the new version adopts a more practical approach and provides clear and concise guidance to effective risk management.</p>
2.0	Key issues:
2.1	All risks have been updated to reflect the implication of COVID19. The Risk Management Software does not allow different coloured fonts/bolding. For CR1 –

CR12, COVID causes/controls/actions are highlighted by COVID19 being included at beginning of sentence/title.

Two new risks (CR13 and CR14) have been added which focus solely on the COVID19.

Appendix 1 shows a detailed comparison of the residual scores of all Corporate Risks from January 2020. The reason for any change in residual score is detailed in the comments section.

Council have five red rated risks.

Numerous minor changes were made to the register, including new actions updating the progress of actions and new detail included within certain risks. These can be evidenced on the Corporate Risk Register attached (Appendix 2).

All Directorate Risk Register will need to be updated for the impact of COVID19. This will be completed during July and August 2020.

Orange Book update

Whilst the key concepts surrounding the risk management framework remain largely unchanged, the update moves away from a theoretical guide to a more practical one. This update provides a non-technical, clear and concise guide to the concept of risk management having benefitted from discussions with stakeholders and practitioners in the private and public sectors sharing best practice.

The main changes are as follows:

- The introduction of five main (mandatory requirements) principles of risk management and a number of supporting (advisory) principles.
- Government organisations are required to comply or explain departures from the main principles via their governance statement. The previous version focussed on the risk management processes whereas this update takes a broader, more practical look at risk management incorporating governance and leadership, integration, collaboration and continuous improvement.
- The introduction of the "three lines of defence" model which provides a simple and effective way to delegate risk management roles and responsibilities.
- The provision of key questions that may assist in assessing how the principles are applied.
- The provision of clear roles and responsibilities for those involved in risk management including the board, the accounting officer and the Audit and Risk Assurance Committee.

The Orange Book also outlines the role of the Audit Committee in an organisations Risk Management:

Leading the assessment and management of risk is a role for the board. The Audit Committee should support the board in this role. It is essential that the Audit Committee:

	<ul style="list-style-type: none"> • understands the organisation's business strategy, operating environment and the associated risks, taking into account all key elements of the organisation as parts of an "extended enterprise"; • understands the role and activities of the board (or equivalent senior governance body) in relation to managing risk • discusses with the board its policies, attitude to and appetite for risk to ensure these are appropriately defined and communicated so that management understands these parameters and expectations; • understands the risk management framework and the assignment of responsibilities; • critically challenges and reviews the risk management framework, without second guessing management, to evaluate how well the arrangements are actively working in the organisation; and • critically challenges and reviews the adequacy and effectiveness of control processes in responding to risks within the organisation's governance, operations, compliance and information systems. <p>Despite currently being compliant with the main principles of The Orange Book, there may be an opportunity to initiate improvement actions in relation to a number of the supporting principles, as well as other practical measures found within The Orange Book. Council will update its Risk Management policy to reflect the Orange Book Amendments.</p> <p>Internal Audit are due to complete a review of Risk Management in Council within the 2020/21 Plan. Council will revise its policy in line with best practice prior to the Internal Audit review. The Internal Audit can then review the updated policy along with the Risk Management practices within Council.</p>
3.0	Recommendations:
3.1	For consideration by the Audit Committee on a quarterly basis.
4.0	Resource implications
4.1	None.
5.0	Equality and good relations implications
5.1	This report has been equality screened to assess the likely impact on the promotion of equality of opportunity and good relations. No equality impact assessment is required at this time.
6.0	Rural Proofing implications
6.1	A rural needs impact assessment is not required at this time.
7.0	Appendices
	Appendix 1 – Corporate Risk Register Comparison Review Appendix 2 – Corporate Risk Register July 2020 AC Appendix 3 – DAODOF0420 – Update to HM Treasury's Orange Book Appendix 4 – The Orange Book, Management of Risk – Principles and Concepts
8.0	Background Documents
	None

MMDC - Corporate Risk Register Cover Sheet

Risk	Description	Risk Owner/s	Gross Risk Score	Previous Residual Risk Score	Revised Residual Risk Score	Reason for change in Residual Score
CR01	Failure to deliver the capital investment programme for the District	Doranne Carville and Michael Lipsett	20	9	15	Due to COVID19 and the pressure on financial resources, Council need to complete a thorough review of the Council's 4 year capital plan.
CR02	Breach of legislation in relation to the procurement of goods and services and works	Doranne Carville	20	12	20	Contract Management received a linked assurance from A. SMT. It is also concerned with the number and value of STAs.
CR03	Non-compliance with legislative requirements	Doranne Carville, Michael Lipsett and Rolene Moore	20	15	15	no change
CR04	Failure to effectively manage waste	Rolene Moore	20	14	20	The Service is working well even due to the increased pressures in relation to COVID19. The pressures related to the Social Distancing Measures requiring more staff/vehicles to complete the same number of runs. Household waste has also increased due to people working from home. A significant number of STAs (with a large value) are currently in place for Waste services were previous contracts have lapsed. See CR02.
CR05	Failure to provide timely planning decisions	Conor Mallon	20	20	20	Progress was evident pre COVID19 as per planning consultants report July 2021 Planning Committee). However COVID19 has led to further delays due to not all planners being set up for homeworking and site visits being postponed.
CR06	IT Services do not support the Statutory, Strategic or Operational requirements of Council	Doranne Carville	20	16	16	No change
CR07	Failure to adequately plan for the future and deliver efficiencies and improvement	Marie Ward	20	12	12	No change - Programme has been delayed due to COVID19 however the planning for the future strategy is still moving forward.
CR08	Failure to adequately react to a major incident which would minimise any negative consequences/impact	Doranne Carville	20	12	12	No Change
CR09	Failure to implement an economic development programme to regenerate the district and attract inward investment due to financial uncertainties caused by the current economic and political climate	Marie Ward and Conor Mallon	20	20	20	Due to the uncertainty around Brexit the residual risk score cannot be reduced. Best forum recommenced on the 30 June 2020.
CR10	Lack of standardised T&Cs of employment leading to the failure to transform services and could impact on current service delivery	Marie Ward and Doranne Carville	20	16	17	On the 25 May 2020 Phase 1 of the new T&Cs were agreed between the Management Side / JUS and LCN. Included Annual Leave / Time / TCU. Residual risk reduced.
CR11	Accidents/injuries may occur if health and safety of service users and staff is not considered, with a particular focus on Fire Risk Assessments	Rolene Moore and Doranne Carville	20	15	15	No change - new action in relation to Legionella and Asbestos policies and associated management plans. Once policies are effective, residual score should reduce. Internal Audit H&S advisory report to be tabled at the next SMT and CMT.
CR12	If sickness absence is not kept to a minimum, this may affect the delivery of services, staff morale and lead to increased costs	Marie Ward and Doranne Carville	20	16	16	no change
CR13	Failure to adequately respond to COVID19 leading to an increase in staff absenteeism due to spread of the virus resulting in delays and an inability to deliver critical and statutory services...	SMT	20	NEW RISK	15	NEW RISK
CR14	Risk that Council does not assist the most COVID19 recovery of the district, therefore failing in its objectives to regenerate and build a prosperous district due to the inability of Council to be Financially sustainable in the long term.	SMT	20	NEW RISK	20	NEW RISK

Risk Assessment Matrix							
			PROBABILITY				
			Rate	Unlikely	Possible	Likely	V Likely
CONSEQUENCES		Score	1	2	3	4	5
	Fundamental	5	5	10	15	20	25
	Major	4	4	8	12	16	20
	Moderate	3	3	6	9	12	15
	Minor	2	2	4	6	8	10
	Not significant	1	1	2	3	4	5

		Risk Type (with associated impact)					
		Impact on individual(s) – staff or public	Statutory Duty	Business / Operational	Buildings/ Environmental	Engineering/ Quality of Service	Finance
Consequence	Score						
Fundamental	5	• Death	• Multiple breach of statutory legislation and prosecution.	• Litigation - >£100k expected	• Critical environmental impact	• Severe impact on customer satisfaction.	• Significant financial impact (over 5% of total directorate budget)
				• Reputational media interest • Severe loss of confidence and reputation	• Service closure for unacceptable periods	• Gross failure to meet professional / national standards	• Theft / loss >£250k
Major	4	• Major injury (A health reportable)	• Multiple breach of statutory legislation and improvement notice issued	• Litigation - <£25k to -£500k expected	• Major/significant environmental impact	• Major impact on customer satisfaction.	• Major financial impact (between 2% - 5% of total directorate budget)
		• Major clinical intervention		• Adverse publicity	• Severe disruption to service	• Failure to meet professional / national standards	• Theft / loss between £150k - £250k
Moderate	3	• Permanent incapacity		• Impact on reputation			
		• Temporary incapacity	• Single breach of statutory legislation and improvement notice issued	• Litigation - <£50k - -£100k	• Moderate environmental impact possible	• Formal complaint expected	• Moderate financial impact (between 1% and 2% of total directorate budget)
Minor	2	• Short term monitoring		• Potential for adverse publicity, avoidable with careful handling	• Moderate disruption to services	• Failure to meet internal standards	• Theft / loss between £50k - £100k
		• Additional medical treatment up to 1 year		• Potential to impact on reputation			
Not significant	1	• First Aid self treatment	• Breach of statutory legislation	• Litigation - <£50k	• Localised environmental impact	• Possible complaint	• Minor financial impact (up to 1% of total directorate budget)
		• Minor injury		• Impact on reputation - internal awareness	• Disruption to service perceived as inconvenient	• Single failure to meet internal standard	• Theft / loss between £1 - £50k
		• Minor illness up to 1 month					
		• Near miss (small cluster)					
Not significant	1	• Near miss (single)	• Near breach of statutory legislation	• Possible litigation due to settlement < £50k	• Minimal impact to environment	• Customer initially unhappy	
		No adverse outcome	• Minor breach of guidance or legislation		• Minimal disruption	• Minor non-compliance with internal standard	
		No injury or ill-health					

Likelihood of Event or Incident occurring		
Likelihood Descriptor	Score	Probability / Likelihood (of event or incident occurring over lifetime of Corporate Plan)
Almost Certain	5	• The event is more likely than not to occur.
Likely	4	• The event is likely to occur.
Possible	3	• There is a reasonable chance of the event occurring.
Unlikely	2	• The event is unlikely to occur.
Rare	1	• The event will occur only in exceptional circumstances.

Action Plans

Asset Management Strategy	Action Plan Description	Action Plan		Action Plan Owner	Action Plan Action Date	Comments
		Type	In Progress			
COVID19 - Review of the Capital Plan SIF Projects	Through review of the Capital Plan in light of COVID19	In Progress		Senior Management Team	31/07/2020	<p>All surplus land assets have been identified. 33 sites have now been considered for release. To maximise the assets these were divided into 36 separate sites. Out of that list, 28 sites were considered for release through the D1 process. 1 site has been sold and 5 sites are currently being considered by other public bodies.</p> <p>Of the sites that went through the D1 process with no interest, Council have currently lodged 6 Outline Planning Applications and 3 PADs to date. In addition 2 applications have been withdrawn. There are current a further 5 Outline Planning Applications to be submitted over the following months.</p> <p>Review of the 4 year capital plan by the end of July 2020.</p> <p>Risk registers in place for each project and discussed at project board meetings.</p> <p>The chosen site in Downpatrick has unsuitable ground conditions and SIF have now decided that the site is not financially viable. This site no longer going ahead.</p> <p>Kilkeoley project, Planning application submitted, albeit it would appear the submitted design will be refused. Liaison ongoing with TEO</p> <p>Thomas Davis project. Works paused due to Covid-19. Works progressing well prior to pause. No foreseen issues to getting project completed.</p> <p>Ballyhoman project. Works paused due to Covid-19. Works progressing well prior to pause. No foreseen issues to getting project completed. Contractor preparing to recommence works.</p> <p>Castlewellsan Community Centre. Works completed. Outstanding paperwork to be submitted to close-off project documentation and release of outstanding funding.</p>
	Implement Sufficient cost and change control measures so projects are delivered within budget. The project board will continue to meet as and when required to update project risk register	In Progress		Michael Lipsett	30/09/2020	

Action Plans

Action Plans	Action Plan Description	Action Plan		Action Plan Owner	Action Plan Action Date	Comments
		Type	In Progress			
Contract Management Internal Audit	Internal Audit are to complete a review of contract management. the audit is to commence in November 2019. Training to be rolled out to relevant staff on the best practice with regards to contract management.	Audit	In Progress	Ken Montgomery	30/09/2020	Report finalised in June 2020. Limited Assurance - recommendations to implemented as soon as possible
Contracts Management		Audit	In Progress	Ken Montgomery	31/07/2020	Line Management to target relevant staff and a training schedule to be devised.
Contracts Register	Development of a Council contracts register, this should be maintained and reviewed by the procurement team.	Audit	In Progress	Ken Montgomery	31/07/2020	Currently legacy contracts are being analysed to see where contracts can be merged to achieve economies of scale. Examples of spend which is currently being procured includes PPE, Metal Fabrication and Cleaning Services.
New Procurement Database	E-hub will no longer be supported in 18 months. Council need to move to source a new supplier which fits the needs of Council.	Audit	In Progress	Ken Montgomery	31/07/2021	

Risk CR. 03 - Non-compliance with legislative requirements

Risk	Probability				
	1	2	3	4	5
5			R		G
4					
3		T			
2					
1					

Risk Categories	Business operational/reputational Impact on individuals (staff or public) Statutory Duty (Legal/Regulatory)
Risk Description	Failure to have the necessary policies and procedures in place with staff adequately trained to comply with the necessary legislation.
Potential Root Cause	Failure to understand legal requirements in relation to H&S & Information Management Lack of resources COVID-19 - increased risks in relation to H&S at properties: statutory inspections required under legislation (i.e. vehicle and plant lifts, lifting equipment, pressurised water systems, local exhaust ventilation) are not taking place as the supplier appointed by our insurers cannot get access to buildings. COVID-19 - FRA / Legionella / Asbestos etc (are not being reviewed do to front line services being provided) COVID-19 - The Finance Act as amended by the draft COVID regulations could be misinterpreted by staff COVID-19 - ICO requirements for Council during pandemic COVID-19 - Failure to ensure adequate governance arrangements are in place in context of adapting working practices leading to significant governance failures. Examples include financial governance, governance of data, decision making of Council (no Committee meeting presently), use of party reps for min, minuting of decisions etc
Consequence	Non-compliance leading to prosecution Risk of a fatality at Council site Reputational Damage Reduced trust and public confidence Increased number of complaints and queries
Risk Owners	Dorinnia Carville; Michael Lipsett; Roland Moore
Gross/Inherent Risk	Red 25
Residual Risk	Amber 15
Target Risk Level	Green 6
Last Review	23/06/2020
Next Review	31/08/2020
Risk Appetite	Risk Averse

Objectives

- 3. Supported improved health and wellbeing outcomes
- 4. Protect our natural and built environment
- 8. Transform and modernise the Council, providing accessible as well as value for money services

Key Controls Identified

- 1. Majority of Policies and procedures in place
- 2. Dedicated skilled teams in place for:
 - Health and Safety
 - HR
 - Legal (including Info mgmt)
- 3. Health and Safety Committees in place and ongoing programme of training in place
- 4. Access to information policy approved in June 2019;
COVID-19 - New legislation introduced to allow virtual committee meetings
COVID-19 New Governance Arrangements in place in Council. Delegated authority amended through SD.

Action Plans

Action Plans	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Asbestos Policy and Management Plan	Provide draft Asbestos Policy and Management Plan for approval through CMT, SMT and Corporate Health and Safety Committee.	In Progress	Kevin Scullion	31/07/2020	SMT requested that we separate the Policy from the Management Plan. The policy provides overarching commitment to compliance with the Management Plan giving details on who does what and how risk managed. The Asbestos policy has now been agreed through CMT, Corporate H&S, SMT and noted at SP&R Committee and updated on Council Corporate Policy register. Effective from 12th March 2020.
Conflict of Interest Declarations	All high risk staff to have declaration completed by July 2020.	In Progress	Alison Robb	30/10/2020	The Management Plan for Asbestos is at an advanced stage.
COVID19 - Council to proceed with virtual Committee meetings	Council to test a mock SP&R meeting in May 2020 to ensure Skype for Business provides the functionality required to hold a Committee meeting while adhering to the required legislation.	Completed	Dorinnia Carville	30/06/2020	Committee meeting now taking place virtually.
COVID19 - Statutory inspections	Council to make contact with HBE to make arrangements to allow access to sites that require testing. This would be deemed essential at this stage and would be permitted. We would need a schedule of their inspections – to include those that they have attempted in the last number of weeks. We would require information on HBE's control measures for COVID-19 prior to their visits.	In Progress	Gerard Byrne	31/07/2020	Contact made with HBE.
GDPR	Audit of Council information to ensure Council meets its objectives under GDPR and PRONI guidance	In Progress	Alison Robb	31/08/2020	Year end actual's of the audit of information will be reported in the Corporate Services Annual Business Plan return. The audit of information will inform the annual retention and disposal reviews as well as targets to take forward for inclusion within the annual business plan.
Legionella Policy and Management Control Scheme	Provide draft Legionella Policy and Management Control Scheme for approval through CMT, SMT and Corporate Health and Safety Committee.	In Progress	Kevin Scullion	31/07/2020	A Records Management Policy and Procedure was ratified by Council on 7 October 2019. Implementation has commenced across Council with the Records Manager providing ongoing support to staff. Records Management Training being developed for staff and elected members. SMT requested that we separate the Policy from the Management Plan. The policy provides overarching commitment to compliance with the Management Plan giving details on who does what and how risk managed. The Legionella policy has now been agreed through CMT, Corporate H&S, SMT and noted at SP&R Committee and updated on Council Corporate Policy register. Effective from 12th March 2020.

The Management Plan for Legionella is at an advanced stage.

