

May 20th, 2025

Notice Of Meeting

You are requested to attend the Audit Committee Meeting to be held on **Friday, 23rd May 2025 at 2:00 pm** in **Council Chamber, Downshire Civic Centre**.

Committee Membership 2024-2025

Ms Brona Slevin Independent **Chairperson**

Councillor C Bowsie

Councillor L Devlin

Councillor O Hanlon

Councillor T Howie

Councillor C King

Councillor A Mathers

Councillor K Murphy

Councillor S O'Hare

Councillor G Sharvin

Councillor J Tinnelly

Agenda

1.0 Apologies


Cllrs Devlin and Hanlon

2.0 Declarations of Interest

Corporate (OPEN SESSION)

3.0 Risk Register

For Decision

- | | |
|--|--------|
|  10 - Corporate Risk Register 23 May 2025 final.pdf | Page 1 |
|  CRR Overview - 23 May 2025.pdf | Page 4 |
|  CRR - 23 May 2025.pdf | Page 5 |





4.0 Audit Committee Self Assessment 2024/2025

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|  Audit Committee Self-Assessment 2024-25.pdf | Page 32 |
|  Copy of Audit and Risk Assurance Committee Self-Assessment Checklist (1).pdf | Page 35 |

Internal Audit (CLOSED SESSION)

5.0 Internal Audit

This item is deemed to be exempt under 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 the information) and the public may, by resolution, be excluded during this item of business.

- | | |
|--|--------------|
|  2024.25 NMDDC Annual Assurance Report - Final.pdf | Not included |
|  2024.25 NMDDC Follow up report - Final report .pdf | Not included |
|  2024.25 NMDDC - Refuse collection overtime - Final report .pdf | Not included |
|  2024.25 NMDDC Newry BID - Final report .pdf | Not included |

6.0 Progress on Internal Audit Reports

This item is deemed to be exempt under 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 the information) and the public may, by resolution, be excluded during this item of business.

 ***Report to AC May 2025 Progress on audit reports.pdf***

Not included

For Noting

7.0 LGA 2024 Recommendations

For Information

 ***8 - LGA 2024 recommendations 23 May 2025.pdf***

Page 42

 ***8 -Appendix 1 - NIAO - Local Government Auditor Report 2024.pdf***

Page 47

Invitees

Cllr Terry Andrews

Cllr Callum Bowsie

Fionnuala Branagh

Mr Stephen Brannigan (NIAO)

Cllr Jim Brennan

Mr Gerard Byrne

Cllr Pete Byrne

Cllr Philip Campbell

Cllr William Clarke

Edel Cosgrove

Cllr Laura Devlin

Ms Louise Dillon

Ms Kathy Doey (NIAO)

Cllr Cadogan Enright

Cllr Killian Feehan

Cllr Doire Finn

Cllr Conor Galbraith

Cllr Mark Gibbons

Christine Hagan (ASM)

Cllr Oonagh Hanlon

Cllr Glyn Hanna

Cllr Valerie Harte

Cllr Martin Hearty

Cllr Roisin Howell

Cllr Tierna Howie

Ms Catherine Hughes

Cllr Jonathan Jackson

Cllr Geraldine Kearns

Miss Veronica Keegan

Mrs Josephine Kelly

Mrs Sheila Kieran

Cllr Mickey Larkin

Cllr David Lee-Surginor

Cllr Alan Lewis

Cllr Oonagh Magennis

Mr Conor Mallon

Cllr Aidan Mathers

Cllr Declan McAteer

Cllr Leeanne McEvoy

Sinead Murphy

Cllr Declan Murphy

Cllr Kate Murphy

Cllr Selina Murphy
.....
Cllr Siobhan O'Hare
.....
Mr Andy Patterson
.....
Cllr Áine Quinn
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Cllr Henry Reilly
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Cllr Michael Rice
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Ruth Rooney
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Cllr Michael Ruane
.....
Cllr Gareth Sharvin
.....
Ms Brona Slevin (Audit)
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Conor Smyth
.....
Donna Starkey
.....
Sarah Taggart
.....
Cllr David Taylor
.....
Cllr Jarlath Tinnelly
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Cllr Jill Truesdale
.....
Mr Seamus Wade (NIAO)
.....
Mrs Marie Ward
.....
Cllr Helena Young
.....

Report to:	Audit Committee
Date of Meeting:	23 May 2025
Subject:	Corporate Risk Register
Reporting Officer (Including Job Title):	Josephine Kelly – Director of Corporate Services
Contact Officer (Including Job Title):	Gerard Byrne – Assistant Director of Finance & Performance

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

	For decision	X	For noting only	
1.0	Purpose and Background			
1.1	<p>The Corporate Risk Register was reviewed and updated by SMT on 28 April 2025. Quarter 4 Assurance Statements for 2024/25 have been used to inform and update the content of the Corporate Risk Register. Where relevant, Officers have also provided updates in relation to specific controls and action plans.</p> <p>A further update of the Corporate Risk Register took place on the 16 May 2025 by the SMT. This review was in relation to the Mourne Mountains Gateway Project.</p>			
2.0	Key issues			
2.1	<p>Corporate Risk Register</p> <p>The Council has identified 12 corporate risks, 7 of which are red, 4 of which are amber and 1 of which is a yellow level risk. No new risks have been added to the Risk Register.</p> <p><u>Appendix 1</u> provides an overview of each risk, risk owner(s), gross and residual risk scores, as well as a summary of changes and updates which have been made to the Corporate Risk Register since February 2025.</p> <p>Several actions have been updated to ensure the Corporate Risk Register is a live document and can be used as a Management tool for decision making.</p> <p>The Corporate Risk Register has been updated with the Council's new objectives from the Corporate Plan 2024-27.</p> <p>The updated Corporate Risk Register is attached at <u>Appendix 2</u>.</p>			
2.2	<p>Mourne Mountains Gateway Project</p> <p>Management have considered residual risk scoring for CR1. CR1 relates to '<i>Failure to deliver the capital investment programme for the District</i>'. The current residual score is already 20, a red risk (5 x 4).</p> <p>Council has several controls in place which apply to all major capital projects, including the Mourne Mountains Gateway Project. A summary of the key controls include;</p> <ul style="list-style-type: none"> • Project risk register in place for major projects; • Large projects are project managed by external consultants who report to the Estates Team; • Professionally qualified and experienced staff; 			