Risk CR. 04 - Failure to effectively manage waste

Risk	Consequence					Probability				
	5	4	3	2	1	1	2	3	4	5

Risk Categories	Buildings / Engineering / Environment Quality of Service Statutory Duty (Legal/Regulatory)
Risk Description	Failure to effectively manage waste
Potential Root Cause	Insufficient resources Market forces enable commercial operators to increase prices Failure to plan effectively for future (including financial planning) Historic contract arrangements which are not providing the Council with VFM Potential loss of operators licence Future changes to waste management arrangements COVID 19 - Due to Staff being unavailable due to them or members of their household self isolating COVID 19 - unable to practice social distancing for refuse and grounds maintenance staff
Consequence	Reputational Issues Lower customer satisfaction Impact on service delivery and lost productivity
Risk Owners	Roland Moore
Gross/Inherent Risk	Red 25
Residual Risk	Red 20
Target Risk Level	Yellow 9
Last Review	23/06/2020
Next Review	31/08/2020
Risk Appetite	Risk Averse

Objectives

1. Become one of the premier tourism destination on the island of Ireland
4. Protect our natural and built environment
8. Transform and modernise the Council, providing accessible as well as value for money services

Key Controls Identified

1. Long term waste strategic plan in place
2. Partnership working with key stakeholders
3. COVID19 - Screen Partitions in all vehicles where there is more than one passenger
4. COVID19 - New ways of working identified, i.e. staggered start times
5. COVID19 - Redeployment lists in place & staff have been retrained - i.e. Civic amenity staff for bin lifts - GM for

Action Plans

Action Plan	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Neighbourhood Services Transformation Project Operators Licence	The NS Transformation Project will aim to make efficiencies within NS while still maintaining the level of service. Internal Audit carried out a review of the progress in implementing TRU and FTA recommendations in October 2018. The Council's operators licence is due for renewal on 31 March 2020 and currently only one of TRUs 5 recommendations have been implemented. New Fleet Policy and Critical Procedures have been agreed. Internal to provide an update on recommendations when it is safe to do so.	In Progress	Roland Moore	30/06/2020	External view to be undertaken for options on a waste service. A meeting took place on 17th December with Director and Heads of Service. New Fleet Policy and Critical Procedures have been agreed. Internal to provide an update on recommendations when it is safe to do so.
Waste Management Action Plan	The waste management action plan is organised by ARC 21. The Council will have to feed into and approve ARC 21's Waste Management Plan.	In Progress	Roland Moore	31/12/2020	ARC 21 waste management action plan is due to be updated. The specification is being finalised by all 11 Councils prior to procurement exercise. Once this is finalised NMDDC will have to approve the Waste Management Action Plan. Has to be in place for all Councils by the end of 2021.

Action Plans

Action Plans	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Appointment of a specialist planning consultant	Business case to appoint a specialist planning consultant was approved at the December 2019 SP&R Committee.	In Progress	Conor Mallon	30/06/2020	Specialist planning consultant commenced January 2020. The consultant will review and implement transformational change to improve planning performance. The Consultant to provide an update to the Planning Committee on his work to date in July 2020.
Backlog cases	Implement action plan to reduce backlog in line with timeframe set	In Progress	Anthony McKay	31/07/2020	The number of live applications at the 1/5/2020 was 932 (3/3/2020 was 908) Slight increase in staff due to planning staff not being in the office and site visits have been suspended. The target of 750 live applications remains. Management are giving consideration to other mechanisms to reduce the backlog of cases.
Delivery of a new Development Plan	To progress the local development plan in line with agreed timetable.	In Progress	Anthony McKay	30/06/2020	The Council has concluded Stage 1 of the process with production of, and consultation on, the Preferred Options Paper. Work has commenced on Stage 2 The Plan Strategy. to be concluded by the end of 2020. Time table has been revised and agreed with the Department and Council. Specialists have assisted in providing expertise to implement the plan (i.e. Retail Planning / Landscaping).
IT Infrastructure	Upgrade of technical IT infrastructure (EPIC Replacement)	In Progress	Anthony McKay	30/07/2020	Council has agreed to the procurement of a replacement planning computer system, in a joint arrangement with the other 10 Councils and DfI. The joint procurement exercise is to be complete by December 2019 and the new system and supplier to be selected by March 2020. The existing system will be supported until the end of 2020.
Review of the tracking system for complaints	As an interim measure, a senior planner will review complaints and correspondence on a weekly basis to ensure they are being responded to in a satisfactory manner	In Progress	Conor Mallon	31/07/2020	

Risk CR. 06 - IT Services do not support the Statutory, Strategic or Operational requirements of Council

Risk	Consequence					Probability
	5	4	3	2	1	
Risk Categories	Business operational/reputational Impact on individuals (staff or public) Quality of Service					
Risk Description	Failure to provide an effective IT Service Failure to respond to and recover from a major incident within, or impacting upon, the Council Failure to predict service requirements					
Potential Root Cause	Resistance to change both internally and externally Lack of resources for new IT system/network Lack of staff with specialist expertise IT systems not being secure - Council could have systems hacked COVID-19 - increase in the risk of cyber fraud COVID-19 - due to number of people WFH, increased risk of Council's servers being breached					
Consequence	Resources not used effectively Poor service delivery IT system becoming obsolete Loss of sensitive data Service downtime					
Risk Owners	Dorinnia Carville					
Gross/Inherent Risk	Red 25					Last Review 23/06/2020
Residual Risk	Amber 16					Next Review 31/08/2020
Target Risk Level	Yellow 9					Risk Appetite Risk Averse

Objectives

8. Transform and modernise the Council, providing accessible as well as value for money services

Key Controls Identified

- 1. IT Strategy now in place
- 2. Clustered and/or replicated server and storage architecture
- 3. off site back ups
- 4. Business Continuity Plans
- 5. IT project Boards in operation
- 6. Leisure Services System introduced
- COVID-19 - an extra 175 laptops were sourced to provide increasing capacity for homeworking
- COVID-19 - Daily monitoring of our networks by IT for Breaches and attacks on our systems
- COVID-19 - The new telephony system along with the Council WiFi project has aided remote working

Action Plans

Action Plans	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
IT Disaster Recovery/Business Continuity Plans	Identify and address gaps in IT Disaster Recovery/Business Continuity Plans and increase resilience of legacy IT systems until IT Strategy is fully implemented- Recommendation coming from 2017/18 internal audit plus controls which IT section want implemented.	In Progress	Gavin Ringland	31/07/2020	<p>i. Kiikooley project. Planning application submitted, albeit it would appear the submitted design will be refused. Lielson ongoing with TEO</p> <p>ii. Thomas Davis project. Works paused due to Covid-19. Works progressing well prior to pause. No foreseen issues to getting project completed.</p> <p>iii. Earlyhaman project. Works paused due to Covid-19. Works progressing well prior to pause. No foreseen issues to getting project completed. Contractor preparing to recommence works.</p> <p>iv. Castlewellan Community Centre. Works completed. Outstanding paperwork to be submitted to close-off project documentation and release of outstanding funding.</p>
IT Strategy (1)	In order to implement the Councils IT strategy, Council have to procure and implement the infrastructure projects in order to stabilise the IT platform.	In Progress	Gavin Ringland	30/09/2020	<p>IT manager to give an update at July 2020 Audit Committee</p> <p>WAN/LAN implementation >90% complete.</p> <p>WiFi and Fixed Telephony Phases 1 and 2 complete.</p> <p>Phase 3 sites to be completed once building access can be obtained post lockdown.</p>
IT Strategy (2)	Procure and implement the 'fundamental' transformation program identified as a priority	In Progress	Gavin Ringland	30/09/2020	<p>WAN/LAN implementation >90% complete.</p> <p>WiFi and Fixed Telephony Phases 1 and 2 complete.</p> <p>Phase 3 sites to be completed once building access can be obtained post lockdown.</p>
IT Strategy (3)	Council Wifi Project to be implemented	In Progress	Gavin Ringland	30/09/2020	<p>Contract awarded in April 2019. Supplier was procured as a framework for NI Local Councils. WiFi installation is dependent on the completion of the telephony system which is dependent on the completion of the WAN project. Phase 1 and 2 sites complete. Phase 3 sites to be completed once building access can be obtained post lockdown.</p>

Risk CR. 07 - Failure to adequately plan for the future and deliver efficiencies and improvement

Risk	Probability				
	1	2	3	4	5
5					
4		T	R	G	
3					
2					
1					

Risk Categories	Business Operational/Financial Reputational Impact on individuals (staff or public) Quality of Service
Risk Description	Failure to adequately plan for the future and deliver efficiencies and improvement
Potential Root Cause	<ul style="list-style-type: none">- The requirement to transform the Council is a direct consequence of the merger of the two predecessor Councils arising from LGfR and will support the realisation of organisational improvement and efficiencies.-The Council has not defined the business changes it wants from transformation to support investment in new IT and the realisation of fundamental business differences arising from legacy arrangements (i.e. T&Cs)-Corporate efficiency projects and other improvement activities are not currently joined-up with wider transformational activity- The Council is currently unable to track the realisation of benefits (financial or non-financial) arising from investment in new IT systems (i.e. Legend)- A lack of corporate capacity currently exists to support transformational activity-COVID19 - affordability of Councils long term plans

Consequence	<ul style="list-style-type: none">- We are not fundamentally addressing the merger (aka LGR) leading to reputational damage- The budget situation will continue to get worse (salaries & wages) therefore not providing VFM- Our ability to provide citizens / customers with the services they require will be significantly constrained- We will potentially lag behind other Councils & other public sector organisations
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Risk Owners	Marie Ward
Gross/Inherent Risk	Red 20
Residual Risk	Amber 12
Target Risk Level	Yellow 8
Last Review	23/06/2020
Next Review	31/08/2020
Risk Appetite	Risk Neutral

Objectives

- 8. Transform and modernise the Council, providing accessible as well as value for money services

Key Controls Identified

- CMT have been tasked with delivering transformational activities
- IT Project Group in place and meets monthly
- SMT will have an oversight of all transformational activities
- Specialist independent IT consultants have been tasked with implementing the IT strategy
- ToM document produced and approved by SMT

Action Plans

Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Effective implementation of the planning for the future review	In Progress	Mario Ward	31/03/2021	
Review the role of the Efficiency Working Group	In Progress	Dorinnia Carville	30/06/2020	

Risk CR. 08 - Failure to adequately react to a major incident which would minimise any negative consequences/impact

		Risk Categories	Risk Description	Potential Root Cause	Consequence	Risk Owners	Gross/Inherent Risk	Residual Risk	Target Risk Level
5		Buildings / Engineering / Environment Business operational/reputational Impact on individual's (staff or public) Statutory Duty (Legal/Regulatory)	In the event of a disaster or an emergency, the Council may not respond in a way which minimises any negative consequences/impact	Natural disasters. Localised flooding. Harbour disasters. Fire Pandemics - COVID19 Significant IT failure Inadequate preparedness to be able to respond in the event of an emergency	Reputational damage through inadequate civic leadership to provide adequate community emergency support Loss of income Litigation - civil/criminal Increased insurance premiums	Dorinnia Carrville	Red 25	Rod 20	Yellow 8
4	T								
3									
2									
1									

Objectives

- 3. Supported improved health and wellbeing outcomes
- 4. Protect our natural and built environment
- 6. Advocate on your behalf specifically in relation to those issues which matter to you

Key Controls Identified

1. Business Continuity Plan in place
2. Emergency planning measures in place, including:
 - Flood risk plan
 - Inter-agency group
3. Dedicated Emergency Planning team and professionally trained and experienced staff
4. Member of Southern Region Emergency Planning Group
5. Annual Winter resilience plan in place
6. New regional local government regional model
7. Ferryman test exercise completed (May 2019) - lessons learned included within event management plan.

Action Plans

Action Plan Description		Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
COVID19 - See CR13/CR14	COVID19 - See CR13/CR14	Proposed	Senior Management Team	31/08/2020	COVID19 - See CR13/CR14
Drills/testing of plans on a regular basis	Drills/testing of plans on a regular basis	In Progress	Dorinnia Carville	30/06/2020	ongoing - another management test exercise to be completed in 2020.
Emergency Management Response Plan	An update of the Emergency Management Response Plan	Completed	Dorinnia Carville	30/05/2020	An update of the Emergency Management Response Plan in line with best practice and lessons learned was presented to SMT in December 2019. Now completed.

Risk **CR. 09 - Failure to implement an economic development programme to regenerate the district and attract inward investment due to financial uncertainties caused by the current economic and political climate**

		Consequence					Probability		Risk Categories		Risk Description		Potential Root Cause	
5										Impact on individuals (staff or public): Quality of Service	Failure to implement an economic development programme to regenerate the district and attract inward investment due to financial uncertainties caused by the current economic and political climate			
4										Failure to engage stakeholders (public and private sector) Impact of Brexit on funding FFNI - NMDDC is lead Council with operations team - increased risk Permanent Secretaries not able to make decisions in absence of Minister Impact of City Deals	Reduced funding from Central Government due to lack of a NI Executive The fall and continuing weakness in sterling driving inflation expectations higher COVID-19 - Lack of resources COVID-19 - Reduction in rates income COVID-19 - Economic downturn and economic uncertainty			
3										Lack of investment and economic activity Loss of confidence from the private sector Negative PR Poor service delivery COVID-19 - Increase in the district rate	Conor Mallon; Marie Ward			
2										Red 20	Last Review	23/06/2020		
1										Red 20	Next Review	31/08/2020		
		1	2	3	4	5				Yellow 9	Risk Appetite	Risk Averse		

Objectives

- 2. Attracted Investment and supported the creation of new jobs.
- 5. Lead the regeneration of our urban and rural area

Key Controls Identified

- 1. Economic development and investment strategy in place
- 2. Establishment of Economic Forum including public and private sector stakeholder
- 3. Rural Development Programme in place
- 4. Engagement with other Councils, other Departments, NILGA and the Private Sector through the Chamber of Commerce
- 5. Brexit Task and Finish Working Group Risk Matrix and Risk Register
- 6. FFNI Operations team in place, Operations group established with other Councils, Project Risk Register established

Action Plans

Action Plan	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Brexit	Continue to closely monitor effects of Brexit on on-going funding	In Progress	Jonathan McGilly	30/06/2020	Trade deal negotiations needs to be monitored, there are some immigration policy concerns for workforce planning. Council need to provide direction to local business. Brexit forum recommenced on the 30 June 2020. Brexit Risk Register to be revised to Council.
City Deals	Actively engage in Belfast Region City Deals process planning	In Progress	Maria Ward	30/06/2020	Heads of Terms have been signed. Governance Arrangements and Working groups being set up. OBC to be brought to SP&R in June 2020. An extra £700m of new funding has been announced for infrastructure, regeneration, and tourism projects at the start of May 2020
Full Fibre Network NI (FFNI)	Local Full Fibre Network to improve connectivity across all of Northern Ireland.	In Progress	Conor Mellon	30/09/2020	Phase one of the project (Procurement of preferred supplier) has to be delivered by 30 June 2020 - £15m funding has been secured for phase 1. Preparation of the procurement documents has commenced and governance structures are in place. An extension has been granted to September 2021 the fibre network to be operational.
Funding (Peace Plus and RDP)	Consultation with other Councils and SEUPB about future Peace Programmes Termination of RDP funding - lobby the department for a scheme to replace the Rural Development Plan	In Progress	Senior Management Team	30/08/2020	Termination of RDP funding - lobby the department for a scheme to replace

Risk	CR. 10. Lack of standardised T&Cs of employment leading to the failure to transform services and could impact on current service delivery
-------------	--

		Probability					
	Consequence	1	2	3	4	5	
Risk Categories	Business operational/reputational						
	Financial						
	Impact on individuals (staff or public)						
	Quality of Service		T	R			G
	Lack of standardised T&Cs of employment leading to the failure to transform services and could impact on current service delivery.						
Risk Description	Potential Root Cause						
	A range of different T&C's operate across the organisation						
	Culture changes between the two legacy councils						
	Lack of completed structure						
	Resistance to change						
Consequence	Industrial action						
	Reputational damage to the Council						
	Low staff morale						
	Increased sickness absence						
	Poor service delivery and VFM						
Risk Owners	Dorinnia Carrville; Marie Ward						
	Red 20						
	Amber 12						
	Yellow 8						
	Target Risk Level						
	Gross/Inherent Risk						
	Residual Risk						
	Risk Appetite						
	Risk Averse						
	Last Review						
	Next Review						
	Risk Appetite						
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	Risk Appetite						
	Risk Averse						
	Last Review						
	Next Review						
	Risk Appetite						

Objectives

6. Advocate on your behalf specifically in relation to those issues which matter to you
8. Transform and modernise the Council, providing accessible as well as value for money services

Key Controls Identified

- CMT working group established to examine positions and make recommendations
- Full time release of 2 permanent members of staff to be Trade Union coordinators with agreed terms of references
- Increased capacity in HR
- Joint (Management and Trade Union side) internal working group established with agreed TOR
- Negotiating Forum established between management and trade union sides (LCNF)
- Phase 1 of the new T&Cs were agreed between the Management Side / JTUS and LCNF
- Regular reporting to CMT
- Working Group established for consultation on key people policies for the new organisation – being facilitated by LRA

Action Plans

Action Plan Description		Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Policy Alignment for NMDDC - phase 1	Adopt and implement phase 1 of the agreed new policies	Completed	Catrina Miskelly	01/07/2020	Completed in June 2018 with the exception of absence management procedures. Revised Absence Management Policy has been approved to TU. The Managing Attendance Policy was approved by the SP&R Committee on the 12 March 2020. The Policy is now effective. Action completed. Phase 2 commenced in November 2019.
Policy alignment for NMDDC - phase 2	Commence and implement phase 2 of HR policies	In Progress	Catrina Miskelly	30/06/2020	

Risk CR. 11 Accidents/injuries may occur if health and safety of service users and staff is not considered, with a focus on Fire Risk Assessments

Consequence						Probability					Risk Categories	Buildings / Engineering / Environment Business operational/reputational Impact on individuals (staff or public) Statutory Duty (Legal/Regulatory) Accidents/injuries may occur if health and safety of service users and staff is not considered, with a focus on fire risk assessments and their associated actions Lack of H&S Planning Training inadequacies Lack of responsibility - public negligence Unforeseen event Absence of or ineffective operational procedures / policies / systems or processes Fire Risk Assessments of Council Buildings not be undertaken Actions from Fire Risk Assessments not being implemented COVID - Statutory inspections not taking place due to lack of access to buildings and social distancing required
5		T	R	O		Injury/Death to staff or public Damage to Council reputation Loss of income Personal liability/Corporate Manslaughter Litigation - Civil/Criminal Increased insurance premiums	Risk Owners					
4							Gross/Inherent Risk					
3							Residual Risk					
2							Target Risk Level					
1												
	1	2	3	4	5							
							Last Review	23/06/2020				
							Next Review	31/08/2020				
							Risk Appetite	Risk Averse				

Objectives

8. Transform and modernise the Council, providing accessible as well as value for money services

Key Controls Identified

- Compliance reporting to SMT and H&S Committees
- Corporate H&S Policy
- Dedicated H&S unit
- H&S induction for all new starts
- H&S training needs assessments and training delivery

Action Plans

Action Plans	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Actions from Fire Risk Assessment Audits	The actions from the Fire Risk Assessments which have been completed need to be actioned as soon as possible for all Council properties by the Facilities Management and Maintenance Department.	In Progress	Kevin Scullion	31/07/2020	SMT requested that we separate the Policy from the Management Plan. The policy provides overarching commitment to compliance with the Management Plan giving details on who does what and how risk managed. The Fire Safety Management Policy have now been agreed through CMT, Corporate H&S, SMT and noted at SP&R Committee and updated on Council Corporate Policy register. Effective from 12th March 2020. The Management Plan for Fire Safety Management is at an early an advanced stage.
Advisory Internal Audit Review - Health and Safety	Internal Audit are due to begin a review on Corporate H&S and make recommendations to SMT	In Progress	Senior Management Team	31/07/2020	Internal Audit fieldwork completed in November/December 2019. Follow up and wrap up meeting in February 2020. Final Report to be issued in June 2020. Report to be tabled at SMT and CMT in July 2020
Asbestos Policy and Management Plan	Provide draft Asbestos Policy and Management Plan for approval through CMT, SMT and Corporate Health and Safety Committee.	In Progress	Kevin Scullion	31/07/2020	SMT requested that we separate the Policy from the Management Plan. The policy provides overarching commitment to compliance with the Management Plan giving details on who does what and how risk managed. The Asbestos policy has now been agreed through CMT, Corporate H&S, SMT and noted at SP&R Committee and updated on Council Corporate Policy register. Effective from 12th March 2020. The Management Plan for Asbestos is at an advanced stage.
Health and Safety Policy	Review of the current Health and Safety Policy to ensure it complies with best practice and it is fit for purpose.	In Progress	Dorinda Carrville	31/08/2020	The H&S policy has been updated and revisions are being made to the first draft in line with best practice. Once the new policy is effective a H&S management system will be developed. (target date extended due to SHEP staff focusing their time on COVID19)
Legionella Policy and Management Control Scheme	Provide draft Legionella Policy and Management Control Scheme for approval through CMT, SMT and Corporate Health and Safety Committee.	In Progress	Kevin Scullion	31/07/2020	SMT requested that we separate the Policy from the Management Plan. The policy provides overarching commitment to compliance with the Management Plan giving details on who does what and how risk managed. The Legionella policy have now been agreed through CMT, Corporate H&S, SMT and noted at SP&R Committee and updated on Council Corporate Policy register. Effective from 12th March 2020. The Management Plan for Legionella is at an advanced stage.