	<ul style="list-style-type: none"> • Gateway Reviews; and • Internal Audit of Project Governance completed in 2022/23 which received a satisfactory level of assurance. <p>There are several controls which are currently applicable to all major capital projects which had not been reflected within the Corporate Risk Register. These have been inserted within CR1 for completeness;</p> <ul style="list-style-type: none"> • The establishment of Project Boards (Officers plus Officials from Partner Organisations) and Programme Boards (Officers and Members) which provide a further level of scrutiny for major capital projects. • Outline and Strategic Business Cases • Funding agreements and Contracts for funding <p>The residual risk score should only be increased if Council had no controls or mitigations in place. That was not the case.</p> <p>Council's risk appetite for CR1 was 'open' (willing to consider all potential options and choose the one which will most likely result in successful delivery, while also providing an acceptable level of reward and value for money).</p> <p>In order to determine the viability of a lease at Thomas Quarry, there was a need to spend money on building an evidence base, including building design, environmental surveys and impact assessment to facilitate a decision by National Trust on the lease. This position was also endorsed by DfE and Tourism NI (who carry out an Investment Decision Maker role for the project on behalf of the Department).</p> <p>An additional action has been included within CR1 in relation to Council engaging with DfE and BRCD partners to consider next steps, including identifying any potential regionally significant tourism projects of a similar scale and scope.</p>
3.0	Recommendations
3.1	To approve the updates to the Corporate Risk Register highlighted within the summary at Appendix 1. Full Corporate Risk Register can be evidenced at Appendix 2.
4.0	Resource implications
4.1	Disclosed within the Corporate Risk Register.
5.0	Due regard to equality of opportunity and regard to good relations (complete the relevant sections)
5.1	<p><i>General proposal with no clearly defined impact upon, or connection to, specific equality and good relations outcomes</i></p> <p>It is not anticipated the proposal will have an adverse impact upon equality of opportunity or good relations <input checked="" type="checkbox"/></p>
5.2	<i>Proposal relates to the introduction of a strategy, policy initiative or practice and / or sensitive or contentious decision</i>

	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If yes, please complete the following:</p> <p>The policy (strategy, policy initiative or practice and / or decision) has been equality screened <input type="checkbox"/></p> <p>The policy (strategy, policy initiative or practice and / or decision) will be subject to equality screening prior to implementation <input type="checkbox"/></p>
5.3	<p>Proposal initiating consultation</p> <p>Consultation will seek the views of those directly affected by the proposal, address barriers for particular Section 75 equality categories to participate and allow adequate time for groups to consult amongst themselves <input type="checkbox"/></p> <p>Consultation period will be 12 weeks <input type="checkbox"/></p> <p>Consultation period will be less than 12 weeks (rationale to be provided) <input type="checkbox"/></p> <p><i>Rationale:</i> Consultation not required.</p>
6.0	Due regard to Rural Needs (please tick all that apply)
6.1	<p>Proposal relates to developing, adopting, implementing or revising a policy / strategy / plan / designing and/or delivering a public service</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If yes, please complete the following:</p> <p>Rural Needs Impact Assessment completed <input type="checkbox"/></p>
7.0	Appendices
	<p>Appendix 1: Summary Sheet – Corporate Risk Register – May 2025</p> <p>Appendix 2: Corporate Risk Register – May 2025</p>
8.0	Background Documents
	None

NMIDBC Corporate Risk Register Cover Sheet - May 2025

Risk	Description	Risk Owner(s)	Gross Risk Score	Feb-25		May-25		Comments
				Risk Score	Residual Risk Score	Risk Score	Residual Risk Score	
CR01	Failure to deliver the capital investment programme for the District	SMT Cathain Boyd	25	20	20	20	20	Residual risk score remains unchanged. Further controls added in relation to capital projects (programme / project boards, funding agreements, business plans). New actions in relation to BRCD funding and urgent meetings with key stakeholders.
CR02	Non-compliance with legislative requirements, including the Procurement Act 2023	Josephine Kelly Sinead Murphy	25	20	20	20	20	Risk score remains unchanged. Actions have been updated to include an update on the revision of the procurement policy which was approved by SP&R and the upcoming training scheduled for staff.
CR03	Failure to effectively manage waste	Sinead Murphy	25	20	20	20	20	Residual risk remains unchanged - actions have been updated.
CR04	Failure to provide robust and timely planning decisions	Conor Mallon	25	16	16	20	20	Residual risk score has increased due to the difficulties with staff recruitment and planning performance against achieving the statutory targets. Actions have been updated.
CR05	Failure to adequately deliver future efficiencies and improvements	Marie Ward Josephine Kelly	20	16	16	16	16	Residual risk score remains unchanged and actions have been updated. The Business Case for the procurement of a new HR system was considered and approved by ITPG in April 2025.
CR06	Failure to adequately react to a major incident which would minimise any negative consequences/impact	SMT Sinead Traynor	25	8	8	8	8	Residual risk score remains unchanged and actions have been updated. One new action in relation to a new cross border scenario planning event.
CR07	Failure to implement an economic development programme to regenerate the district	Marie Ward Conor Mallon	20	16	16	16	16	Residual risk score remains unchanged and actions have been updated. Action updated in relation to BRCD funding and urgent meetings are now being organised with key stakeholders.
CR08	Failure to manage sickness absence resulting in delays and an inability to deliver Council services.	Senior Management Team	25	20	20	20	20	Residual risk score remains unchanged and actions have been updated. Work has commenced on delivery a H&WB survey, including stress risk assessment in 2025. There has been a decrease in days lost due to sickness over the rolling year to December 2024.
CR09	Risk to the long term financial stability of Council in relation to the delivery of Council Services	Senior Management Team, Gerard Byrne	25	20	20	20	20	Residual risk score remains unchanged and actions have been updated.
CR10	Failure to effectively plan for and manage a cyber security attack.	Josephine Kelly Gavin Ringland	25	20	20	20	20	Residual risk score remains unchanged and actions have been updated.
CR11	Risk of Industrial Action impacting on Service Delivery	Senior Management Team	25	15	15	15	15	Residual risk score remains unchanged and actions have been updated.
CR12	Insufficient staff resources to deliver Council services in an effective and efficient manner	Marie Ward Josephine Kelly	20	16	16	16	16	Residual risk score remains unchanged and actions have been updated. Permission has been sought from the Local Government Staff Commission to deviate from the Code of Procedures on Recruitment and Selection, which includes a less formal approach to recruitment for manual posts and extension to the duration of reserve lists for recruitment campaigns.

Key Controls Identified

1. Asset Management Strategy in Place to identify surplus assets
1. Capital Projects Procedure - June 2024
1. Monthly review of spend against budget
1. Outline and then Strategic Businesses cases for all significant projects
1. Pre-Qualification Questionnaire criteria strengthened for Suppliers
1. Professionally qualified and experienced staff
- 2 Project risk register in place for major projects
2. Capital Plan annually approved at Council
2. Funding Agreements and Contracts for Funding when applicable
2. Large projects are project managed by external consultants who report to the Estates Team.
2. Monthly site progress meetings which are minuted
2. Multi Year Capital Plan
2. Project and Programme Boards for significant capital projects
2. Strategic Finance Working Group scrutinises each Capital Project
3. Gateway Reviews
3. Internal Audit of Project Governance received SA 2022/23.

Action Plans

Action Plans	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
BRCD funding going forward	On the 13 September 2024 the UK government announced that it was pausing funding of City Deals in Northern Ireland. On the 16 September 2024, The Secretary of State confirmed that following communication with HM Treasury nothing has changed on the status of the Belfast Region City Deal, which was signed back in December 2021.	In Progress	Senior Management Team	7/31/2025	The Belfast Region City Deal was signed in December 2021 and unlocks £1 billion of transformative co-investment. OBCs for NMD projects have been approved by BRCD Board and relevant Government Departments. Contracts for funding and funding agreements have been progressed. Progress ongoing on project delivery, based on stage of development of each. The estimates for MRPI/Loan payments over the life of our capital Programme as part of the 2025/26 Rate Process is now complete. Finance Team to meet with Capital Team Project Managers early in Q2 2025/26 to get an updated on projected Capital Spend versus budget for 2025/26. Council will continue to engage with DIE and BRCD partners to consider next steps, including identifying any potential regionally significant tourism projects of a similar scale and scope. The guidance notes and templates have been released by Central Government. The Procurement Policy has been been updated and SIB have been engaged to provide Procurement Advice. The Council will be moving to ETendersNI. Procurement Act Training has been scheduled for May & June 2025. Additional resource has been sought to assist the team as well as additional capacity to assist with tender specification advice in S&E and AHC.
Capital Plan Cash Flow forecasting	Ongoing forecasting dependent on progress in capital projects	In Progress	Gerard Byrne	5/31/2025	
Mourne Mountain Gateway Project	Following the announcement of the National Trust on 1 May 2025, in relation to the halting of the lease at Thomas Quarry - urgent meetings have been arranged.	In Progress	Senior Management Team	6/30/2025	
Procurement Act 2023	Procurement legislation is changing. The Procurement Act 2023 will become law on Monday 24 February 2025. Has a significant impact on capital projects, when the projects span old and new regulations/laws.	In Progress	Josephine Kelly	3/31/2026	

Risk CR. 02 - Non-compliance with legislative requirements, including the Procurement Act 2023

Risk		Risk Categories		Business operational/regulatory Impact on individuals (staff or public) Statutory Duty (Legal/Regulatory)	
Consequence	5				
	4				
	3				
	2				
	1				
		Risk Description		Failure to have the necessary policies and procedures in place with staff adequately trained to ensure legislative compliance. This includes complying with Procurement legislation, health and safety / fire risk assessments / Asbestos and Legionella best practice and statutory requirements. Council not having adequate insurance cover.	
		Potential Root Cause		Failure to understand and meet legal requirements in relation to Health and Safety, Information Management, Rural Needs, Disability, Section 75, Performance and Improvement and Safeguarding. Lack of resources and inadequate training provision. Staff not complying with Council's procurement policy. Procurement Act 2023 became law on 24 February 2025 Property and vehicle schedules not being up to date. Absence of effective operational procedures and policies. Fire Risk Assessments at Council buildings not being undertaken and actions not being implemented and managed. Unforeseen events and public negligence/lack of responsibility. FRA / Legionella / Asbestos etc (are not being reviewed due to front line services being provided).	

Consequence

Non-compliance leading to prosecution
Personal liability / Corporate Manslaughter
Risk of a fatality at a Council site
Reputational damage
Reduced trust and public confidence
Increased number of complaints and queries
Increased insurance premiums
Loss of income

Risk Owners

Josephine Kelly, Sinead Murphy

Gross/inherent Risk

Red 25

Residual Risk

Red 20

Target Risk Level

Yellow 8

Last Review

7/28/2025

Next Review

5/2/2025

Risk Appetite

Risk Averse

Objectives

7. Deliver sustainable services

Key Controls Identified

- 1. Asbestos and Legionella Policies and Management Plans in place
- 1. Dedicated skilled teams in place for:
 - Health and Safety, HR, Legal and Procurement
- 1. Health and Safety Committees in place and ongoing programme of training in place
- 1. Policies and procedures in place - i.e H&S Policy, Procurement Policy, Access to Information, Capital Projects etc
- 1. Procurement training rolled out to all relevant staff
- 2. Compliance Reporting to SMT and H&S Committees
- 2. Procurement a standing agenda item at Councils Audit Committee
- 3. Internal Audit 2023-24 - compliance checking - facilities review(considering fire risk, asbestos and legionella)
- 3. Internal Audit for Community Centres scheduled for 2025-26
- 3. Internal Audit for Information governance scheduled for 2025-26
- 3. Internal Audit proposed for Feb 2024-25 on Procurement
- 3. Internal Audits Completed and Scheduled going forward annually.