Risk **CR. 12 - If sickness absence is not kept to a minimum, this may affect the delivery of services, staff morale and lead to increased costs**

Consequence	Probability				
	1	2	3	4	5
5					
4				R	G
3			T		
2					
1					

Risk Categories	Business operational/reputational Financial Impact on individuals (staff or public) Quality of Service
Risk Description	If sickness absence is not kept to a minimum, this may affect the delivery of services, staff morale and lead to increased costs
Potential Root Cause	Period of change Currently working to 6 absence management policies - may have and issue with consistency across the organisation Stress
Consequence	Low Staff morale Lower Customer satisfaction due to an impact on service delivery Increased in overtime level Increase in the use of agency staff Reputation issues
Risk Owners	Dorinnia Carville; Marie Ward
Gross/Inherent Risk	Red 20
Residual Risk	Amber 16
Target Risk Level	Yellow 9
Last Review	23/06/2020
Next Review	31/08/2020
Risk Appetite	Risk Neutral

Objectives

8. Transform and modernise the Council, providing accessible as well as value for money services

Key Controls Identified

- Absence Management figures regularly reported to CMT/SMT
- Employee Assistance scheme in place including counselling service
- Health and Well-being group in place
- Internal Audit focusing on Absence Management - April 2019 - Satisfactory Assurance rating
- Legacy absence management policies are in place
- Occupational health referrals and workplace health initiatives
- PAMS HR Management System
- Return to work meetings

Action Plans

Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Date	Comments
Introduction of a Managing Attendance Procedure for all Council staff	Managing Attendance Procedure to become effective for all Council staff	Galina Miskelly	31/07/2020	The Managing Attendance Policy was approved by the SP&R Committee on the 12 March 2020. The Policy is now effective. Action completed.

Risk **CR. 13 - Failure to adequately respond to COVID19 leading to an increase in staff absenteeism due to spread of the virus resulting in delays and an inability to deliver critical and statutory services.**

Consequence	Probability				
	1	2	3	4	5
5			R/T		O
4					
3					
2					
1					

Risk Categories

Risk Description

Potential Root Cause

Consequence

Risk Owners

Gross/Inherent Risk

Residual Risk

Target Risk Level

Failure to adequately respond to COVID19 leading to an increase in staff absenteeism due to spread of the virus resulting in delays and an inability to deliver critical and statutory services.

Staff member self isolating due to them or family members having COVID19 symptoms

Staff members being in the vulnerable category

Risk that staff may be uncomfortable WFH both from a social and H&S perspective

IT capacity insufficient to meet remote working demand

Increased risk of Cyber, Financial and Grant fraud

Shortage of PPE equipment for Council staff

Second wave of COVID19

Fatality of staff member/member of public getting the virus within Council property

Critical services failing to be delivered

Possible Statutory breach

Reputation damage

Senior Management Team

Red 25

Amber 15

Amber 15

Last Review 23/06/2020

Next Review 31/08/2020

Risk Appetite Risk Averse

Objectives

Key Controls Identified

175 Laptops sourced by IT Department since the beginning of the Pandemic

All Council Buildings, parks and amenities closed to the public

Council have representation on the NILG Emergency Planning group - flow of information every day of new Council measures

Council is following National Guidance on the management of infectious controls and outbreaks

DoH/NHFA

CPD are sending updates to all Councils on the availability of PPE equipment of Government

Frameworks

EPIC Meeting with SMT/H&S

Essential/critical services have been identified and prioritised by EPIC

HR have a 'live' database to know where all staff are (WFH onsite, not working, relocated)

PPE provided for staff who have to be on site to deliver statutory services

PPE stock purchases are up to date and future proofed with masks bought in

Segregation plans and new ways of working established - i.e. staggered start time

Staff working from home where possible

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Redeployment of Staff	Redeployment requests to move staff into critical area currently being actioned by HR	In Progress	Senior Management Team	30/05/2020	
Working From Home risk assessment	The S-HEP Department will create a working from home risk assessment and issue to all Council staff who are home working to complete. Action may arise out of the assessments	Audit Recommendation	Senior Management Team	30/05/2020	Working from Home Risk assessment now available through the e-Learning module.

Risk **CR. 14 - Risk that Council does not assist the post COVID 19 recovery of the district, therefore failing in its objectives to regenerate and build a prosperous district due to the inability of Council to be financially sustainable in the long term**

Consequence	5	Risk		Probability				
	4	3	2	1	2	3	4	5

Risk Categories	
Risk Description	Risk that Council does not assist the post COVID 19 recovery of the district, therefore failing in its objectives to regenerate and build a prosperous district due to the inability of Council to be financially sustainable in the long term
Potential Root Cause	-Government guidelines and PHA guidelines in relation to public health -Environmental Services - Loss of income (SEUPB/PHA) -Leisure - significant loss of Leisure centre income and members going forward -Community - Loss of income at community centres / difficulty in progressing financial assistance claims / uncertainty over PEACE funding -Impact on Capital Projects - funding reduced/withdrawn, timescales extended / increased costs - capital budget may be reduced going forward -Building Control and Planning fee income reduced - Loss of income from Tourism locations - £1.2m of Tourism Events Programme in jeopardy. Possible legal challenges into St Patrick's day funding. - Lack of borrowing capacity - Loss of Ratepayers income - Lack of planning for the medium to long term

Consequence	Council income reducing Going concern issues Large increase in District Rate going forward - negative publicity Council Reserve reducing inadequate levels
Risk Owners	Senior Management Team
Gross/Inherent Risk	Red 25
Residual Risk	Red 20
Target Risk Level	
Last Review	23/06/2020
Next Review	31/08/2020
Risk Appetite	

Objectives

Key Controls Identified
Community hubs now in operation at 3 Council Leisure Centres Monthly Management Accounts completed by Finance Public Health guidance being followed in relation to the closure of facilities and buildings Working with ALFCO around a Council wide position to DIC and DoF

Action Plans

Action Plan Description		Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Central Government	Finance officers and Chief Executive lobbying central government for additional financial support package for Councils	In Progress	Senior Management Team	31/07/2020	Bids have been successful from DfC, and funding for refurbishing also received from CJRS to date.
Corporate Plan	The 2020 Corporate Plan was due to be published Q1 of 2020. This has been postponed due to targets and objectives no longer being relevant. SMT to decide on the direction of Councils new Corporate Plan.	In Progress	Senior Management Team	31/07/2020	
DEARA Funding	Funding for extra cost in relation to Waste during COVID19	In Progress	Senior Management Team	31/07/2020	Funding expected by the 6 July 2020
New Business Plans being developed in relation to COVID19	New Business Plan being developed in relation to COVID19 - new targets and objectives for Department's going forward.	Completed	Senior Management Team	05/06/2020	Presented to SP&R Committee in June 2020
Online Business Support Workshops	Newry, Mourne and Down District Council online business support workshops and podcasts to be delivered throughout May 2020	In Progress	Conor Mallon	31/07/2020	Numerous events taking place, including the regenerating business and leadership conference on the 30 June 2020.
Potential Insurance Claim	Discussion with insurance Broker about a possible claim for Business interruption due to COVID19	In Progress	Gerard Byrne	31/07/2020	Test Case in July 2020 which will provide Council with some direction if the claim will be successful. Insurers to advise
Revised COVID19 Budgets	Revised COVID19 budget being prepared for all Departments across Council on Thursday 7 May.	In Progress	Senior Management Team	31/07/2020	Revised budgets presented to SP&R in June 2020. However it will be necessary to constantly revise budgets as circumstances and guidance from the Executive changes.
SEFA scheme	SEFA scheme opened by DfC - council to claim for additional emergency costs related to COVID19	In Progress	Senior Management Team	31/07/2020	First claim needs to be submitted by the 3 July 2020.

Stuart Stevenson
Treasury Officer of Accounts

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DAO (DoF) 04/20

07 May 2020

Dear Accounting Officer

UPDATE TO HM TREASURY'S ORANGE BOOK

Purpose

1. This letter informs departments that the new edition of HM Treasury's Orange Book Management of Risk – Principles and Concepts has been published. This replaces the current version issued under DAO 15/05 dated October 2004.

Application

2. The new edition of the Orange Book is available on the Treasury's public website at: <https://www.gov.uk/government/publications/orange-book>.
3. Whilst the key concepts surrounding the risk management framework remain largely unchanged, the update moves away from a theoretical guide to a more practical one. This update provides a non-technical, clear and concise guide to the concept of risk management having benefitted from discussions with stakeholders and practitioners in the private and public sectors sharing best practice.

4. The main changes are as follows:
 - The introduction of five main (mandatory requirements) principles of risk management and a number of supporting (advisory) principles. Government organisations are required to ***comply or explain*** departures from the main principles via their governance statement. The previous version focussed on the risk management processes whereas this update takes a broader, more practical look at risk management incorporating governance and leadership, integration, collaboration and continuous improvement.
 - The introduction of the “three lines of defence” model which provides a simple and effective way to delegate risk management roles and responsibilities.
 - The provision of key questions that may assist in assessing how the principles are applied.
 - The provision of clear roles and responsibilities for those involved in risk management including the board, the accounting officer and the Audit and Risk Assurance Committee.
5. The guidance is of relevance to **everyone** involved in the design, operation and delivery of efficient, trusted public services. It's primary audience being:
 - Executive and non-executive members of the board;
 - Audit and Risk Assurance Committee members;
 - Risk practitioners;
 - Senior leadership;
 - Policy leads; and
 - Programme and project Senior Responsible Officers (SRO's).

Action and enquiries

6. Departments should ensure that this DAO is disseminated across all business areas, including Agencies, NDPB's and sponsored bodies. This DAO is taken as applicable from the date of issue.

7. Enquiries should be addressed to Roisin Kelly (Head of Government Accounts Branch) on 028 90816843 (GTN: 76843) (email: roisin.kelly@finance-ni.gov.uk).

Yours sincerely

A handwritten signature in black ink, appearing to read 'Stuart Stevenson'.

STUART STEVENSON

cc: Finance Directors



HM Government

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The Orange Book

Management of Risk – Principles and Concepts

Term	Intention
shall	denotes a requirement: a mandatory element
should	denotes a recommendation: an advisory element
may	denotes approval
might	denotes a possibility
can	denotes both capability and possibility
is/are	denotes a description

References are shown in square brackets ⁽¹⁾ and listed in Annex 6.

The meaning of words is as defined in the Shorter Oxford English Dictionary, except where defined in Annex 5. It is assumed that legal and regulatory requirements shall always be met.

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Alternative format versions of this report are available on request from GovFinance@hmtreasury.gov.uk

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Introduction

In successful organisations, risk management enhances strategic planning and prioritisation, assists in achieving objectives and strengthens the ability to be agile to respond to the challenges faced. If we are serious about meeting objectives successfully, improving service delivery and achieving value for money, risk management must be an essential and integral part of planning and decision-making. While risk practices have improved over time across government, the volatility, complexity and ambiguity of our operating environment has increased, as have demands for greater transparency and accountability for managing the impact of risks. This updated guidance builds on the previous Orange Book to help improve risk management further and to embed this as a routine part of how we operate.

Public sector organisations cannot be risk averse and be successful. Risk is inherent in everything we do to deliver high-quality services. Effective and meaningful risk management in government remains as important as ever in taking a balanced view to managing opportunity and risk. It must be an integral part of informed decision-making; from policy or project inception through implementation to the everyday delivery of public services. At its most effective, risk management is as much about evaluating the uncertainties and implications within options as it is about managing impacts once choices are made. It is about being realistic in the assessment of the risks to projects and programmes and in the consideration of the effectiveness of the actions taken to manage these risks.

This isn't about adding new processes; it is about ensuring that effective risk management is integrated in the way we lead, direct, manage and operate. As an integrated part of our management systems, and through the normal flow of information, an organisation's risk management framework harnesses the activities that identify and manage the uncertainties faced and systematically anticipate and prepare successful responses. Its importance and value to success should not be underestimated.

As with all aspects of good governance, the effectiveness of risk management depends on the individuals responsible for operating the systems put in place. Our risk culture must embrace openness, support transparency, welcome constructive challenge and promote collaboration, consultation and co-operation. We must invite scrutiny and embrace expertise to inform decision-making. We must also invest in the necessary capabilities and seek to continually learn from experience.

This updated guidance has benefited from discussions with stakeholders and practitioners across the public sector and with colleagues from the private sector. We are grateful for their time and their valuable insights.

Scope

The document updates the version published in 2004. Like the original, it sets out the main principles underlying effective risk management in all government departments and arm's length public bodies¹ with responsibility derived from central government for public funds.

This document may be useful to all parts of the UK public sector, as the same principles generally apply, with adjustments for context.

Purpose

This document is intended for use by everyone involved in the design, operation and delivery of efficient, trusted public services. Its primary audience is likely to be:

- executive and non-executive members of the board;
- Audit and Risk Assurance Committee members;
- risk practitioners;
- senior leadership;
- policy leads; and
- programme and project Senior Responsible Officers (SROs).

The board of each public sector organisation should actively seek to recognise risks and direct the response to these risks. It is for each accounting officer, supported by the

board, to decide how. The board and accounting officer should be supported by an Audit and Risk Assurance Committee, who should provide proactive support in advising on and scrutinising the management of key risks and the operation of efficient and effective internal controls.

Attempting to define a one-size-fits-all approach to managing risks, or to standardise risk management practices, would be misguided because public sector organisations are different sizes, are structured differently and have different needs.

This document does not set out the procedure by which an organisation should design and operate risk management. It sets out a principles-based approach that provides flexibility and judgement in the design, implementation and operation of risk management, informed by relevant standards^[1] and good practice. Where relevant, the reader is directed to other standards and guidance, including related functional and professional standards and codes of practice (see Annex 6). References throughout the document are shown in square brackets ^[1].

The Management of Risk framework is available through AXELOS², who manage guides that comprise the recommended best practice for government project delivery and provide advice on their application.

Comply or Explain

The document sets out main and supporting principles for risk management in government. In considering the effectiveness of risk management arrangements, assessing compliance with *Corporate Governance Code*^[2] requirements, and overseeing the preparation of the governance

1 Executive Agencies, Non Departmental Public Bodies and Non Ministerial Departments.

2 AXELOS is a company part owned by the UK government. Their guides are available by subscription or individual purchase.

statement, the board shall consider adherence with the main principles, which are mandatory requirements. The supporting principles, which are advisory, should inform their judgements. Departures may be justified if good risk management can be achieved by other means.

The main principles are the core of the document. The way in which they are applied should be the central question for a board as it determines how it is to operate in accordance with the Corporate Governance Code. Each government organisation is required either to disclose compliance or to explain their reasons for departure clearly and carefully in the governance statement accompanying their annual resource accounts. The requirement for an explanation allows flexibility, but also ensures that the process is transparent, allowing stakeholders to hold organisations and their leadership to account.

Structure

The core document is structured around Sections (A-E), based on principles that are designed to provide the “what” and the “why”, not the “how”, for the design, operation and maintenance of an effective risk management framework.

The principles can be applied within and across departments, arm's length bodies and organisations with linked objectives, and to activity at any level of decision-making.

The principles should be used to inform an organisation's approach to risk management and its own more detailed policies, processes and procedures – the “how”. Implementing and improving the risk management framework should support an incremental approach to enhancing risk management culture, processes and capabilities over time, building on what already exists to achieve improved outcomes.

The primary roles and responsibilities for the risk management framework are set out in each Section. The responsibilities and expectations of the board, the accounting officer and the Audit and Risk Assurance Committee are also summarised at Annex 1.

Some explanation of, and guiding principles on, the design and operation of the “three lines of defence” model are provided in Annex 2.

Annex 3 contains questions that may assist in assessing how the principles are applied in defining clear responsibilities, promoting the risk culture, developing capabilities and supporting the effectiveness of the risk management framework.

Some common categories or groupings of sources of risk are provided at Annex 4. These may help consider the range of potential risks that may arise; they are not intended to be comprehensive.

Definitions and supportive concepts are provided at Annex 5 of some terms used throughout this document to explain the scope and intended meaning behind the language used.

Annex 6 contains further details of other standards and guidance referenced throughout the document.