Action Plans

Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Actions from Fire Risk Assessment Audits	In Progress	Conor Saige	7/31/2025	The current level of risk regarding fire risks in our buildings is considered Low. The Fire Policy was approved and effective since 12th March 2020 and is now overdue for review, this will be presented at CMT/SMT in Q2 25/26. The associated Fire Safety Management Plan requires progressing. The priority is to seek agreement on a Fire Safety Management Plan which will guide future control of this risk.
				The Council has appointed a Council wide Contractor's to undertake annual inspections of fire alarms and firefighting equipment. Fire alarms inspections are likely to highlight a programme of work to upgrade some systems. Tender documentation for a new Fire alarm maintenance contract is currently being evaluated. To be awarded in Q1 25/26. Fire Risk assessment programme is in place. Facility Managers are responsible for updating the risk control plans and adding any required remedial works requests to the FM Portal. The Council's Building Maintenance team continue to address remedial work as required.

Advisory Internal Audit Review - Implement the 30 recommendations arising from the internal audit review of Health and Safety	In Progress	Josephine Kelly Sinead Murphy	6/30/2025	<p>An external review has been undertaken and an Independent Report from provided to Council. There has been an initial meeting of Directors of Corporate Services, Sustainability and Environment and Active Healthy Communities. The working group will now meet with relevant Assistant Directors and Heads of Service. The current level of risk for asbestos, is considered medium.</p> <p>All buildings have been surveyed and no significant risks have been identified which cannot be managed through good building practices.</p> <p>A Contractor was appointed in October 2020 for a three-year period to undertake inspections, air sampling, training and related asbestos consultancy work. There was a defined year 1, 2 and 3 work programmes. Asbestos reinspection surveys are now overdue for completion. Asbestos Management Policy is now due for review and will be presented to CMT/SMT in Q2 25/26. RFQ has been completed for a 1-Year contract to deliver asbestos management surveys. Programme to commence in Q1 25/26.</p> <p>E-learning is regularly promoted throughout the Organisation and will continue through the year. The number of mandatory e-learning training courses has been increased to 12% employee. The overall compliance rate was 62% as at 31 December 2024 a significant improvement in comparison with previous years. Action plan now in place to implement recommendations</p>
Asbestos Policy and Management Plans	In Progress	Conor Sage	7/31/2025	<p>Implementation of Asbestos Policies and Management Plans</p>
E-Learning Training	In Progress	Marina Hughes	7/31/2025	<p>E-Learning training to be promoted throughout the organisation as take up is low - this is particularly relevant to mandatory training sessions.</p>
Internal Audit - Compliance checking - facilities review (considering fire risk, asbestos and legionella checking)	In Progress	Conor Sage Senior Management Team	7/31/2025	<p>Implement recommendations outlined in the limited assurance internal audit which was finalised in May 2024</p>
Internal Audit - Contract management	In Progress	Caolain Boyd Senior Management Team	7/31/2025	<p>Implement recommendations from the limit assurance Internal Audit which was finalised in May 2024</p>
Legionella Policy and Management Plan	In Progress	Conor Sage	7/31/2025	<p>Implementation of Legionella Policies and Management Plans</p>
Social Procurement Policy	In Progress	Caolain Boyd Josephine Kelly	7/31/2025	<p>Council to consider bringing in a social procurement policy following the guidance issued by the Minister of Finance in June 2021.</p>

arc21 Waste Management Group	Following the May 2022 refusal to grant arc21 planning permission for their residual waste project and the requirement to recycle 70% by 2030 as per the Climate Change Bill and the Circular Economy package coupled with governance and internal issues within arc21 the long term viability of the group is under consideration. arc21 continue with the appeal process against the refused planning application. SOLACE have engaged SIB to undertake a review of waste management arrangements across the 11 Councils to consider future collaboration in contract management, changing legislation and emerging policies.	In Progress	Sinead Murphy	9/30/2025	Arc21 are carrying out their own strategic review. NM&D have had an opportunity to input. Consideration needs to be given as to how the Council would participate in any successor body to arc21. Awaiting conclusion of SOLACE review on future collaboration of NI Councils on waste management.
Internal Waste Management Planning	Council waste management planning is driven by a number of internal and external factors including the introduction of legislation such as the Climate Change Act (Northern Ireland) 2022, Extended Producer Responsibility, Deposit Return Scheme and Common Collection Systems.	In Progress	Sinead Murphy Sinead Trainor	9/30/2025	Ongoing but action remains. There have been delays to the publication of the response to the DAERA consultation 'Rethinking Resources' and to the introduction of Deposit Return Scheme. It is anticipated that DAERA will publish the consultation response in Q2 2025/26. Council have been informed of the indicative payments to be received in the 2025/26 for the packaging Extended Producer Responsibility (pEPR) legislation and are considering best way forward to achieve required efficiency and effectiveness.
Operators Licence	Internal Audit carried out a review of the progress in implementing TRU and FTA recommendations in October 2018. A further review took place during November/December 2020 which has provisionally highlighted that limited progress has been made in implementing a number of recommendations from the 2018 audit.	In Progress	Sinead Murphy Conor Saige	7/31/2025	A consolidated action plan in relation to compliance to the Council's Operators Licence (OL) was presented to SE Committee in November 2022. A further update on compliance was provided in June 2023 showing good progress towards full implementation of actions and ongoing compliance. Staffing issues are being addressed and the Head of Cleansing has been seconded as interim Head of Fleet. Further operators license COTC holders trained and named on the OL. A further follow up Audit by RHA for 2023/24 also demonstrated positive progress and the Transport Regulation Unit is being regularly informed of progress. KPIs for compliance targets are reported to Operator Licence Working Group on a monthly basis. In November 2024 a further audit was completed by RHA. Updated will be provided against the recommendations in due course.
Packaging Extended Producer Responsibility (pEPR)	pEPR funding is intended to pay for the costs Local Authorities incur in managing packaging waste but this funding is not ring fenced.	In Progress	Sinead Murphy	12/1/2025	A report will be brought to Committee setting out proposals for waste transformation projects in 2025/26 and going forward.
Waste Management Plan	The Waste Management Plan is organised by ARC 21. The Council is required to feed into and approve ARC 21s Waste Management Plan.	In Progress	Sinead Murphy	6/1/2025	A initial review of the arc21 Waste Management Plan (which includes NMDDC) has been completed by WRAP on behalf of DAERA/NIEA. Technical expertise (RPS) has been procured to produce an Addendum for the Plan as part of the six yearly review. arc21 WMP is currently out for public consultation. DAERA are yet to consult on a draft Waste Management Strategy for NI which was due by the end of 2023; the publication of which would better inform the Councils Waste Management Plans. The Waste Management Strategy has been delayed to Spring 2025.