Risk Management Principles

Risk Management Framework



The risk management framework supports the consistent and robust identification and management of opportunities and risks within desired levels across an organisation, supporting openness, challenge, innovation and excellence in the achievement of objectives. For the risk management framework to be considered effective, the following principles shall be applied:

- A. Risk management shall be an essential part of **governance and leadership**, and fundamental to how the organisation is directed, managed and controlled at all levels.
- B. Risk management shall be an **integral** part of all organisational activities to support decision-making in achieving objectives.
- C. Risk management shall be **collaborative and informed** by the best available information and expertise.
- D. Risk management processes shall be **structured** to include:
 - a. **risk identification and assessment** to determine and prioritise how the risks should be managed;
 - b. the selection, design and implementation of **risk treatment** options that support achievement of intended outcomes and manage risks to an acceptable level;
 - c. the design and operation of integrated, insightful and informative **risk monitoring**; and
 - d. timely, accurate and useful **risk reporting** to enhance the quality of decision-making and to support management and oversight bodies in meeting their responsibilities.
- E. Risk management shall be **continually improved** through learning and experience.

Section A: Governance and Leadership

Main Principle

- A Risk management shall be an essential part of governance and leadership, and fundamental to how the organisation is directed, managed and controlled at all levels.**

Supporting Principles

- A1** Each public sector organisation should establish governance arrangements appropriate to its business, scale and culture^[3]. Human behaviour and culture significantly influence all aspects of risk management at each level and stage. To support the appropriate risk culture, the accounting officer should ensure that expected values and behaviours are communicated and embedded at all levels.
- A2** The accounting officer, supported by the board, should periodically assess whether the leadership style, opportunities for debate and human resource policies support the desired risk culture, incentivise expected behaviours and sanction inappropriate behaviours. Where they are not satisfied, they should direct and manage corrective actions and seek assurances that the desired risk culture and behaviours are promoted.

CS Code/Brilliant CS values



A3 The board should make a strategic choice about the style, shape and quality of risk management^[4] and should lead the assessment and management of opportunity and risk. The board should determine and continuously assess the nature and extent of the principal risks³ that the organisation is exposed to and is willing to take to achieve its objectives - its risk appetite - and ensure that planning and decision-making reflects

this assessment. Effective risk management should support informed decision-making in line with this risk appetite, ensure confidence in the response to risks and ensure transparency over the principal risks faced and how these are managed.

3 A principal risk is a risk or combination of risks that can seriously affect the performance or reputation of the organisation.

- A4 The board should ensure that roles and responsibilities for risk management are clear, to support effective governance and decision-making at each level with appropriate escalation, aggregation and delegation. The accounting officer should ensure that roles and responsibilities are communicated, understood and embedded at all levels. The “three lines of defence model” provides a systematic approach that may be used to help clarify the specific roles and responsibilities that are necessary for the effective management of risks within an organisation (see Annex 2).
- A5 The board should agree the frequency and scope of its discussions to review how management is responding to the principal risks and how this is integrated with other matters, including planning and performance management processes. Risk should be considered regularly as part of the normal flow of management information about the organisation’s activities and in significant decisions on strategy, major new projects and other prioritisation and resource allocation commitments. Risk management should anticipate, detect, acknowledge and respond to changes and events in an appropriate and timely manner. Risks can crystallise quickly; the board and Audit and Risk Assurance Committee should ensure that there are clear processes for bringing significant issues to its attention more rapidly when required, with agreed triggers for doing so as a part of risk reporting (see Section D).
- A6 Regular reports to the board should provide a balanced assessment of the principal risks and the effectiveness of risk management. The accounting officer, supported by the Audit and Risk Assurance Committee, should monitor the quality of the information they receive and ensure that it is sufficient to allow effective decision-making.
- A7 The accounting officer, supported by the Audit and Risk Assurance Committee, should establish the organisation’s overall approach to risk management. An effective risk management framework will differ between organisations depending on their purpose, objectives, context and complexity. The risk management framework should be periodically reviewed to ensure it remains appropriate (see Section E).
- A8 The accounting officer should designate an individual to be responsible for leading the organisation’s overall approach to risk management, who should be of sufficient seniority and should report to a level within the organisation that allows them to influence effective decision-making. They should be proactively involved with and influence governance and decision-making forums and should establish, and be supported through, effective communication and engagement with the accounting officer, senior management, the board and the chair of the Audit and Risk Assurance Committee. They should also exhibit a high level of objectivity in gathering, evaluating and communicating information and should not be unduly influenced by their own interests or by others in forming and expressing their judgements.
- A9 The accounting officer should ensure the allocation of appropriate resources for risk management, which can include, but is not limited to, people, skills, experience and competence.
- A10 The accounting officer, supported by senior management, must demonstrate leadership and articulate their continual commitment to, and the value of, risk management through developing and communicating a policy or statement to the organisation and other stakeholders, which should be periodically reviewed.

Section B: Integration

Main Principle

- B Risk management shall be an integral part of all organisational activities to support decision-making in achieving objectives.**

Supporting Principles

- B1** The assessment and management of opportunity and risk should be an embedded part of, and not separate from:

- setting strategy and plans;
- evaluating options and delivering programmes, projects or policy initiatives;
- prioritising resources;
- supporting efficient and effective operations;
- managing performance;
- managing tangible and intangible assets;^[5] and
- delivering improved outcomes.

The accounting officer, supported by senior management, should ensure that risks are transparent and considered as an integral part of appraising options, evaluating alternatives and making informed decisions.

- B2** Effective appraisal supports the assessment of the costs, benefits and risks of alternative ways to meet objectives.^[6] When conducting an appraisal, consideration should be given to the identification and analysis of risks in the design and implementation of options, including: analysis of varying scenarios, sensitivity in forecasts, the objective or subjective basis of assumptions, optimism or status quo bias, dependencies and the inter-relationships between risks. This analysis and evaluation should provide the foundation to understand the risks arising through chosen options and how these will be managed, including how these will be subject to effective and on-going monitoring (see Section D).

- B3** Delivery confidence should be supported through the transparent identification of the principal risks faced and how those risks will be managed within business and financial plans.

- B4** The board, and those setting strategy and policy, should use horizon scanning and scenario planning collectively and collaboratively to identify and consider the nature of emerging risks, threats and trends. The Government Office for Science ensures that government policies and decisions are informed by the best scientific evidence and strategic long-term thinking.^[7] Some other common horizon scanning issues are informed by the Civil Contingencies Secretariat through the National Risk Assessment (NRA).^[8]

- B5** Government has an inherent role in protecting and assuring the public, which includes taking cost-effective action to reduce risk to a tolerable level and providing accurate and timely information about risks to the public.^[9] Policy leads should take explicit steps to involve the public, understand what they are concerned about and why and communicate good information about risk that is targeted to the needs of the audiences involved. Government will:

- be open and transparent about its understanding of the nature of risks to the public and about the process it is following in handling them;
- seek wide involvement of those concerned in decision-making processes;
- act proportionately and consistently in dealing with risks to the public;
- base decisions for intervention on relevant evidence, including expert risk assessment; and
- place responsibility for managing risks to those best able to control them.

Section C: Collaboration and Best Information

Main Principle

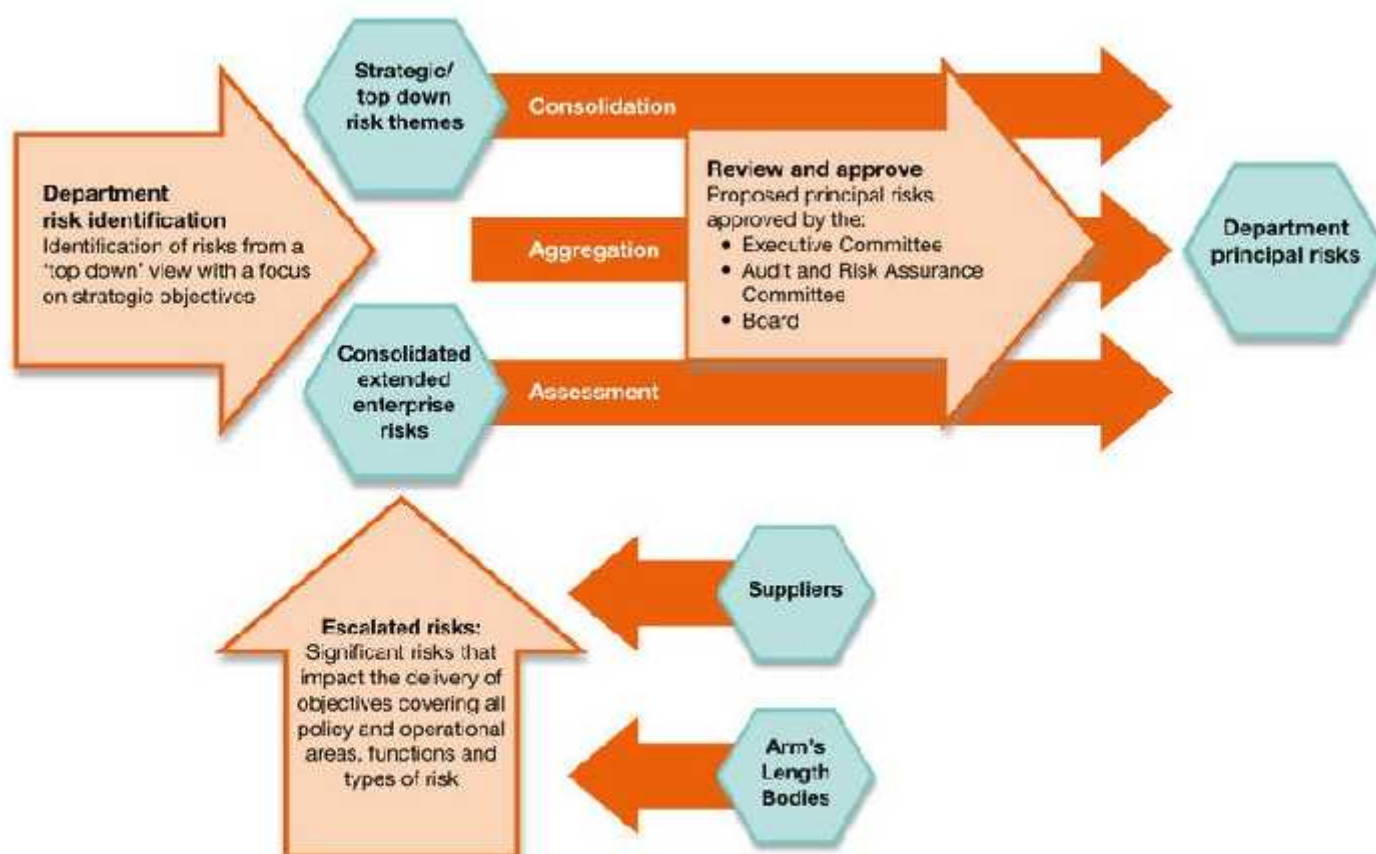
- C Risk management shall be collaborative and informed by the best available information and expertise.**

Supporting Principles

- C1 The accounting officer, supported by the Audit and Risk Assurance Committee, should establish risk management activities that cover all types and source of risk (see Annex 4). There may be many different, but aligned, risk management processes that are applied at different levels within an

organisation and across those involved in the end to end delivery of public services. The management of risks and the operation and oversight of internal control should be considered and aligned across this extended enterprise. This requires collaboration and cross-organisational working through a range of public sector, private sector and third-sector partnerships. The risk management framework should be designed to support a comprehensive view of the risk profile, aggregated where appropriate, in support of governance and decision-making requirements.

Risk escalation, consolidation and aggregation



- C2** Nearly all government departments sponsor arm's length bodies for which they take ultimate responsibility, while allowing a degree of (or sometimes considerable) independence. Effective relationships and partnership working between departments and arm's length bodies, a mutual understanding of risk, and a proportionate approach to monitoring and reporting are critical. The principal accounting officer⁴ should consider the organisation's overall risk profile, including the risk management within arm's length bodies, who should have their own robust and aligned arrangements in place. Informative and transparent management information should enable departments and arm's length bodies to promote transparency and understanding in achieving the effective management of risks, including the timely escalation of risks, as necessary, based on agreed criteria.
- C3** Risk management processes (see Section D) should be conducted systematically, iteratively and collaboratively, drawing on the knowledge and views of experts and stakeholders. Information and perspectives should be supplemented by further enquiry as necessary, should reflect changes over time and should be appropriately evidenced. Expert risk assessment methodologies may be highly specialised and may vary depending on the context.
- C4** Those assessing and managing risks should consult with appropriate external and internal stakeholders to facilitate the factual, timely, relevant, accurate and understandable exchange of information and evidence, while considering the confidentiality and integrity of this information. Communication should be continual and iterative in supporting dialogue, providing and sharing information and promoting awareness and understanding of risks.
- C5** Communication and consultation should also assist relevant stakeholders in understanding the risks faced, the basis on which decisions are made and the reasons why particular actions are required and taken. Communication and consultation should:
- bring together different functions and areas of professional expertise in the management of risks;
 - ensure that different views are appropriately considered when defining risk criteria and when analysing risks (see Section D);
 - provide sufficient information and evidence to facilitate risk oversight and decision making; and
 - build a sense of inclusiveness and ownership among those affected by risk.

Complicated and ambiguous risk scenarios are inherent given the dynamic and/or behavioural complexity in public service delivery, often with no simple, definitive solutions. These risks require whole-system-thinking, aligned incentives, positive relationships and collaboration, alongside relevant technical knowledge, to support multi-disciplinary approaches to their effective management.

⁴ The Treasury appoints the permanent head of each central government department to be its accounting officer. Where there are several accounting officers in a department, the permanent head is the principal accounting officer.

- C6 Functions⁵ within and across organisations should play an integral part in identifying, assessing and managing the range of risks than can arise and threaten successful delivery against objectives. Function leads should provide expert judgement to advise the accounting officer to:
- set feasible and affordable strategies and plans;
 - evaluate and develop realistic programmes, projects and policy initiatives;
 - prioritise and direct resources and the development of capabilities;
 - identify and assess risks that can arise and impact the successful achievement of objectives;
 - determine the nature and extent of the risks that the organisation is willing to take to achieve its objectives;
 - design and operate internal controls in line with good practice; and
 - drive innovation and incremental improvements.

5 Functions are embedded in government departments and arm's length bodies, helping to deliver departmental objectives and better outcomes across government.

Section D: Risk Management Processes

Main Principle

- D Risk management processes shall be structured to include:**
- a. **risk identification and assessment to determine and prioritise how the risks should be managed;**
 - b. **the selection, design and implementation of risk treatment options that support achievement of intended outcomes and manage risks to an acceptable level;**
 - c. **the design and operation of integrated, insightful and informative risk monitoring; and**
 - d. **timely, accurate and useful risk reporting to enhance the quality of decision-making and to support management and oversight bodies in meeting their responsibilities.**

Risk Management Processes



Supporting Principles

D1 The accounting officer, supported by their nominated individual responsible for leading the organisation's overall approach to risk management, should ensure the adequate design and systematic implementation of policies, procedures and practices for risk identification and assessment, treatment, monitoring and reporting. Although risk management processes are often presented as sequential, in practice they are iterative.

Risk identification and assessment

D2 Risk identification activities should produce an integrated and holistic view of risks, often organised by taxonomies or categories of risk (see Annex 4). The aim is to understand the organisation's overall risk profile. The organisation can use a range of techniques for identifying specific risks that may potentially impact on one or more objectives. The following factors, and the relationship between these factors, should also be considered:

- tangible and intangible sources of risk;
- changes in the external and internal context;
- uncertainties and assumptions within options, strategies, plans, etc;
- indicators of emerging risks;
- limitations of knowledge and reliability of information; and
- any potential biases and beliefs of those involved.

Risks should be identified whether or not their sources are under the organisation's direct control. Even seemingly insignificant risks on their own have the potential, as they interact with other events and conditions, to cause great damage or create significant opportunity.

D3 While each risk identified may be important, some form of measurement is necessary to evaluate their significance to support decision-making. Without a standard for comparison, it is not possible to compare and aggregate risks across the organisation and its extended enterprise. This prioritisation is supported by risk assessment^[10], which incorporates risk analysis and risk evaluation.

D4 The purpose of risk analysis is to support a detailed consideration of the nature and level of risk. The risk analysis process should use a common set of risk criteria to foster consistent interpretation and application in defining the level of risk, based on the assessment of the *likelihood* of the risk occurring and the *consequences* should the *event* happen (see Annex 5).

D5 Risk analysis can be undertaken with varying degrees of detail and complexity, depending on the purpose of the analysis, the availability and reliability of evidence and the resources available. Analysis techniques can be qualitative, quantitative or a combination of these, depending on the circumstances and intended use. Limitations and influences associated with the information and evidence bases used, and/or the analysis techniques executed, should be explicitly considered. These should be correctly sourced, appraised and referenced within risk reporting to decision-makers. All business critical analytical models in government should be managed within a framework that ensures appropriately specialist staff are responsible for developing and using the models as well as their quality assurance^[11].

D6 Risk evaluation should involve comparing the results of the risk analysis with the nature and extent of risks that the organisation is willing to take - its risk appetite - to determine where and what additional action is required. Options may involve one or more of the following:

- avoiding the risk, if feasible, by deciding not to start or continue with the activity that gives rise to the risk;
- taking or increasing the risk in order to pursue an opportunity;
- retaining the risk by informed decision;
- changing the likelihood, where possible;
- changing the consequences, including planning contingency activities;
- sharing the risk (e.g. through commercial contracts^[12]).

The outcome of risk evaluation should be recorded, communicated and validated at appropriate levels of the organisation. It should be regularly reviewed and revised based on the dynamic nature and level of the risks faced.

- the proposed actions;
- those accountable and responsible for approving and implementing the option(s);
- the resources required, including contingencies;
- the key performance measures and control indicators, including early warning indicators;
- the constraints;
- when action(s) are expected to be undertaken and completed; and
- the basis for routine reporting and monitoring.

- D9 Where appropriate, contingency, containment, crisis, incident and continuity management arrangements should be developed and communicated to support resilience and recovery if risks crystallise.

Risk treatment

- D7 Selecting the most appropriate risk treatment option(s) involves balancing the potential benefits derived in enhancing the achievement of objectives against the costs, efforts or disadvantages of proposed actions. Justification for the design of risk treatments and the operation of *internal control* is broader than solely economic considerations and should take into account all of the organisation's obligations, commitments and stakeholder views.
- D8 As part of the selection and development of risk treatments, the organisation should specify how the chosen option(s) will be implemented, so that arrangements are understood by those involved and effectiveness can be monitored. This should include:
- the rationale for selection of the option(s), including the expected benefits to be gained;

Risk monitoring

- D10 Monitoring should play a role before, during and after implementation of risk treatment. Ongoing and continuous monitoring should support understanding of whether and how the risk profile is changing and the extent to which internal controls are operating as intended to provide reasonable assurance over the management of risks to an acceptable level in the achievement of organisational objectives.
- D11 The results of monitoring and review should be incorporated throughout the organisation's wider performance management, measurement and reporting activities. Recording and reporting aims to:
- transparently communicate risk management activities and outcomes across the organisation;
 - provide information for decision-making;

- improve risk management activities; and
- assist interaction with stakeholders, including those with responsibility and accountability for risk management activities.

D12 The “three lines of defence” model sets out how these aspects should operate in an integrated way to manage risks, design and implement internal control and provide assurance through ongoing, regular, periodic and ad-hoc monitoring and review (see Annex 2). When an organisation has properly structured the “lines of defence”, and they operate effectively, it should understand how each of the lines contributes to the overall assurance required and how those involved can best be integrated and mutually supportive. There should be no gaps in coverage and no unnecessary duplication of effort. Importantly, the accounting officer and the board should receive unbiased information about the organisation’s principal risks and how management is responding to those risks.

Risk reporting

D13 The board, supported by the Audit and Risk Assurance Committee, should specify the nature, source, format and frequency of the information that it requires. It should ensure that the assumptions and models underlying this information are clear so that they can be understood and, if necessary, challenged. Factors to consider for reporting include, but are not limited to:

- differing stakeholders and their specific information needs and requirements;
- cost, frequency and timeliness of reporting;
- method of reporting; and
- relevance of information to organisational objectives and decision-making.

D14 The information should support the board to assess whether decisions are being made within its risk appetite to successfully achieve objectives, to review the adequacy and effectiveness of internal controls, and to decide whether any changes are required to re-assess strategy and objectives, revisit or change policies, reprioritise resources, improve controls, and/or alter their risk appetite.

D15 Clear, informative and useful reports or dashboards should promote key information for each principal risk to provide visibility over the risk, compare results against key performance/risk indicators, indicate whether these are within risk appetite, assess the effectiveness of key management actions and summarise the assurance information available. Reports should include qualitative and quantitative information, where appropriate, show trends and support early warning indicators. Understanding and decision-making should be supported through the presentation of information in summary form and the use of graphics and visualisation.

- D16 Principal risks should be subject to “deep dive” reviews by the board and Audit and Risk Assurance Committee, with those responsible for the management of risks and with appropriate expertise present at an appropriate frequency depending on the nature of the risk and the performance reported.

Section E: Continual Improvement

Main Principle

- E Risk management shall be continually improved through learning and experience**

Supporting Principles

- E1** The organisation should continually monitor and adapt the risk management framework to address external and internal changes. The organisation should also continually improve the suitability, adequacy and effectiveness of the risk management framework. This should be supported by the consideration of lessons based on experience and, at least annually, review of the risk management framework and the performance outcomes achieved. Annex 3 contains questions that may assist in assessing the efficient and effective operation of the risk management framework.
- E2** All strategies, policies, programmes and projects should be subject to comprehensive but proportionate evaluation^[13], where practicable to do so. Learning from experience helps to avoid repeating the same mistakes and helps spread improved practices to benefit current and future work, outputs and outcomes. At the commencement, those involved and key stakeholders should identify and apply relevant lessons from previous experience when planning interventions and the design and implementation of services and activities. Lessons should be continually captured, evaluated and action should be taken to manage delivery risk and facilitate continual improvement of the outputs and outcomes. Organisation leaders and owners of standards, processes, methods, guidance, tools and training, should update their knowledge sources and communicate learning as appropriate.
- E3** Process/capability maturity models or continuum may be used to support a structured assessment of how well the behaviours, practices and processes of an organisation can reliably and sustainably produce required outcomes. These models may be used as a benchmark for comparison and to inform improvement opportunities and priorities.
- E4** As relevant gaps or improvement opportunities are identified, the organisation should develop plans and tasks and assign them to those accountable for implementation.

Annex 1 – Roles and Responsibilities - Board, Accounting Officer and Audit and Risk Assurance Committee

Board

The board of each public sector organisation, informed and advised by their Audit and Risk Assurance Committee, should:

- lead the assessment and management of risk and take a strategic view of risks in the organisation.
- ensure that there are clear accountabilities for managing risks and that officials are equipped with the relevant skills and guidance to perform their assigned roles effectively and efficiently.
- ensure that roles and responsibilities for risk management are clear to support effective governance and decision-making at each level with appropriate escalation, aggregation and delegation.
- determine and continuously assess the nature and extent of the principal risks that the organisation is willing to take to achieve its objectives - its "risk appetite" - and ensure that planning and decision-making appropriately reflect this assessment.
- agree the frequency and scope of its discussions on risk to review how management is responding to the principal risks and how this is integrated with other matters considered by the board, including business planning and performance management processes.
- specify the nature, source, format and frequency of the information that it requires.
- ensure that there are clear processes for bringing significant issues to its attention more rapidly when required, with agreed triggers for doing so.
- use horizon scanning to identify emerging sources of uncertainty, threats and trends.
- assure itself of the effectiveness of the organisation's risk management framework.
- assess compliance with the Corporate Governance Code^[2] and include explanations of any departures within the governance statement of the organisation's annual report and accounts.

Accounting Officer

The accounting officer of each public sector organisation, supported by the Audit and Risk Assurance Committee, should:

- periodically assess whether the organisational values, leadership style, opportunities for debate and learning, and human resource policies support the desired risk culture, incentivise expected behaviours and sanction inappropriate behaviours.
- ensure that expected values and behaviours are communicated and embedded at all levels to support the appropriate risk culture.
- designate an individual to be responsible for leading the organisation's overall approach to risk management, who should be of sufficient seniority and should report to a level within the organisation that allows them to influence effective decision-making.
- establish the organisation's overall approach to risk management
- establish risk management activities that cover all types of risk and processes that are applied at different organisational levels.
- ensure the design and systematic implementation of policies, procedures and practices for risk identification, assessment, treatment, monitoring and reporting.
- consider the organisation's overall risk profile, including risk management within arm's length bodies and the extended enterprise.
- demonstrate leadership and articulate their continual commitment to and the value of risk management through developing and communicating a policy or statement to the organisation and other stakeholders, which should be periodically reviewed.
- ensure the allocation of appropriate resources for risk management, which can include, but is not limited to people, skills, experience and competence.

- monitor the quality of the information received and ensure that it is of a sufficient quality to allow effective decision-making.
- ensure that risk is considered as an integral part of appraising option choices, evaluating alternatives and making informed decisions.
- be provided with expert judgements through functions to advise on:
 - the feasibility and affordability of strategies and plans;
 - the evaluation and development of realistic programmes, projects and policy initiatives;
 - prioritisation of resources and the development of capabilities;
 - the design and operation of internal control in line with good practice and the nature and extent of the risks that the organisation is willing to take to achieve its objectives; and
 - driving innovation and incremental improvements.
- clearly communicate their expectation that risk management activities are coordinated and that information is shared among across the 'lines of defence' where this supports the overall effectiveness of the effort and does not diminish any of the 'lines' key functions.

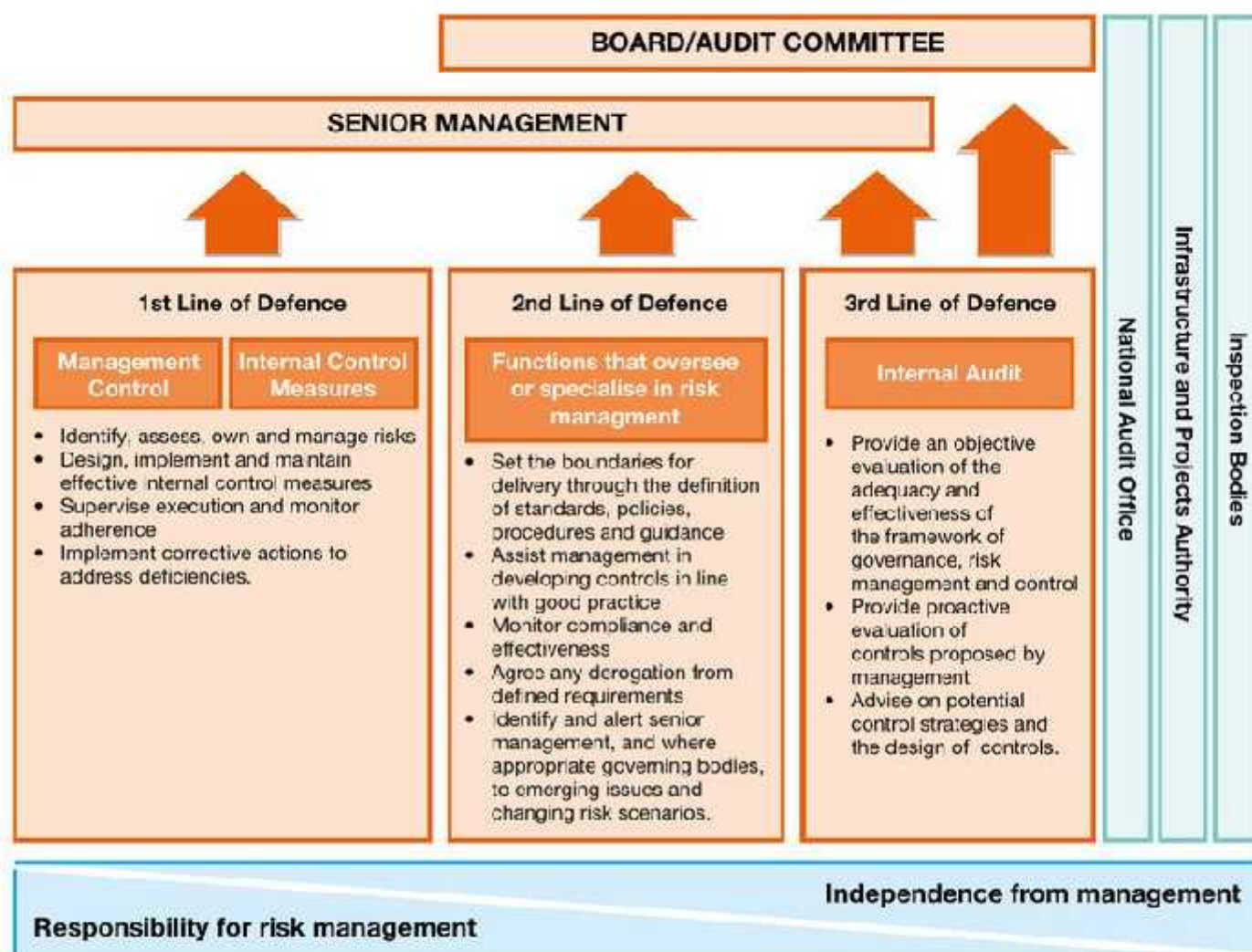
Audit and Risk Assurance Committee^[14]

Leading the assessment and management of risk is a role for the board. The Audit and Risk Assurance Committee should support the board in this role. It is essential that the Audit and Risk Assurance Committee:

- understands the organisation's business strategy, operating environment and the associated risks, taking into account all key elements of the organisation as parts of an "extended enterprise";
- understands the role and activities of the board (or equivalent senior governance body) in relation to managing risk;
- discusses with the board its policies, attitude to and appetite for risk to ensure these are appropriately defined and communicated so that management understands these parameters and expectations;
- understands the risk management framework and the assignment of responsibilities;
- critically challenges and reviews the risk management framework, without second guessing management, to evaluate how well the arrangements are actively working in the organisation; and
- critically challenges and reviews the adequacy and effectiveness of control processes in responding to risks within the organisation's governance, operations, compliance and information systems.

Assurance should be obtained on risks across the departmental group. The group should focus on assurances over the management of cross organisational governance, risk and control arrangements to supplement departmental or entity level assurances. Similarly, assurance over the risk and control environment should also encompass services outsourced to external providers, including shared service arrangements, and risks that cross organisational boundaries, for example, in major projects.

Annex 2 – The Three Lines of Defence



Everyone in an organisation has some responsibility for risk management. The “three lines of defence” model provides a simple and effective way to help delegate and coordinate risk management roles and responsibilities within and across the organisation.

The model is not intended as a blueprint or organisational design, but may provide a flexible structure that can be implemented in support of the risk management framework. Functions within each of the “lines of defence” may vary from organisation to organisation and may operate differently.

Neither governance bodies nor senior management are considered to be among the “lines” in this model. They are the primary stakeholders served by the “lines of defence”, as they collectively have responsibility and accountability for setting the organisation’s objectives, defining strategies to achieve those objectives, and establishing roles, structures and processes to best manage the risks in achieving those objectives successfully.

First line of defence

Under the “first line of defence”, management have primary ownership, responsibility and accountability for identifying, assessing and managing risks. Their activities create and/or manage the risks that can facilitate or prevent an organisation’s objectives from being achieved.

The first line ‘own’ the risks, and are responsible for execution of the organisation’s response to those risks through executing internal controls on a day-to-day basis and for implementing corrective actions to address deficiencies. Through a cascading responsibility structure, managers design, operate and improve processes, policies, procedures, activities, devices, practices, or other conditions and/or actions that maintain and/or modify risks and supervise effective execution. There should be adequate managerial and supervisory controls in place to ensure compliance and to highlight control breakdown, variations in or inadequate processes and unexpected events, supported by routine performance and compliance information.

Second line of defence

The second line of defence consists of functions and activities that monitor and facilitate the implementation of effective risk management practices and facilitate the reporting of adequate risk related information up and down the organisation. The second line should support management by bringing expertise, process excellence, and monitoring alongside the first line to help ensure that risk are effectively managed.

The second line should have a defined and proportionate approach to ensure requirements are applied effectively and appropriately. This would typically include compliance assessments or reviews carried out to determine that standards⁶, expectations, policy and/or regulatory considerations are being met in line with expectations across the organisation.

Third line of defence

Internal audit form the organisation’s “third line of defence”. An independent internal audit function¹⁵¹ will, through a risk-based approach to its work, provide an objective evaluation of how effectively the organisation assesses and manages its risks, including the design and operation of the “first and second lines of defence”. It should encompass all elements of the risk management framework and should include in its potential scope all risk and control activities. Internal audit may also provide assurance over the management of cross-organisational risks and support the sharing of good practice between organisations, subject to considering the privacy and confidentiality of information.

External assurance

Sitting outside of the organisation’s own risk management framework and the three lines of defence, are a range of other sources of assurance that support an organisation’s understanding and assessment of its management of risks and its operation of controls, including:

6 In addition to professional standards, functional standards guide people working in and with the UK government. They exist to create a coherent and mutually understood way of doing business across organisational boundaries, and to provide a stable basis for assurance, risk management, and capability improvement.

- external auditors, chiefly the National Audit Office (NAO)⁷, who have a statutory responsibility for certification audit of the financial statements;
- value for money studies undertaken by the NAO, which Parliament use to hold government to account for how it spends public money; and
- the Infrastructure and Projects Authority (IPA), who arrange and manage independent expert assurance reviews of major government projects that provide critical input to HM Treasury business case appraisal and financial approval points.

Other sources of independent external assurance may include independent inspection bodies, external system accreditation reviews/certification (e.g. ISO), and HM Treasury/Cabinet Office/Parliamentary activities that support scrutiny and approval processes.

Coordination, cooperation and communication

The lines of defence have a common objective: to help the organisation achieve its objectives with effective management of risks. They often deal with the same risk and control issues. The accounting officer and the board should clearly communicate their expectation that information be shared and activities co-ordinated across each of the 'lines' where this does not diminish the effectiveness or objectivity of any of those involved.

Careful coordination is necessary to avoid unnecessary duplication of efforts, while assuring that all significant risks are addressed appropriately. Coordination may take a variety of forms depending on the nature of the organisation and the specific work done by each party. It is likely to be helpful to adopt a common 'language' or set of definitions across the 'lines of defence' to ease understanding, for example, in defining risk categories, risk criteria and what is an acceptance level of control or a significant control weakness.

Internal audit and external audit should work effectively together to the maximum benefit of the organisation and in line with international¹⁶⁾ and public sector standards.¹⁷⁾

7 Some executive NDPBs may have private sector external auditors (either appointed by the relevant Secretary of State or by the Body's Executive) with a reporting line directly to the Secretary of State or to the body rather than through NAO to Parliament.

Annex 3 – Questions to Ask

These questions may assist in assessing how the risk management principles are applied to support the efficient and effective operation of the risk management framework. They should be read in conjunction with the principles set out in this document. The questions are not intended to be exhaustive and not all will be applicable in all circumstances. If the answers to the questions raise concerns, consideration should be given to whether action is needed to address possible areas for improvement.

Governance and Leadership

1. How is the desired risk culture defined, communicated, and promoted? How is this periodically assessed?
2. How do human resource policies and performance systems encourage and support desired risk behaviours and discourage inappropriate risk behaviours?
3. How has the nature and extent of the principal risks that the organisation is willing to take in achieving its objectives been determined and used to inform decision-making? Is this risk appetite tailored and proportionate to the organisation?
4. How are the board and other governance forums supported to consider the management of risks, and how is this integrated with discussion on other matters?
5. How effective are risk information and insights in supporting decision-making, in terms of the focus and quality of information, its source, its format and its frequency?
6. How are authority, responsibility and accountability for risk management and internal control defined, co-ordinated and documented throughout the organisation?

7. How is the designated individual responsible for leading the overall approach to risk management positioned and supported to allow them to exercise their objectivity and influence effective decision-making?
8. How are the necessary skills, knowledge and experience of the organisation's risk practitioners assessed and supported?
9. How has the necessary commitment to risk management been demonstrated?

Integration

10. How are risks considered when setting and changing strategy and priorities?
11. How are risks transparently assessed within the appraisal of options for policies, programmes and projects or other significant commitments?
12. How are emerging risks identified and considered?
13. How are risks to the public assessed and reflected within policy development and implementation?
14. How are National Risk Register risks, that are particularly pertinent to the organisation, recognised in risk assessments and discussions?

Collaboration and Best Information

15. How is an aggregated view of the risk profile informed across the organisation, arm's length bodies and the extended enterprise supporting the delivery of services?
16. How are the views of external stakeholders gathered and included within risk considerations?

17. How does communication and consultation assist stakeholders to understand the risks faced and the organisation's response?
18. How is function and professional expertise used to inform strategies, plans, programmes, projects and policies?
19. How do expert functions and professions inform the identification, assessment and management of risks and the design and implementation of controls?
20. How are functional standards communicated and their adherence monitored across the organisation?
26. How are exposures to each principal risk assessed against the nature and extent of risks that the organisation is willing to take in achieving its objectives – its risk appetite – to inform options for the selection and development of internal controls?
27. How are decisions made in balancing the potential benefits of the design and implementation of new or additional controls with the costs, efforts and any disadvantages of different control options?
28. How are contingency arrangements for high impact risks designed and tested to support continuity, incident and crisis management and resilience?