Risk	CR. 04 - Failure to provide robust and timely planning decisions
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Objectives

3. Protect and enhance our environment to secure a sustainable future
6. Develop and revitalise our district

Key Controls Identified

1. Action plan in place to reduce backlog
1. Ongoing training for officers and members
2. Dedicated Planning Committee in operation
2. Local Development Plan developed and timetable agreed
2. Quarterly report to Committee on progress against action plan
2. Scheme of Delegation in place to facilitate timely planning decisions
2. Validation check list agreed at Feb 25 Planning Committee, to be implemented following consultation and engagement ap
3. Internal Audit on Management of Planning Applications scheduled for 2025-26

Action Plans

Action Plans	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Backlog cases	Implement action plan to reduce backlog in line with timeframe set	In Progress	Jonathan McGilly	7/31/2025	Planning performance stats for Q3 2024/25 show average processing time of 50 weeks for Local application, above the NI average of 21 weeks and the target of 15 weeks however during that period. For Major applications there was a significant in year improvement in processing times continues with average processing time of 21.7 weeks against target of 30 week. Recruitment remains ongoing with all DM posts now offered and final staff checks being completed for starts in April - May 2025. There has been ongoing training of staff.
Internal Review of overturn decisions	Council will undertake a review/audit of overturn decisions - this is based on the NIAO Public Accounts Committee report on Planning decisions across Councils in NI	In Progress	Conor Mallon Jonathan McGilly	7/31/2025	Audit is now complete and presented to Audit Committee. Action Plan agreed with Planning Committee in July and currently being implemented. Training for Members was held in July 2024 and Programme of training currently being developed. Revised work plan to be tabled at may Planning Committee and training for members to take place in June/July 2025 after Council AGM. This will be for new members and refresher training for existing members Council are liaising with the Department about the possibility of a graduate recruitment Programme going forward. Recruitment for Senior Officers will be re-run in May 2025 after an unsuccessful trawl in March 2025. Further recruitment plans are programmed with HR to establish reserve list for all other post as these have now been exhausted.
Recruitment Drive For Planners	Council want to ensure that there is an adequate number of planner going forward and to ensure there is a career path available for students.	In Progress	Jonathan McGilly	7/31/2025	Performance improvement plan has been developed covering key areas of Planning. This was agreed between DfI and Councils and has involved engagement with PAC. This work is managed by Head of Planning group and is reported on to SOLACE and wider partnership groups involving DfI, PAC and Solace. This work remains ongoing and following recent discussions SOLACE has requested additional actions be added to the work plan including more engagement with PAC etc, this has been agreed by DfI and work has commenced to review and revise PIP objectives in line with recent engagement with DfI and SOLACE.
Regional Planning Review	The Public Accounts Committee issued a regional report on Planning in Northern Ireland on 24 March 2022	In Progress	Conor Mallon	7/31/2025	

Risk CR. 05 - Failure to adequately deliver future efficiencies and improvements

Risk Categories		Business operational/reputational		Financial		Impact on Individuals (staff or public)		Quality of Service	
Risk Description		Failure to adequately deliver future efficiencies and improvements							
Potential Root Cause		Difficulty recruiting key positions in Council. 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 The overall affordability of the Councils long term plans considering; Cost of Living Crisis / Inflation / pay demands. Legacy HR systems are not providing management with timely and detailed information Not promoting a single corporate identity The budget situation will continue to get worse (salaries and 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							
Consequence		Josephine Kelly; Marie Ward							
Risk Owners		Red 20							
Gross/inherent Risk		Amber 16							
Residual Risk		Yellow 9							
Target Risk Level		Risk Hungry							
Last Review		7/28/2025							
Next Review		5/2/2025							
Risk Appetite		Risk Hungry							

Objectives

- 7. Deliver sustainable services

Key Controls Identified

- 1. PFF now complete
- 2. IT Project Group in place and meets regularly
- 2. IT Strategy in place
- 3. Internal Audit carried out in 2024-25 on User Access Management

Action Plans

Action Plans	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Digital Strategy	Digital Strategy action plan is being developed.	In Progress	Veronica Keegan	6/1/2025	The Digital Strategy has been approved by Council. A Priority Plan of new digital transformation projects is being developed with further workshops with SMT / CMT in Q1 2025/26.
New HR System	New Self Service Human Resource Management system to be procured	In Progress	Marina Hughes Josephine Kelly Carol McClean	6/1/2025	The Business Case for the procurement of new systems has been reviewed following changes to the eLearning system and OH provider changes. The draft business case has been considered by ITPG with a second draft to be presented to ITPG for consideration in March 2025.
Service Reviews	Service Reviews are currently being completed across Directorate in line with paper which was approved at SP&R	In Progress	Senior Management Team	7/31/2025	A draft action plan / timetable of service reviews has been provided to the Trade Unions as part of the agreement to the current dispute. Work is progressing. Service areas and HR continue to work together to ensure resources are appropriately directed to undertake the work required for Service/Structure Reviews.

Risk CR. 06 - Failure to adequately react to a major incident which would minimise any negative consequences/impact

<div>Consequence</div> <div>5</div> <div>4</div> <div>3</div> <div>2</div> <div>1</div>	<div>5</div> <div>4</div> <div>3</div> <div>2</div> <div>1</div>					<div>Probability</div> <div>1</div> <div>2</div> <div>3</div> <div>4</div> <div>5</div>	
	<div>Risk Categories</div> <div>Buildings / Engineering / Environment</div> <div>Business operational/reputational</div> <div>Impact on individuals (staff or public)</div> <div>Statutory Duty (Legal/Regulatory)</div>						
	<div>Risk Description</div> <div>In the event of a disaster or an emergency, the Council may not respond in a way which minimises any negative consequences/impact</div>						
	<div>Potential Root Cause</div> <div>Natural disasters, localised flooding, Harbour disasters, Fire</div> <div>Pandemics - COVID 19</div> <div>Significant IT failure</div> <div>Inadequate preparedness to be able to respond in the event of an emergency</div>						
	<div>Consequence</div> <div>Reputational damage through inadequate civic leadership to provide adequate community emergency support</div> <div>Loss of income</div> <div>Loss of life</div> <div>Litigation - civil/criminal</div> <div>increased insurance premiums</div>						
<div>Risk Owners</div> <div>Sinead Murphy, Senior Management Team</div>							
<div>Gross/inherent Risk</div>				<div>Last Review</div>		<div>7/28/2025</div>	
<div>Residual Risk</div>				<div>Next Review</div>		<div>6/1/2025</div>	
<div>Target Risk Level</div>				<div>Risk Appetite</div>		<div>Risk Averse</div>	

Objectives

7. Deliver sustainable services

Key Controls Identified

1. Emergency planning measures in place, including:
-Flood risk plan
-Inter-agency group
1. Annual Winter Resilience Plan in place
1. Business Continuity scenario plans in place
1. Dedicated Emergency Planning team and professionally trained and experienced staff
1. Test exercises completed on a regular basis and lessons learned communicated
2. Member of Southern Region Emergency Planning Group
2. Member of the South East Flooding Recommendations Working Group
2. New regional local government regional model
3. Advisory Audit of flood grant verification took place in December 2024
3. Internal Audits Completed;

Action Plans

Action Plans	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Documenting Business Continuity Plans Independent External Review of Flooding Incident	BCPs to be documented for each Service Area	In Progress	Sinead Trainor	8/30/2025	Revision of all Departmental BCP's is continuing into 2025/26
	Independent review to be carried in the coming months of all statutory agencies	Completed	Sinead Murphy	6/1/2025	Independent report was published and was communicated to Council's EPIG group on the 16 August 2024. An NMDDC representative attends the South East Flooding Recommendations Working Group which has responsibility for implementing the recommendations of the report and reports back through EPIG. Newry Flood plan under development by multi agency group. Council continued to be represented at NIEPS were any upcoming incidents are discussed. Information is currently being collated through Councils Corporate Management Team. IOSH training and risk assessment workshops have now completed by staff across the organisation. Departments are now reviewing and implementing risk assessments. Corporate compliance dashboard to be developed to give SMT assurance on status of H&S compliance. A new cross border scenario planning event is being coordinated via SEPG. The scenario is scheduled for SMT and CMT for Q2 2025.
Northern Ireland Emergency Planning Structures Risk Assessments	Officers will continue to attend and contribute to the NI Emergency Planning Structures. A review of all Council Risk Assessments currently in place and a review of all Officers who have been trained in IOSH	In Progress	Senior Management Team Sinead Trainor	4/1/2026 12/1/2025	
	A new scenario planning event to take place	In Progress	Sinead Trainor	7/31/2025	

Key Controls Identified

- 1. FFNI Digital Transformation Projects underway
- 1. Regeneration and Economic Development Strategy 2020-25 in place
- 2. Establishment of Local Economic Partnership including public and private sector stakeholders
- 2. Engagement with other Councils, other Departments, NILGA and the Private Sector through the Chamber of Commerce
- 3. Internal Audit on Economic Development and Inward Investment scheduled for 2025-26
- 3. Internal Audit on Review of Labour Market Partnership completed in Feb 2024 - Assurance Rating Satisfactory
- 3. Internal Audits Completed and Scheduled going forward - including the Enhanced Flood Support Scheme grant

Action Plans

Action Plans	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
City Deals	Actively engage in Belfast Region City Deal	In Progress	Conor Mallon Marie Ward	7/31/2025	<p>The Belfast Region City Deal was signed in December 2021 and unlocks £1 billion of transformative co-investment. OBCs for NMD projects have been approved by BRCD Board and relevant Government Departments. Contracts for funding and funding agreements have been progressed. Progress ongoing on project delivery, based on stage of development of each of project.</p> <p>With the announcement of the National Trust on 1 May 2025 in relation to the halting of the lease at Thomas Quarry - urgent meetings have been arranged with BRCD, Government Officials and other stakeholders in relation to the statement made.</p>

Full Fibre Network NI (FFNI)	Delivery of Digital Infrastructure and Digital Related projects under the FFNI Consortium / NMDDC	In Progress	Conor Mallon Amanda Smyth	7/31/2025	Digital Transformation Flexible Fund: FFNI Operations team responsible for centralised implementation and delivery of this programme across all Council areas. Total value of funding £7.5m from the Complementary fund and DAERA (£1.1M). NMDDC is the lead Council for this project under FFNI. Invest NI is the Investment Decision Maker. March 2025 - 4/7 funding calls were completed.
					BRCD Digital Pillar projects including proposed Regional Innovation Hub for NMDDC. Approval to progress OCB, to be completed by Sept 25.
					Mobile Action Plan: FFNI appointed by Solace as lead for all Councils Digital Champions. FFNI operations lead and project officer currently appointed as Digital Champion and Coordinator in respect of the Mobile Action Plan.
					LFFNI RGC - Ongoing benefits realisation and management information tracking of DCMS funded fibre installed across 887 public sector sites in Northern Ireland. Data is required to be monitored for 5 years as per DCMS grant agreement. IT Department are currently engaging 3rd parties to put the fibre into use.
Provide Flood Recovery Support to Local businesses in impacted areas of the District	Administering funding provided by UK Treasury for Businesses impacted by flooding in November 2023	In Progress	Conor Mallon Amanda Smyth	8/31/2025	Following the floods across the District, Council hosted LPS workshops for businesses online to provide information on rate relief. Council organised 3 business information clinics (Newry, Downpatrick and Furrybridge). 114 were paid out. See position as at 31 March 2025. - Enhanced Flood Scheme - 105 applications. 85 LoOs issued - at Value £4,071,282 - Hardship Scheme - 59 Applications. 49 LoOs issued - at Value £162,000
Support local businesses	The Council is also providing support, advice and guidance to local businesses as they anticipate and manage the changes associated with Brexit.	In Progress	Amanda Smyth	7/31/2025	NMDDC is a delivery partner for Go Succeed, the NI business support programme offering mentoring support to businesses in specialised areas, i.e. Brexit / Windsor framework. Council is also recognising the opportunity as positioning the district from an investment perspective as having unfettered access to both UK and EU markets. Required checks are being completed at Warrenpoint Port on an on-going basis by trained and authorised staff. Regular meetings are attended with relevant partners, DAERA, Defra, FSA, Border force, Seatruck, Warrenpoint Port, to continue to share learning and work through operational issues as they arise, including the implementation of the Windsor Framework. Funding is continuing to be provided through the FSA. Council have recently submitted a 25/26 funding bid to the FSA for the provision of this service.
Warrenpoint Port	To ensure efficient delivery of statutorily required of food import checks on relevant Agri-Food goods entering Northern Ireland at Warrenpoint port	In Progress	Sinead Murphy Sinead Trainor	7/31/2025	