Risk Management Processes

21. How are risk taxonomies or categories used to facilitate the identification of risks within the overall risk profile?
22. How are risk criteria set to support consistent interpretation and application in assessing the level of risk? How effective are these in supporting the understanding and consideration of the likelihood and consequences of risks?
23. How are limitations and influences associated with the information and evidence used with risk assessments highlighted?
24. How are interdependencies between risks or possible combinations of events ('comino' risks) identified and assessed?
25. How dynamic is the assessment of risks and the consideration of mitigating actions to reflect new or changing risks or operational efficiencies?
29. How is the nature, source, format and frequency of the information required to support monitoring of risk management and internal control defined and communicated?
30. How are new and changing principal risks highlighted and escalated clearly, easily and more rapidly when required?
31. How comprehensive, informative and coordinated are assurance activities in helping achieve objectives and in supporting the effective management of risks?
32. How do disclosures on risk management and internal control contribute to the annual report being fair, balanced and understandable?

Continual Improvement

33. How are policies, programmes and projects evaluated to inform learning from experience? How are lessons systematically learned from past events?
34. How is risk management maturity periodically assessed to identify areas for improvement? Is the view consistent across differing parts or levels of the organisation?
35. How are improvement opportunities identified, prioritised, implemented and monitored?

Annex 4 – Example Risk Categories

Strategy risks – Risks arising from identifying and pursuing a strategy, which is poorly defined, is based on flawed or inaccurate data or fails to support the delivery of commitments, plans or objectives due to a changing macro-environment (e.g. political, economic, social, technological, environment and legislative change).

Governance risks – Risks arising from unclear plans, priorities, authorities and accountabilities, and/or ineffective or disproportionate oversight of decision-making and/or performance.

Operations risks – Risks arising from inadequate, poorly designed or ineffective/inefficient internal processes resulting in fraud, error, impaired customer service (quality and/or quantity of service), non-compliance and/or poor value for money.

Legal risks – Risks arising from a defective transaction, a claim being made (including a defence to a claim or a counterclaim) or some other legal event occurring that results in a liability or other loss, or a failure to take appropriate measures to meet legal or regulatory requirements or to protect assets (for example, intellectual property).

Property risks – Risks arising from property deficiencies or poorly designed or ineffective/inefficient safety management resulting in non-compliance and/or harm and suffering to employees, contractors, service users or the public.

Financial risks – Risks arising from not managing finances in accordance with requirements and financial constraints resulting in poor returns from investments, failure to manage assets/liabilities or to obtain value for money from the resources deployed, and/or non-compliant financial reporting.

Commercial risks – Risks arising from weaknesses in the management of commercial partnerships, supply chains and contractual requirements, resulting in poor performance, inefficiency, poor value for money, fraud, and /or failure to meet business requirements/objectives.

People risks – Risks arising from ineffective leadership and engagement, suboptimal culture, inappropriate behaviours, the unavailability of sufficient capacity and capability, industrial action and/or non-compliance with relevant employment legislation/HR policies resulting in negative impact on performance.

Technology risks – Risks arising from technology not delivering the expected services due to inadequate or deficient system/process development and performance or inadequate resilience.

Information risks – Risks arising from a failure to produce robust, suitable and appropriate data/information and to exploit data/information to its full potential.

Security risks – Risks arising from a failure to prevent unauthorised and/or inappropriate access to the estate and information, including cyber security and non-compliance with General Data Protection Regulation requirements.

Project/Programme risks – Risks that change programmes and projects are not aligned with strategic priorities and do not successfully and safely deliver requirements and intended benefits to time, cost and quality.

Reputational risks – Risks arising from adverse events, including ethical violations, a lack of sustainability, systemic or repeated failures or poor quality or a lack of innovation, leading to damages to reputation and or destruction of trust and relations.

Failure to manage risks in any of these categories may lead to financial, reputational, legal, regulatory, safety, security, environmental, employee, customer and operational consequences.

Annex 5 – Definitions and Supportive Concepts

Governance^[2] is the system by which organisations are directed and controlled. It defines accountabilities, relationships and the distribution of rights and responsibilities among those who work with and in the organisation, determines the rules and procedures through which the organisation's objectives⁸ are set, and provides the means of attaining those objectives and monitoring performance. This includes establishing, supporting and overseeing the risk management framework.

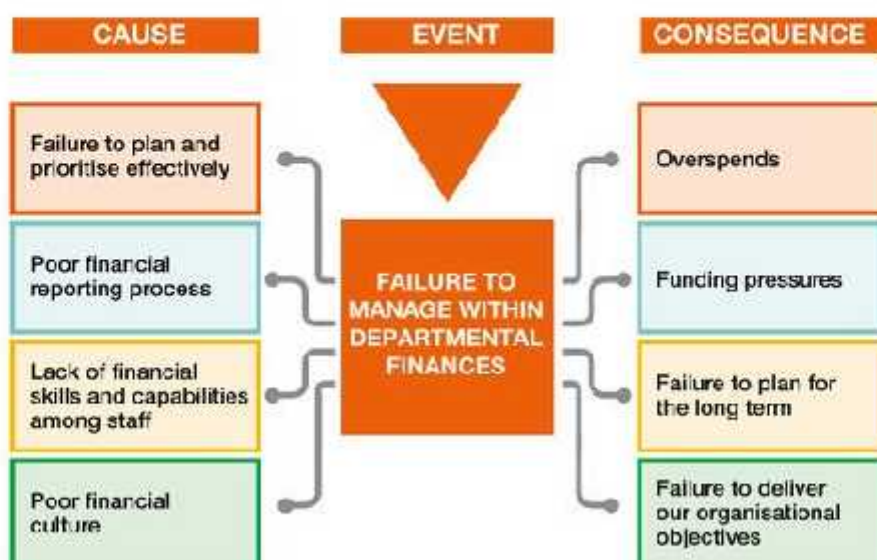
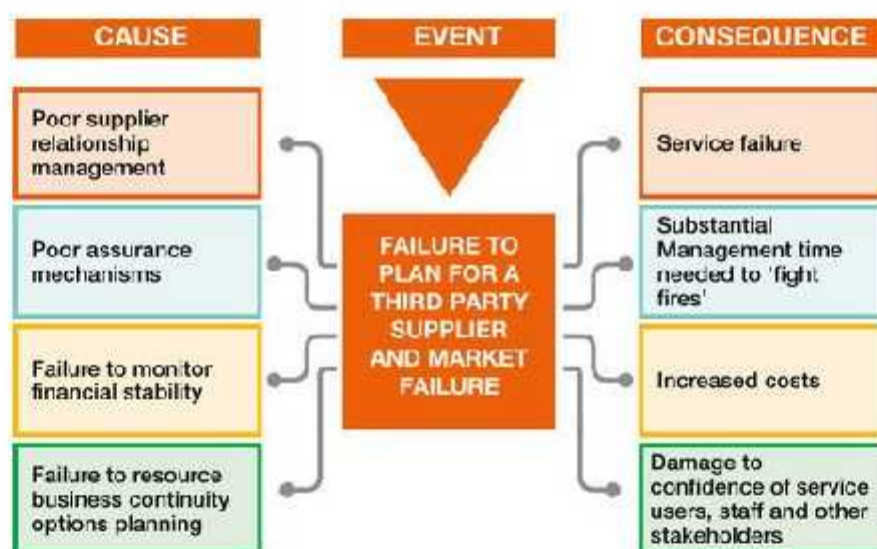
Risk Management is the co-ordinated activities designed and operated to manage risk and exercise internal control within an organisation.

Risk is the effect of uncertainty on objectives. Risk is usually expressed in terms of causes, potential events, and their consequences:

- A **cause** is an element which alone or in combination has the potential to give rise to risk;
- An **event** is an occurrence or change of a set of circumstances and can be something that is expected which does not happen or something that is not expected which does happen. Events can have multiple causes and consequences and can affect multiple objectives;
- the **consequences** should the event happen – consequences are the outcome of an event affecting objectives, which can be certain or uncertain, can have positive or negative direct or indirect effects on objectives, can be expressed qualitatively or quantitatively, and can escalate through cascading and cumulative effects.

⁸ Objectives can have different aspects and categories – covering efficient and effective operations, financial and non-financial reporting, and compliance with laws and regulations - and can be applied at different levels.

Stating risks: causes, events and consequences



In stating risks, care should be taken to avoid stating consequences that may arise as being the risks themselves, i.e. identifying the symptoms without their cause(s). Equally, care should be taken to avoid defining risks with statements that are simply the converse of the objectives, i.e. failure to achieve the intended output/outcome.

Organisations typically assess consequences using a combination of criteria, which commonly include financial, reputational, legal, regulatory, safety, security, environmental, employee, customer and operational effects. The criteria used should be dynamic and should be periodically reviewed and amended, as necessary. Scales should allow meaningful differentiation for ranking and prioritisation purposes based on assigning values to each risk using the defined criteria.

When assigning a consequence rating to a risk, the rating for the highest, most credible worst-case scenario should be assigned.

The risk analysis process defines the level of risk, based on the assessment of the **likelihood** of the risk occurring and the consequences should the event happen. Likelihood is the assessment of something happening, whether defined, measured or determined objectively or subjectively, qualitatively or quantitatively, and described using general terms or mathematically (such as a probability or a frequency over a given time period).

Risk analysis should also consider:

- sensitivity and confidence levels, based on the information available;
- complexity and connectivity;
- time-related factors and volatility; and
- the effectiveness of existing internal control.

Internal Control is the dynamic and iterative framework of processes, policies, procedures, activities, devices, practices, or other conditions and/or actions that maintain and/or modify risk. Internal controls permeate and are inherent in the way the organisation operates and are affected by cultural and behavioural factors.

Where additional action is required to bring the levels of risk within the nature and extent that the organisation is willing to take to achieve its objectives, the organisation should select, develop and implement options for addressing risk through preventive, directive, detective, and/or corrective controls that manage risks to an acceptable level. These might be manual or automated. This involves an iterative process of:

- planning and implementing internal control;
- assessing the effectiveness of internal control;
- deciding whether the nature and extent of the remaining risk after the implementation of internal controls is acceptable; and
- if not acceptable, reassessing options and taking further action where appropriate.

Internal control, even if carefully designed and implemented, might not produce the intended or expected outcomes. Internal control can also introduce new risks that need to be managed.

Assurance is a general term for the confidence that can be derived from objective information over the successful conduct of activities, the efficient and effective design and operation of internal control, compliance with internal and external requirements, and the production of insightful and credible information to support decision-making. Confidence diminishes when there are uncertainties around the integrity of information or of underlying processes.

Annex 6 – References

ID	Description
1	BS ISO 31000:2018(E) - Risk management – Guidelines
2	Corporate governance code for central government departments https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments
3	Managing Public Money – Section 4 Governance and Management https://www.gov.uk/government/publications/managing-public-money
4	Managing Public Money – Annex 4.3 Risk
5	Budget 2018: 2.18 The Balance Sheet Review – https://www.gov.uk/government/publications/budget-2018-documents/budget-2018 and Getting smart about intellectual property and intangible assets https://www.gov.uk/government/publications/getting-smart-about-intellectual-property-and-intangible-assets
6	Central Government Guidance on Appraisal and Evaluation - The Green Book https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/685903/The_Green_Book.pdf
7	The Future Toolkit provides guidance on horizon scanning and outlines how scenarios can be used to further investigate emerging risks https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/674209/futures-toolkit-edition-1.pdf
8	The National Risk Assessment (NRA) - a strategic medium-term planning tool that captures examples of civil emergencies that could plausibly affect the UK within its territorial boundaries and should be used to inform integrated emergency management decisions
9	The Principles of Managing Risks to the Public https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/191518/Managing_risks_to_the_public_appraisal_guidance.pdf
10	ISO 31010:2009 is a supporting standard for BS ISO 31000 and provides guidance on selection and application of systematic techniques for risk assessment
11	Guidance on producing quality analysis for government – The Aqua Book https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/416478/aqua_book_final_web.pdf
12	The Outsourcing Playbook - Central Government Guidance on Outsourcing Decisions and Contracting https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/780361/20190220_OutsourcingPlaybook_6.5212.pdf
13	Guidance for evaluation – The Magenta Book https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/220542/magenta_book_combined.pdf
14	HM Treasury Audit and Risk Assurance Committee Handbook, March 2016 https://www.gov.uk/government/publications/audit-committee-handbook
15	Public Sector Internal Audit Standards https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/641252/PSAIS_1_April_2017.pdf
16	International Standards on Auditing - ISA 315 and 610

Report to:	Audit Committee
Date of Meeting:	6 July 2020
Subject:	Prompt Payment Statistics
Reporting Officer (Including Job Title):	Gerard Byrne, Audit Services Manager
Contact Officer (Including Job Title):	Ken Montgomery, Assistant Director of Finance

Confirm how this Report should be treated by placing an x in either:-

For decision	<input type="checkbox"/>	For noting only	<input checked="" type="checkbox"/>
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1.0	Purpose and Background:																				
1.1	<p>'Prompt payment' is the payment of valid supplier invoices within 10 working days by public bodies, as set in government targets.</p> <p>This dataset contains:</p> <ul style="list-style-type: none">• total amount paid by each Northern Ireland council to suppliers• total number of invoices• number of invoices paid within 10 working days• number of invoices paid within 30 calendar days• number of invoices paid outside 30 calendar days <p>The Stormont Executive's Prompt Payment Policy recommends that government departments should, "aim to pay 90% of valid invoices within 10 working days", with councils encouraged to match that.</p> <p>Adherence to the policy is not mandatory for councils, but in a letter issued to council chief executives in October 2013, the Department of Environment's Local Government Policy Division said that: "District councils are encouraged to pay suppliers as promptly as possible and to endeavour to meet the 10 day prompt payment commitment made by Northern Ireland Executive in response to the current economic position".</p>																				
2.0	Key issues:																				
2.1	<p>Please find below statistics for quarters three and four of the 2019/20 financial year.</p> <p>1 October 2019 to 30 December 2019</p> <table><tr><td></td><td>Paid within 10 Days</td><td>Paid within 30 Days</td><td>Paid outside payment period</td><td>Total Invoices</td></tr><tr><td>Number of Invoices</td><td>939</td><td>5102</td><td>477</td><td>5579</td></tr><tr><td>Percentage</td><td>17%</td><td>91%</td><td>9%</td><td>100%</td></tr><tr><td>Value</td><td>£1,785,852</td><td>£14,921,921</td><td>£1,244,663</td><td>£16,166,584</td></tr></table> <p>Average number of days to pay suppliers – 20</p>		Paid within 10 Days	Paid within 30 Days	Paid outside payment period	Total Invoices	Number of Invoices	939	5102	477	5579	Percentage	17%	91%	9%	100%	Value	£1,785,852	£14,921,921	£1,244,663	£16,166,584
	Paid within 10 Days	Paid within 30 Days	Paid outside payment period	Total Invoices																	
Number of Invoices	939	5102	477	5579																	
Percentage	17%	91%	9%	100%																	
Value	£1,785,852	£14,921,921	£1,244,663	£16,166,584																	

<i>1 January 2020 to 31 March 2020</i>				
	Paid within 10 Days	Paid within 30 Days	Paid outside payment period	Total Invoices
Number of Invoices	1249	4525	451	4976
Percentage	25%	91%	9%	100%
Value	£2,623,778	£12,405,068	£1,412,944	£13,818,012
<i>Average number of days to pay suppliers – 18</i>				
3.0	Recommendations:			
3.1	For noting by the Audit Committee			
4.0	Resource implications			
4.1	None			
5.0	Equality and good relations implications			
5.1	This report has been equality screened to assess the likely impact on the promotion of equality of opportunity and good relations. No equality impact assessment is required at this time.			
6.0	Rural Proofing implications			
6.1	A rural needs impact assessment is not required at this time.			
7.0	Appendices			
7.1	None			
8.0	Background Documents			
8.1	None			

THIS STATEMENT IS ISSUED ON THE STRICT UNDERSTANDING THAT IT IS NOT FOR PUBLICATION OR BROADCAST BEFORE 00.01 hrs on 25th June 2020

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Northern Ireland Audit Office

MEDIA RELEASE

Raising Concerns: A good practice guide for the Northern Ireland public sector

Northern Ireland's public sector leaders must tackle head-on the cultural barriers stopping concerns from the public and workers being listened to and acted on. That is the message set out by the Comptroller and Auditor General Kieran Donnelly CB, as his office publishes a new good practice guide on Raising Concerns today (Thursday 25 June 2020).

The Guide, updated by the NIAO from a version published in November 2014, reflects key developments in the last five years. In particular, the report references the publication of *Freedom to Speak Up* by Sir Robert Francis QC in 2015, which made significant recommendations in relation to the health service in England, and the Renewable Heat Incentive (RHI) Inquiry report, published in March 2020, which made recommendations on how public sector organisations should deal with concerns raised by the wider public.

The Guide will be formally launched at a virtual event being hosted later this morning by the Chief Executive's Forum. Among those speaking at the event are Sue Gray, Permanent Secretary of the Department of Finance, and Dr Henrietta Hughes OBE, National Guardian for the NHS in England.

Speaking ahead of the launch, Mr Donnelly commented:

"I continue to receive correspondence from public sector employees who have tried to do the right thing by raising concerns with their employer, but have been ignored or not received a fair hearing, or who have even suffered as a result of speaking up. This situation must change. The recent Renewable Heat Incentive (RHI) Inquiry highlighted the consequences of genuine concerns not being properly addressed.

"Senior leaders in every public body in Northern Ireland need to take action to address the real and perceived barriers to raising concerns. They should formally review the effectiveness of their arrangements for responding to concerns against the good practice principles set out in this guide. It is important that such reviews are more than tick-box exercises. Strong and visible leadership is key to promoting the necessary culture change."

Sue Gray, Permanent Secretary of the Department of Finance, added:

"I very much support the publication of this guide in such an important area. Recognition that raising concerns should be a normal, everyday event is welcomed, and is an approach that my Department has encouraged in our work in this area recently. I was also delighted to see that the importance of an open, supportive culture is emphasised in the guide and I believe there is more work we can do on this."

Dr Henrietta Hughes, National Guardian for the NHS in England, said: *"I am inspired that this is being developed for the whole public sector in Northern Ireland. I am delighted by the clarity with*

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which this guide emphasises that speaking up, raising concerns and whistleblowing all describe the same activity. The report's focus on making speaking up business as usual, and that no concern is too small, is particularly helpful."