Risk **CR. 08 - Failure to adequately manage sickness absence resulting in delays and an inability to deliver Council services.**

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

Risk Categories	Business operational/reputational Financial Impact on individuals (staff or public) Quality of Service
Risk Description	CR. 08 - Failure to adequately manage sickness absence resulting in delays and an inability to deliver Council services.
Potential Root Cause	Increased levels of sickness absence Failure to adequately manage sickness absence Failure to conduct Return to Work Meetings following instances of absenteeism Increase in sickness absence being experienced across all sectors
Consequence	Increase in sickness absence Critical services failing to be delivered Financial cost of Occupational Sick Pay Impact on remaining staff of increased workloads to cover sickness absence Increased cost to Council due to the use of agency staff/overtime
Risk Owners	Senior Management Team
Gross/inherent Risk	Red 25
Residual Risk	Red 20
Target Risk Level	Yellow 10
Last Review	7/28/2025
Next Review	5/2/2025
Risk Appetite	Risk Minimal

Objectives

- 2. Improve the health and wellbeing of everyone in the district
- 8. Represent the voice of the district with our partners

Key Controls Identified

- 1. Employee Health Cash Plan
- 1. Human Resources Team
- 1. Managing Attendance Procedure
- 2. Health and Wellbeing Working Group/Team
- 2. Occupational Health Service
- 2. RTW absence interviews are now being monitored through the CMT group
- 3. Internal Audit of Sickness Absence in completed in 2023/24 - Satisfactory

Action Plans

Action Plan Description		Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Health and Wellbeing Initiatives	Annual schedule of Health and Wellbeing Initiatives events & Stress Audit planned	In Progress	Josephine Kelly Sinead Murphy	7/31/2025	The Health and Wellbeing Working Group (HWWG) have delivered a number of H & WB events throughout the year, which coincide with an annual calendar of events, including NI Alcohol Awareness Week, Men's Health Week, Staff Volunteer day and issue Newsletters to promote H & WB among staff. A schedule of events for 2025/26 is under development. The HWWG will also deliver a H&WB survey, including stress risk assessment in 2025 which will support the development of an action plan going forward. Work has commenced on this and engagement with the HSE NI. There has been a significant improvement in the level of outstanding RTW meetings. RTW meetings are a core line management responsibility. HR will continue to provide support and management information. SMT & CMT ensure compliance in their areas of responsibility. The attendance management audit (December 2023) provided satisfactory assurance. Agreed actions have progressed and will continue into 25/26. The outstanding RTW meeting report has been updated and the RTW meetings process for long term absence is under review and mandatory training is being developed for managers.
Return to Work Interviews	The completion rate of RTW is very low presently.	In Progress	Marina Hughes	7/31/2025	The attendance management audit (December 2023) provided satisfactory assurance. Actions relating to mandatory attendance management training and refresher training was agreed. HR will work with Skilgate to establish robust processes which contribute to reduction in sickness absence durations. Phase 2 roll out will include mandatory manager training. It is anticipated that the system will be capability will be available from Q1 2025/26. In the interim line managers are still be referred to the attendance management module on Skilgate and HR are providing one to one support for line managers. Further line management guidance will be circulated shortly.
Training	All Managers must complete Managing Attendance training on the Councils e-learning platform	In Progress	Marina Hughes	7/31/2025	

Risk CR. 09 - Risk to the long term financial stability of Council in relation to the delivery of Council Services

		Consequence					Probability	
Risk Categories	Risk Description	5	4	3	2	1		
Business operational/reputational Financial Quality of Service Statutory Duty (Legal/Regulatory)	Potential Root Cause			T				
					</			

Objectives

- 1. Support the continued growth and development of our local economy
- 2. Improve the health and wellbeing of everyone in the district
- 6. Develop and revitalise our district
- 7. Deliver sustainable services
- 8. Represent the voice of the district with our partners

Key Controls Identified

- 1. Monthly Management Accounts completed by Finance
- 1. Quarterly Management Accounts to Committee - AD Variance Analysis
 - 2. Engagement with ALGFO and FWG ongoing quarterly
- 2. Quarterly Budget meetings in place with Directorate Teams
- 2. Service and Business plans now in place
- 2. Treasury Management expert contracted by all 11 Councils
- 3. Internal Audit completed in 2023-24 on Management accounts processes given a satisfactory assurance rating
- 3. Internal Audits Completed and Scheduled going forward
- 3. Statutory Financial Audit by NI Audit Office

Action Plans

Action Plans	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Management Accounts	Embedding a culture of reporting on variance analysis and budget accountability	In Progress	Gerard Byrne	6/30/2025	ADs provide variance analysis going forward on a quarterly basis on their own Service Areas. This will feed into the Quarterly Management Accounts which are presented to SP&R. Quarterly budget meetings are to take place with Directorates, led by the DCS and AD of Finance & Performance. Management Accounts will include a year end forecast position which will include an estimate of a Capital Finance Costs to year end, Year End Management Accounts will be presented to the June 2025 SP&R Committee.
Rates Support Grant	Director of Corporate Services to write to the Minister of Communities about the reduction of the Rates Support Grant	In Progress	Josephine Kelly	8/31/2025	Independent review of the Rates Support Grant is nearing completion and report is due in 2025. As per action from SP&R, Council wrote to the Minister for Communities on the 12 September 2024 to express concern in relation to the RSG reduction and the impact for Council and Ratepayers. While we closely monitor market conditions, we are meeting with our Treasury Advisors in relation to our current Banking and Money Market arrangements. Meeting to take place in March 2025 regarding interest rates and capital finance requirements going forward. Further Meetings will take place as they year progresses. CEO attends Solace who have direct engagement with the Permanent Secretaries Group, AD of Finance & performance attends the Council wide Finance Working Group (FWG) and Association of Local Government Finance Officers (ALGFO). Partnership Panel also meet with Ministers as required. Management also meet with our Treasury Advisors on a regular basis to get an overview of the economic situation on a global scale - i.e. interest rates / borrowing etc Officers will continue to attend and input into the above groups.
Treasury Advice - Banking	All 11 Councils receive weekly updated from our Treasury Management Expert in relation to banking and lending.	In Progress	Gerard Byrne	6/30/2025	
Working Groups	Multiple Officer groups discussing these financial concerns on a regular basis.	In Progress	Gerard Byrne Senior Management Team	6/30/2025	