Today's new good practice guide encourages organisations to put in place effective arrangements for receiving concerns from the wider public and ensuring that they are properly considered and appropriately acted upon. These include an obvious and well sign-posted route for members of the public wishing to raise a concern in the public interest. The report suggests organisations appoint a speak-up guardian or raising concerns champion who can be a source of advice and support for staff but, in addition, a key resource for connecting the organisation to service users and the wider public.

It is available to download from the NIAO website: niauditoffice.gov.uk.

NOTES FOR EDITORS

1. The Comptroller and Auditor General (C&AG) is Head of the Northern Ireland Audit Office (NIAO). He and the NIAO are totally independent of Government. He certifies the accounts of Government Departments and a range of other public sector bodies. He has statutory authority to report to the Assembly on the economy, efficiency and effectiveness with which departments and public bodies use their resources. The C&AG is also a prescribed person under Public Interest Disclosure legislation and can receive concerns in relation to the proper conduct of public business, value for money and fraud and corruption.
2. The Guide also reflects the recommendations of the RHI Inquiry report in relation to external "whistleblowers" – those outside an organisation who have a genuine concern about the business of that organisation and want to raise it in the public interest. In the case of the RHI, a local businesswoman identified the potential for abuse of the scheme and raised her concerns with the relevant government department. She felt she wasn't listened to but did not know where else to turn. The RHI Inquiry recommended that:

"Better systems are needed for spotting early warnings and concerns from the public and businesses that something unexpected could be happening or going wrong.... Simply updating existing complaints and whistleblowing policies, although helpful, will not be sufficient, since relevant intelligence often does not come through these routes."

"The default response amongst officials should be that all Northern Ireland departments review their processes for obtaining, handling and responding to information from multiple routes, to ensure that they have robust systems to pick up early warnings and repeated signals, as well as evidence that a policy is working as intended."
3. The Chief Executives' Forum is the association of chief executive officers of civil and wider public service bodies in Northern Ireland.
4. The Guide is available on the Audit Office website at www.niauditoffice.gov.uk. The report is embargoed until 00.01 hrs on Thursday 25 June 2020.
5. Background briefing can be obtained from the Audit Office by contacting Neil Gray (028 9025 4345) or Valerie Evans (028 9025 1062).

Public Information Leaflet



Proper conduct of public business

Value for money

Fraud and corruption

RAISE CONCERNS

STOP WRONGDOING

Help ensure that public money, **YOUR** money,
is spent properly, lawfully and safely.



Northern Ireland Audit Office

Do you have a concern about the misuse of public money or wrongdoing by a public body?

If so, then raising a concern can be an important step towards ensuring that potential issues are identified and addressed.



Who should you contact?

As a member of the public, your **first point of contact** should be the government department or public body to which your concern relates. Contact details should be available on each organisation's website.

However, if your concern is about:

THE PROPER CONDUCT OF
PUBLIC BUSINESS

VALUE FOR MONEY

FRAUD AND CORRUPTION

... in relation to central government, local government or health bodies, then an **alternative point of contact** is the **Northern Ireland Audit Office (NIAO)**.

The NIAO is the office of both the Comptroller and Auditor General for Northern Ireland (C&AG) and the Local Government Auditor (LGA) and is **independent of government**.

Raising Concerns with the NIAO

How will the NIAO evaluate your concern?

If the issue you raise is within our remit, the NIAO will decide on the next steps based on:

- professional judgement;
- audit experience;
- whether there is a “public interest” element to the issue; and
- whether the concern indicates serious impropriety, irregularity or value for money issues.

The options for action can range from taking no further action, up to a full public report in the most serious cases. Other options include additional audit testing or referral to the relevant public body for investigation.

What can't the NIAO do?

- The C&AG and the LGA **do not have the power** to discipline public service officials nor are they able to bring criminal prosecutions against such individuals.
- Disciplinary action can only be taken by management and/or any relevant professional bodies.
- Allegations of criminality are usually investigated by the police and can ultimately only be decided by the courts.



Will you have legal protection?



Legislation is in place to provide a remedy to workers who raise concerns about wrongdoing at work. It allows them to take their employer to an employment tribunal if they are victimised in any way as a result of raising a concern.

As a member of the public, you have no employment relationship with the organisation about which you are raising a concern and so will not have, and will not need, this legal protection.

Will your identity be revealed?

When you raise a concern with the NIAO, it is preferable that you provide your name and contact details so that, if further action is proposed, we can contact you for further information, if required. The NIAO treats all concerns raised with the utmost confidentiality. It will not reveal your identity to another organisation without consulting you first.

The NIAO will accept anonymous concerns and will evaluate them as outlined above. However, it may be more difficult to pursue the concern if we are unable to contact you for further information, if required.

How do you contact the NIAO?

Email: raisingconcerns@niauditoffice.gov.uk

Telephone: 028 9025 1000

Address: NI Audit Office
106 University Street
Belfast BT7 1EU

If your concern is outside the remit of the NIAO, we will aim to provide you with an alternative contact.



All Chief Executives

Director
Local Government & Housing Regulation Division
Causeway Exchange
1-7 Bedford Street
Town Parks
Belfast
BT2 7EG

Phone: 028 90 823456

Email: Anthony.carleton@communities-ni.gov.uk

Dear Chief Executives

11 June 2020

Performance Improvement in Local Government 2020/21

The Department understands the pressure currently being expressed by councils in relation to statutory performance improvement duties for the coming months/year, consequently we have been looking at the overall legal context and have been in discussion with the Northern Ireland Audit Office to decide the way forward for 20/21.

Paragraph 45 of the current guidance for Local Government Performance Improvement (Local Government Circular 21/2016) states the suggested date for councils to publish their Improvement plan is by the end of June. The Department understands that, due to current circumstances, councils will have difficulty meeting this deadline. Therefore, it does not expect councils to publish a performance plan by 30 June 2020 for the current financial year.

The Department will be in touch with all stakeholders in the very near future to review Performance Improvement requirements over the next 2 years.

Yours sincerely

A handwritten signature in black ink, appearing to read "Anthony Carleton".

Anthony Carleton





Local Government & Housing Regulation Division

Clerk and Chief Executive of each District Council

Level 4
Causeway Exchange
1-7 Bedford Street
Town Parks
BELFAST
BT2 7EG
Telephone: (028) 9082 3375

Circular LG 03/20

Email: Jeff.glass@communities-ni.gov.uk

Our reference: CO1/19/683279
Date: 17 February 2020

Dear Chief Executive

ACCOUNTS DIRECTION 2019/20: NORTHERN IRELAND DISTRICT COUNCILS

Following consultation the Association of Local Government Finance Officers (ALGFO), the Department has prepared a Direction for the appropriate form and content of the accounts of the district councils in Northern Ireland. I have enclosed the following documents that will help you to prepare the accounts for 2019/20:

Cover letter – as per this document;

Annex A - Circular No LG 03/2020 Accounts Direction to Councils 2019/20;

Annex B - Accounts Direction for 2019/20;

Annex C - Pro forma Accounts for District Councils including Pro forma No. 1 Rates Support Grant Pro Forma;

Annex D - Accounts Direction Schedules;

Annex E – Remuneration Report notes

Yours faithfully

Jeff Glass
Head of Finance
Local Government & Housing Regulation Division

Cc Pamela McCreedy, Local Government Auditor
Colette Kane, NIAO Director
Finance Officers, District Councils

Encs.

Annex A



**Local Government & Housing Regulation
Division**

Clerk and Chief Executive of each District
Council

Finance Branch
Level 4
Causeway Exchange
1-7 Bedford Street
BELFAST
BT2 7EG
Telephone: (028) 9082 3375

Circular LG 03/20

Email: Jeff.glass@communities-ni.gov.uk

Your reference:
Our reference:
Date: 17 February 2020

Dear Chief Executive

**ACCOUNTS DIRECTION CIRCULAR 2019/20: NORTHERN IRELAND DISTRICT
COUNCILS**

1. In exercise of its powers under Article 24(2) of the Local Government (Northern Ireland) Order 2005 and Regulation 7 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 (the Regulations), the Department hereby directs that the accounts for the year ended 31 March 2020 should comply with the attached direction.
2. The prescribed template has been included within the District Council accounts pro-forma. The remuneration report contains a link to information on members' allowances and expenses on Councils' websites. Therefore the information that is intended to be published on members' allowances and expenses should be submitted for audit to the Local Government Auditor at the same time as the statement of accounts.
3. The unaudited statement of accounts do not need to be approved by a committee. The Chief Financial Officer needs to certify the unaudited statement of accounts by 30 June. Councils should arrange a committee meeting for one to two weeks prior to 30 September to allow audit certification by 30 September 2020.
4. The CIPFA/LASAAC Code Board has developed a Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code) which is based on International Financial Reporting Standards. This document is recognised by the Department as a comprehensive statement of accounting practice to be followed in preparing a local authority's annual statement of accounts.

5. As in previous years, the Department has reviewed the requirements of the accounts direction having regard to suggestions from councils and local government auditors. I would like to draw your attention to the following advice:

- Narrative Report - Councils should consider recommended topics in Section 3.1 of the CIPFA/LASAAC's Code for inclusion in the Narrative Report. See also the revised section 1.2 in relation to disclosures regarding reserves which should be included in the narrative report or with the financial statements themselves.
- Councils should revalue their highly volatile assets on an annual basis and depending on materiality, other assets should be reviewed via a desktop exercise to identify assets that may require valuation.
- Actuarial valuations – You should be sure that information passed to/obtained from external experts is appropriate. Please note that auditors are likely to request this information for review.
- Pension accounting - Councils should account for the estimated contribution as contained in the actuary's report. This will result in a difference to your actual contributions paid to the scheme. The difference should be tracked and recorded for audit purposes.
- Discount rate for provisions – as advised in previous years, provisions should be discounted in accordance with the Code, including IAS 37 on provisions, contingent liabilities and contingent assets. Where councils use the ArlingClose recommended discount rate (that includes inflation) in valuing landfill provision, they should adjust their estimated landfill cash flows for inflation.
- Group accounts – the rationale should be documented for consolidating or not consolidating any subsidiaries/associate/joint ventures (including smaller local government bodies) into group accounts. You should utilise the group accounting checklist produced by CIPFA.
- Local Government Reform – You should continue to consider the impact of reform and the need for provisions at the balance sheet date for matters such as severance costs, restructuring or redundancy costs, etc. Councils should pay due consideration to the changes in IAS 19 regarding termination benefits. You should also ensure expenditure allocated to reform for which matched income has been obtained is accounted for correctly, including the capitalisation of any expenditure not normally capitalised.
- Capitalisation of any expenditure not normally capitalised should be accounted for correctly and should either be compliant with a Departmental Capitalisation Direction or substantiated as Revenue Expenditure Funded From Capital Under Statute (REFCUS). Guidance on accounting for capitalisation directions was issued in April 2015 by CIPFA. Councils are

required to advise the Department of how much of their allocation was used in the previous financial year no later than 30 June 2020. Estimates are not acceptable. Supporting information/ calculations must also be provided at this time to substantiate that figures are final, either by email or hard copy.

- Principal and agent transactions – You should be able to provide the auditors with appropriate evidence in support of principal and agent accounting. This is normally most relevant in the case of accounting for public realm transactions.
- Local Government Finance Act (NI) 2011 and the Prudential Code – you should ensure that the council is compliant with these, and that this is reflected where appropriate in the financial statements.

6. Please note the following:

- Where councils have established subsidiaries to undertake its operating activities, the additional reporting requirements of the Code and the accounts direction should be applied to subsidiary accounts. These include a remuneration report and a governance statement.
- When councils set up companies that are associates or joint ventures they should ensure that financial year ends align with that of the council's and that independent auditors are appointed. This is particularly important for those companies that are consolidated into the council's group accounts.
- Publication of annual audit letters - A council is required by the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 to publish the annual audit letter as soon as reasonably possible after its receipt from the local government auditor.
- You are reminded that, in accordance with the regulations, councils must monitor the performance of internal audit activity, including a review of its effectiveness.
- All suspected, attempted and actual fraud should be reported to the Local Government Auditor on a more formal business. Local councils should continue to report any such frauds using the circulated pro-forma 'Initial Notification of Frauds to the Local Government Auditor'. The information received shall determine whether or not there is any impact on the financial accounts and to have an overview of key fraud risks across local government. This return should be cc'ed to the Department which will consider the current structures in place to monitor frauds, gather and collate information and bring trends and lessons to the attention of the sector as a whole.

7. The disclosure narrative for the related parties note has been expanded in the pro forma to more accurately reflect the content of the CIPFA code.

The CIPFA Code on Local Authority Accounting in the United Kingdom 2019/20 has full details of updated accounting requirements.

8. I should like to remind you that except with the consent of the local government auditor, accounts must not be altered after the date on which they are first made available for public inspection.
9. Should you require clarification on any of the above matters, please contact me on 028 90 823375.

Yours faithfully



Jeff Glass
Head of Finance
Local Government & Housing Regulation Division

CC.
Pamela McCreedy, Local Government Auditor
Colette Kane, NIAO Director
Finance Officers, District Councils

Encs.



ACCOUNTS DIRECTION: DISTRICT COUNCILS

ACCOUNTS DIRECTION GIVEN BY THE DEPARTMENT FOR COMMUNITIES, IN ACCORDANCE WITH ARTICLE 24(2) OF THE LOCAL GOVERNMENT (NORTHERN IRELAND) ORDER 2005 AND REGULATION 7 OF THE LOCAL GOVERNMENT (ACCOUNTS AND AUDIT) REGULATIONS (NORTHERN IRELAND) 2015 FOR THE YEAR ENDED 31 MARCH 2020.

1. The accounts shall give a true and fair view of the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year.
2. Subject to the requirements of the Local Government (Northern Ireland) Order 2005 and the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015, this Accounts Direction and other statutory provisions, the council shall observe all relevant accounting and disclosure requirements given in the applicable Code of Practice on Local Authority Accounting in the United Kingdom 2019/20(the Code), as amended or augmented from time to time, except where stated at 3 below.
3. In addition to the requirements of the above-mentioned Code the statement of accounts, which it is the duty of the chief financial officer of every council to prepare in respect of the financial year ended 31 March 2020, shall include –
 - Narrative Report
 - Statement of the Council's and Chief Financial Officer's Responsibilities for the Statement of Accounts (Schedule 5)
 - Governance Statement
 - Remuneration Report (Schedule 6)
 - Certificate of the Chief Financial Officer and Council's approval of the Statement of Accounts (Schedule 7)

and in each case, such notes as may be necessary for the purposes referred to in the following paragraphs.

4. The statement of accounts should also include such notes as may be necessary for the purposes of the additional disclosure requirements, as set out in Schedule 9 of this Direction. The governance statement should be prepared in accordance with 'Delivering Good Governance in Local Government: Framework', published by the Chartered Institute of Finance and Accountancy (CIPFA) in 2007.

5. Those councils that sought and obtained departmental agreement to mitigate costs associated with changes in discount rates should continue to account for these costs as agreed with the Department. Other councils that want to mitigate the impact of changes in discount rates by creating a negative reserve within the financial statements should obtain agreement from the Department.
6. Where a council has group accounts, they should present group accounts in addition to its single entity financial statements.
7. The accounts should be prepared in the form directed by the Department. **Two copies**, signed by the Chief Financial Officer of the Council, should be submitted to the Department on or before **30 June 2020**. Councils should arrange in advance a suitable timetable for the audit process of the accounts with NIAO.

Dated 17 February 2020

Signed by authority of the Department for Communities

JEFF GLASS



Department for
Communities
www.communities-ni.gov.uk

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Chief Executive of each District Council
Finance Officer of each District Council
Other Interested Parties

Local Government and Housing
Regulation Division
Finance Branch
Level 4
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BELFAST
BT2 7EG
Phone: 028 9082 3346
email: Anthony.carleton@communities-ni.gov.uk

Our ref: CO1-20-1654

Circular LG 08/2020

3 April 2020

Dear Sir/Madam

CONSOLIDATED COUNCILLOR ALLOWANCES CIRCULAR – UPDATED APRIL 2020

This Local Government Circular provides a consolidated record of all councillor allowances and from 1 April 2020 supersedes Local Government Circular 07/2019.

This consolidated circular is required to determine and reflect an increase in maximum rates for Dependants' Carers' Allowance from 1 April 2020.

All determinations are made by the Department under section 31 of the Local Government Finance Act (Northern Ireland) 2011 and the Local Government (Payments to Councillors) Regulations (Northern Ireland) 2019.

If you have any queries on the content of this circular please contact Jeff Glass on 028 9082 3375 or Ian Lewis on 028 9082 3506 or by email jeff.glass@communities-ni.gov.uk or ian.lewis@communities-ni.gov.uk.

Yours faithfully

ANTHONY CARLETON
Director
Local Government and Housing Regulation

1. Basic Allowance - valid from 1 April 2019

Basic Allowance	Maximum £15,071 per annum [£]
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[£] (The basic allowance includes an element for incidental and consumable costs incurred by councillors in their official capacity. In 2015/16 this element was £1,000 and each year this amount is uplifted in line with the increase applied to the basic allowance, therefore this element within the basic allowance is £1,061 from 1 April 2019.)

2. Dependants' Carers' Allowance – valid from 1 April 2020

The following table states the maximum rates for dependants' carers' allowance.

Dependants' Carers' Allowance	Hourly Rate	Maximum monthly amount
Standard	£8.72 [^]	£454
Specialist	£17.44	£907

[^](Based on national living wage for age 25+)

3. Travel Allowances – valid from 1 April 2017

The following table states the maximum rates for travel allowances.

Type of Vehicle	Rate per Mile
A pedal cycle	20.0p
A motor cycle (all engine capacities)	24.0p
A motor car of cylinder capacity exceeding 450cc but not exceeding 999cc	46.9p *13.7p

A motor car of cylinder capacity exceeding 999cc but not exceeding 1,199cc	52.2p *14.4p
A motor car of cylinder capacity exceeding 1,199cc	65.0p *16.4p
An electric car	45.0p **25.0p
Passenger rate (per passenger)	5.0p

* For mileage above 8,500 miles

**For mileage above 10,000 miles

4. Special Responsibility Allowance – valid from 1 April 2019

The following table states the maximum rate of Special Responsibility Allowance that a council may pay. The maximum rate is based on the size of the council population. Each council's population figures are updated each year by the Northern Ireland Statistics and Research Agency and it is the duty of each council to operate within the total maximum rate appropriate to its population band. For ease the maximum any councillor can receive, within each band, is also provided.

Population of council	Maximum Special Responsibility Allowance £	Maximum (1/5 th) for individual councillor £
Less than 120,000	53,066	10,613
120,000 to 199,000	74,292	14,858
200,000 +	114,622	22,924

5. Subsistence Allowances – valid from 1 April 2015

The following table states the maximum rates for subsistence; however, where councils believe it is necessary there is flexibility for councils to increase these rates by applying a suitable measure of price inflation.

PERIOD/MEAL	RATES £	
	British Isles	London
Accommodation allowance - An absence involving an overnight stay, away from the normal place of residence. This rate does not include any meal allowance.	100.70	122.45
Breakfast allowance - (more than 4 hours away from the normal place of residence or, where approved by the council, a lesser period before 11 am)	11.50	
Lunch allowance - (more than 4 hours away from the normal place of residence or, where approved by the council, a lesser period including the period between 12 noon and 2pm)	13.50	
Tea allowance - (more than 4 hours away from the normal place of residence or, where approved by the council, a lesser period including the period between 3pm and 6pm)	4.70	
Evening meal allowance - (more than 4 hours away from the normal place of residence or, where approved by the council, a lesser period ending after 7pm)	20.95	



Chief Executive of each District Council
 Finance Officer of each District Council
 Other Interested Parties

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 email: jeff.glass@communities-ni.gov.uk

Circular No. LG 09/2020

Our ref: CO1-19-1929

12 March 2020

Dear Sir/Madam

DISTRICT COUNCIL (NORTHERN IRELAND) RATE STATISTICS 2020/2021

I enclose for your information a copy of the District Council (Northern Ireland) Rate Statistics for 2020/2021.

Yours faithfully

JEFF GLASS
 Local Government and Housing Regulation



DISTRICT COUNCIL (NI) RATE STATISTICS

2020/2021

These tables contain summary details of the estimates of income and expenditure received from the 11 district councils in compliance with section 3 of the Local Government Finance Act (Northern Ireland) 2011.

Under the above legislation," in each financial year a council shall cause to be submitted to it estimates of the income and expenditure of the council during the next financial year..... and shall fix for the next financial year the amount estimated to be raised by means of rates made by the council."

RATE STATISTICS 2020/2021
CALCULATION OF AVERAGE DISTRICT COUNCIL RATES

TABLE 1

District Council	Calculation of Non-Domestic and Domestic District Rates							
	Total Amount to be Raised	Rates Support Grant*	Balance Applied (+/-)	Amount To Be Raised (via District Rate, Taxation and Transferred Functions Grants)	Total Penny Product (GPRP)**	Non-Domestic District Rate	Council Specific Conversion Factor	Domestic District Rate
Antrim and Newtownabbey	52,992,722	0	-700,000	52,293,722	2,175,041	24.0426	0.015170	0.3649
Armagh, Banbridge and Craigavon	74,076,648	-2,308,345	-200,000	71,570,503	2,813,161	25.4413	0.017358	0.4419
Belfast	167,320,328	0	0	167,320,328	6,456,100	25.9166	0.013094	0.3394
Causeway Coast and Glens	50,943,648	-2,057,264	0	48,886,384	1,966,440	24.8603	0.015656	0.3892
Derry and Strabane	63,870,667	-2,809,628	-450,000	60,611,039	1,995,133	30.3794	0.016437	0.5009
Fermanagh and Omagh	39,151,500	-530,000	0	38,621,500	1,769,751	21.8231	0.016807	0.3663
Lisburn and Castlereagh	52,574,338	0	-850,784	51,723,554	2,282,484	22.6611	0.015937	0.3158
Mid and East Antrim	54,974,989	-1,457,455	0	53,517,534	1,730,917	30.9186	0.014137	0.4371
Mid Ulster	45,996,245	-3,403,043	0	42,593,202	1,814,540	23.4749	0.014358	0.3373
Newry, Mourne and Down	60,925,722	-1,523,051	-100,000	59,302,631	2,510,599	23.6209	0.016949	0.4004
Ards and North Down	53,258,600	0	515,000	53,773,600	2,320,530	23.1730	0.014870	0.3443
NI TOTAL / ***NI AVERAGE	715,091,607	-14,088,856	-1,785,784	700,216,967	27,834,696	25.1563	0.0151	0.3799

*The Rates Support Grant figures were input by councils in the absence of indicative budget figures for rate setting purposes.

** Total Penny Product is the total of Estimated Rateable and Derived Penny Products and Derived Penny Products for Transferred Functions (Fixed amount).

***The Average NI Non-Domestic District Rate is calculated by dividing the Total (all Not known to be raised via District Rates by the Total All Penny Product

The Average NI Domestic District Rate is calculated by multiplying the Average NI Non-Domestic District Rate by the Average NI Conversion Factor.

**RATE STATISTICS 2020/2021
CALCULATION OF AVERAGE DISTRICT COUNCIL RATES (cont.)**

TABLE 2

District Council	Penny Product Information				Grants Payable by DEC			Amount Payable by DOF Estimated Amount to be Raised via District Rates (Rateable)
	Estimated Penny Product (Rateable)	Estimated Penny Product (De-rated)	Derived Penny Product (Transferred Functions Grant) (Fixed Amount)	Total Penny Product	Estimated De-rating Grant	Transferred Functions Grant	Rates Support Grant*	
Antrim and Newtownabbey	2,030,200	109,700	35,001	2,175,041	2,030,513	841,515	0	40,613,291
Armagh, Banbridge and Craigavon	2,633,920	156,540	22,701	2,813,161	3,982,581	577,543	2,308,345	67,010,379
Belfast	6,251,900	204,200	0	6,456,100	5,292,170	0	0	162,028,158
Causeway Coast and Glens	1,886,150	65,470	14,820	1,966,440	1,827,604	368,430	2,057,204	46,890,320
Derry and Strabane	1,904,180	79,300	11,673	1,995,133	2,400,085	354,619	2,805,628	57,847,334
Fermanagh and Omagh	1,654,110	90,550	25,091	1,769,751	1,976,082	547,553	530,000	36,097,855
Lisburn and Castlereagh	2,148,270	116,030	18,184	2,282,484	2,629,367	412,059	0	48,682,118
Mid and East Antrim	1,608,138	94,100	28,679	1,730,917	2,909,440	896,715	1,457,455	49,721,379
Mid Ulster	1,598,070	188,350	28,120	1,814,540	4,421,497	660,114	3,402,043	37,814,591
Newry, Mourne and Down	2,385,450	98,800	26,339	2,510,599	2,333,745	622,151	1,523,091	50,346,735
Ards and North Down	2,242,820	58,850	18,860	2,320,530	1,383,731	437,043	0	51,972,820
NI TOTAL	26,343,278	1,261,950	229,468	27,834,696	31,584,219	5,707,752	14,088,856	562,924,986

* The Rates Support Grant figures were input by councils in the absence of indicative Budget figures for rate setting purposes.

RATE STATISTICS 2020/2021

TABLE 3

COMPARISON OF ESTIMATED NET EXPENDITURE ON SERVICES AND OF RATES FIXED FOR 2019/2020 AND 2020/2021

COMPARISON OF ESTIMATED NET EXPENDITURE

District	Net Exp 2019/2020	Net Exp. 2020/2021	Actual Increase	% Change
Antrim and Newtownabbey	51,488,725	52,993,722	1,504,997	2.92%
Armagh, Banbridge and Craigavon	72,266,095	74,076,848	1,812,753	2.51%
Belfast	163,159,747	167,320,328	4,160,581	2.55%
Causeway Coast and Glens	50,498,576	50,943,648	445,072	0.89%
Derry and Strabane	61,864,718	63,870,667	2,005,949	3.24%
Fermanagh and Omagh	38,242,360	39,151,500	909,140	2.39%
Lisburn and Castlereagh	49,614,017	52,574,338	2,960,321	5.97%
Mid and East Antrim	53,645,140	54,974,989	1,329,849	2.48%
Mid Ulster	44,141,450	45,996,245	1,857,795	4.21%
Newry, Mourne and Down	59,702,281	60,326,722	1,223,441	2.05%
Ards and North Down	51,036,300	53,258,600	2,222,300	4.35%

NI TOTAL/NI AVERAGE	685,659,408	716,091,607	20,432,198	2.94%
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*The Average NI Non-Domestic District Rate is calculated by dividing the Total NI Net Amount to be Raised via District Rates by the Total NI Penny Product.
The Average NI Domestic District Rate is calculated by multiplying the Average NI Non-Domestic District Rate by the Average NI Conversion Factor.

COMPARISON OF RATES

Non-Domestic Rate			Domestic Rate			
2019/2020	2020/2021	Pence Increase	% Increase	2019/2020	2020/2021	Pence Increase
						% Increase
24.9260	24.0426	-0.8834	-3.54%	0.3578	0.3549	0.0071
26.0684	25.4413	-0.6471	-2.46%	0.4312	0.4419	0.0107
27.4035	25.9166	-1.4869	-5.43%	0.3327	0.3394	0.0067
24.8456	24.8603	0.0147	0.06%	0.3621	0.3392	0.0271
31.0748	30.3794	-0.6954	-2.24%	0.4845	0.5009	0.0164
21.8231	21.8231	0.0000	0.00%	0.3568	0.3568	0.0100
22.6672	22.6611	-0.0061	-0.03%	0.3037	0.3158	0.0121
30.0460	30.9186	0.8726	2.90%	0.4296	0.4371	0.0075
24.5989	23.4749	-1.1240	-4.57%	0.3267	0.3373	0.0106
24.2403	23.6209	0.6194	2.56%	0.3893	0.4004	0.0111
22.9737	23.1730	0.1993	0.87%	0.3262	0.3446	0.0184

25.7458	25.1563	-0.5895	-2.29%	0.3676	0.3799	0.0123
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3.35%



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email: jeff.glass@communities-ni.gov.uk

Finance Officer of each District Council

Circular No. LG 13/2020

Our ref: C01-19-1926

12 May 2020

Dear Finance Officer

RECORD OF COUNCILLORS' AND COMMITTEE MEMBERS' ALLOWANCES FUNDED BY COUNCIL 2019/2020

The attached annual return template seeks details of allowances funded by the council under Part 3 of the Local Government Finance Act (Northern Ireland) 2011 and the Local Government (Payments to Councillors) Regulations (Northern Ireland) 2012 and the Local Government (Payments to Councillors) Regulations (Northern Ireland) 2019, during the 2019/2020 financial year. (Please note that the 2019 Regulations came into operation on 1 October 2019 and revoked the 2012 Regulations from that date but the 2012 Regulations continue to have effect in relation to claims made for allowances or other payments in respect of duties performed before these Regulations came into operation).

Councils are statutorily obligated, in accordance with the above Regulations, to publish a Scheme of Allowances for the payment of allowances to councillors and committee members. At the end of each financial year councils are also obligated to publish details of the amounts of allowances paid to each councillor and committee member. This return provides a standard format for those details to be recorded thus allowing comparisons of councillor allowances within a council and also between councils.

As you will be aware legislatively councils only have to publish details of payments made directly to councillors and committee members. If your council does not wish to publish costs incurred by councils on behalf of councillors and committee members, these figures should be left out and a note made on the top of the table that these costs are not included. However, for transparency and comparison purposes the Department would encourage councils to also include the costs incurred by councils on councillors and committee members' behalf.

The completed template should be published on your Council website as soon as reasonably practical and only the link to the published version should be

returned to this Division. Guidance to enable completion of the return is provided in tab 1 of the template. Please note that only allowances funded under Part 3 of the Act should be included.

The link to your Council's Scheme of Councillor Allowances for 2020/21 should also be forwarded to this Division as soon as reasonably practical.

If you have any queries on the content of this return please contact Lynne McCann via email lynne.mccann@communities-ni.gov.uk.

Yours faithfully

JEFF GLASS
Local Government & Housing Regulation Division

CC. Chief Executive of each District Council
Other Interested Parties

RECORD OF COUNCILLORS' AND COMMITTEE MEMBERS' ALLOWANCES FUNDED BY COUNCIL 2019/2020

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Guidance Notes

Background

This annual return seeks details of allowances funded by the council under Part 3 of the Local Government Finance Act (Northern Ireland) 2011 and the Local Government (Payments to Councillors) Regulations (Northern Ireland) 2012 and the Local Government (Payments to Councillors) Regulations (Northern Ireland) 2019, during the 2019/2020 financial year. Only allowances funded under Part 3 of the Act should be included in this return. (Please note that the 2019 Regulations came into operation on 1 October 2019 and revoked the 2012 Regulations from that date but the 2012 Regulations continue to have effect in relation to claims made for allowances or other payments in respect of duties performed before these Regulations came into operation.) Circular LC 23/2019 provides detailed guidance issued by the Department on councillors allowances and is available at the following link:-

<https://www.communities-ni.gov.uk/publications/circular-lc-232019-councillors-allowances-guidance-district-councils-northern-ireland>

General

Councils are statutorily obligated, in accordance with the above Regulations, to publish a Scheme of Allowances for the payment of allowances to councillors and committee members. At the end of each year councils are also obligated to publish details of the amounts of allowances paid to each councillor and committee member. This return provides a standard format for those details to be recorded thus allowing comparisons of councillor allowances within a council and also between councils. Currently legislation does not obligate the publishing of allowances paid by councils on behalf of councillors or committee members '*incurred allowances*' (e.g. where a council pays a hotel bill on behalf of a councillor). However the Department believes all details are relevant and therefore, prior to there being a statutory obligation to publish this information, would encourage councils to publish this information.

Table 1 records all individual councillor and committee member allowances. Where councils decide not to publish '*incurred allowances*' it should state on the table that these are not included.

Table 2 records all council collective council or support services costs such as IT costs. Councils are currently not obligated to publish this data, however councils are encouraged for transparency to publish this information.

Guidance on completion of the tables is provided below. If you have difficulty in completing the tables or need clarification on any item, please use the contact details below.

The Council web link for the published tables for 2019/2020 and the web link for the Council Scheme of Allowances for 2020/2021 should be forwarded to Lynne McCann (email: lynne.mccann@communities-ni.gov.uk) and copied to Kevin McGinn (email: kevin.mcginn@communities-ni.gov.uk).

Table 1 - Individual Councillors' Allowances

Table 1 should reflect all allowances. Where councils decide not to publish '*incurred allowances*' the note above the travel and subsistence allowances for councillors and the note above the travel and subsistence allowances for committee members should be amended stating that these are not included.

1. All figures in this table should reflect members' entitlement for the financial year 2019/2020 regardless of when the payments were actually made e.g. if a payment was made in April 2020 for 2019/2020 entitlement, that figure should be included but payments made in April 2019 for a 2018/2019 entitlement should not be included.
2. The name of each member receiving an allowance should be stated and all figures should be rounded to the nearest whole pound.
3. In this guidance note the term Chairperson means Chairperson/Vice Chairperson and Mayor/Deputy Mayor.

Basic and Special Responsibility Allowances

4. Figures for Basic and Special Responsibility Allowances (SRA) should be gross i.e. before tax and exclude any on-costs such as employer's contributions.
5. A council may not pay more than one SRA to a councillor as stated in regulation 5 of the Local Government (Payments to Councillors) Regulations (Northern Ireland) 2012 and regulation 5 of the Local Government (Payments to Councillors) Regulations (Northern Ireland) 2019. Any Chairperson Allowance arrangement should be considered totally separate from SRA arrangements.

Chairperson Allowances

6. Allowances for the period of time served by all Chairpersons during the 2019/2020 financial year should be included.
7. Only personal allowances payable to each Chairperson should be recorded. Expenses such as hosting a dinner or Chairperson contributions should not be included as these are council expenses.
8. T&S for Chairpersons should be treated in the same manner as all other councillor travel and subsistence allowances and should be included as applicable under 'Mileage Allowance', 'Public Transport and Other Travel Incidentals', and 'Subsistence'.

Public Transport and Other Travel Incidentals

9. All travel costs, excluding mileage allowance, should be recorded under the heading Public Transport and Other Travel Incidentals. This should include flights and items such as toll payments or car parking as well as travel related to councillors attendance at conferences and courses.

Table 2 - Councillors' Support Services

Support costs are for secretarial and administration costs and should not include costs for the Office of the Northern Ireland Public Service Ombudsman or membership and subscription costs.

Communications and Support

10. This should include telephone equipment, IT equipment and Broadband, etc. as provided by the council.

Courses/ Conferences/Visits

11. Courses/Conferences/Visits should only include costs for registration fees and other non T&S costs. All accommodation, subsistence and travel costs should be recorded under appropriate columns in Table 1.

Other Costs

12. Costs above £1,000 per support service incurred by the council to support councillors in carrying out council duties not covered in other categories in Table 2 should be specified and detailed under Other Costs. This information is collated at council level and there is no requirement for the costs to be attributed to individual councillors. –

Contact:

Lynne McCann | Local Government and Housing Regulation Division | Department for Communities
 Level 4 | Causeway Exchange | 1-7 Bedford Street | Belfast | BT2 7EG
 Contact: ✉ lynne.mccann@communities-ni.gov.uk | ☎ Tel: (028) 9082 3380 | 📠 DD: 39380

Table 1

COUNCIL NAME:

Record of Councillors' and Committee Members' Allowances funded by Council relating to the period 2019/2020

The following records allowances for 2019/20 paid under Part 2 of the Local Government Finance Act (NI) 2011 and the Local Government (Payments to Councillors) Regulations (Northern Ireland) 2018. (2018 Regulations same into operation from 1 October 2019 and revised the 2012 Regulations from that date). Allowances paid directly to councillors by other bodies, such as by Policing & Community Support Services, which are not made under this legislation are not included, even where councillors are representing the Council.

A/R Records Travel & subsistence expenditure paid to councillor and incurred by councillor on behalf of Council													
No.	Initials	Surname	Dates of Office (to be completed if not councillor for full year - e.g. 01/06/2019 to 30/06/2020)	Basic Allowance	Special Responsibility Allowance	Chairperson/ Mayor Allowance	Vice Chairperson/ Deputy Mayor Allowance	Total Personal Allowances	Mileage Allowance	Public Transport and Other Travel Incidentals	Subsistence (including accommodation)	Total Travel and Subsistence	Dependants' Carers Allowance
1				£	£	£	£	£	£	£	£	£	£
2								0				0	
3								0				0	
4								0				0	
5								0				0	
6								0				0	
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36								0				0	
37								0				0	
38								0				0	
39								0				0	
40								0				0	
41								0				0	

Table 1

[illegible]

Table 2

COUNCIL NAME

Record of Councillors' Support Services funded by Council relating to the period 2019/2020

Support Service	Amount £	Details
Communications and Support		
General Secretarial Services		
Courses, Conferences/ Visits (Such as registration / joining fees)		
Other Costs not covered above (>£1,000 - such as providing business cards, council headed paper, etc)		
Total	0	