Key Controls Identified

- 1. Agile working policy now in operation from 12 September 2022
- 1. Back up arrangements
 - 1. Business Continuity Scenario Planning
 - 1. Participation in threat intelligence networks
 - 1. Penetration testing and vulnerability scanning
 - 1. Phishing simulation and learning exercises
 - 1. Technical security controls and arrangements
- 2. Engagement with Cyber bodies
- 2. National Cyber Security training
- 3. Internal Audit carried out in 2024-25 on User Access Management with a Limited Assurance Rating

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Business Continuity Plans	BCP plans to be updated to reflect the cyber risk	In Progress	Gavin Ringland Sinead Trainor	7/31/2025	GMT to ensure that BCPs for each service area are in existence, regularly reviewed and tested where possible/appropriate
Cyber Incident Response/Disaster Recovery	Establish and test cyber incident response and disaster recovery capabilities and implement SOC/SIEM/XDR Service	In Progress	Gavin Ringland	7/31/2025	Worst Case Scenario (WCS) testing was undertaken on 20th November 2024. Testing was successfully completed within an isolated bubble exceeding Recovery Time (RTO) and Recovery Point (RPO) objectives. The Disaster Recovery run book has been finalised and accepted into operation. An overarching Cyber Incident Responses plan will be formalised through the SOC/SIEM/XDR service that will be implemented during Q1 2025/26.
Training / Development Plans	Training to increase User Resilience	In Progress	Gavin Ringland	7/31/2025	In person training was delivered to all staff during 2023. On-going eLearning and testing campaigns are mandatory for all digital users with compliance reports issued to Line Managers and Corporate Management Team.
Upgrade Virtual Servers	Upgrade the Operating Systems, database engines and on-premise applications to latest supported and stable versions	In Progress	Gavin Ringland	7/31/2025	Supplier engagement and planning has commenced to migrate most of the server infrastructure underpinning the finance systems to modern Operating Systems and Database Engines. Some of said infrastructure will be decommissioned as new solutions are implemented utilising Software As A Service model. Work continues on the consolidation of data repositories to support an upgrade of the file servers.

Risk	CR. 12 - Insufficient staff resources to deliver Council services in an effective and efficient manner
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	Consequence	Probability	Risk Categories	Risk Description	Potential Root Cause	Consequence	Risk Owners	Gross/inherent Risk	Residual Risk	Target Risk Level
5										
4			T	R	G					
3										
2										
1										
	1	2	3	4	5					

Insufficient staff resources to deliver Council services in an effective and efficient manner

There has been a difficulty in recruiting key positions in across Council. Another issue has been the retention of staff across all Directorates.

Pay scales in private sector
Competitive Job Market
Candidates less likely to apply for temporary positions
Labour Market Trends - decrease in unemployment and economic inactivity rate, increase in employment rate and cross border mobility

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
Increased costs due to employing agency staff / consultants etc

Josephine Kelly, Mane Ward

Red 20 Last Review 7/28/2025
Amber 16 Next Review 5/2/2025
Amber 12 Risk Appetite Risk Cautious

Objectives

- ## 7. Deliver sustainable services

Key Controls Identified

1. Agency Framework in place
1. Code of Procedures on Recruitment and Selection
1. Qualified HR professionals in place
2. SMT review of recruitment schedule

Action Plans

Action Plans	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Alternative methods of recruitment	HR to look at alternative method of recruitment due to the difficulties in recruiting into key positions across Council. All Directorates are struggling to fill certain vacant posts.	In Progress	Marina Hughes	7/31/2025	<p>This includes the Regional Approach in relation to the Talent Management Strategy which is overseen by the LG Staff Commission. NMDCC represented on and contributing to LGSC Regional Talent Management Group.</p> <p>Directors and Assistant Director posts as part of PFF has been filled, with one temporary Assistant Director position which will be progressed in 25/26. It should be noted that there are still challenges across the Directorates on a number of posts at different levels. Permission has been sought from the Local Government Staff Commission to deviate from the Code of Procedures on Recruitment and Selection, which includes a less formal approach to recruitment for manual posts and extension to the duration of reservice lists for recruitment campaigns.</p> <p>A draft action plan / timetable of service reviews has been provided to the Trade Unions as part of the agreement to the current dispute. Work is progressing, including the 'Cleansing Review', Indoor Leisure Multi Skilled Leisure Attendants and Planning staff changing from NICS to NMDCC terms and conditions.</p>
Service Reviews	Service Reviews are currently being looked at in line with paper which was approved at SP&R.	In Progress	Senior Management Team	7/31/2025	<p>Service areas and HR continue to work together to ensure resources are appropriately directed to undertake the work required for Service/Structure Reviews.</p>

Report to:	Audit Committee
Date of Meeting:	Thursday 23 May 2025
Subject:	Audit Committee Self-Assessment 2024/25
Reporting Officer (Including Job Title):	Ms Brona Slevin, Independent Chair of Audit Committee
Contact Officer (Including Job Title):	Ms 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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1.0	Purpose and Background
	<p>Similar to prior 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 March 2025 self-assessment checklist from the NIAO Good Practice Guide 'Effective Audit and Risk Assurance Committees'.</p> <p>The Chair circulated the draft questionnaire to Members for comment in May 2025.</p> <p>Based on this document and the responses to the related appendix, Members should be assured that the Audit Committee has been operating effectively for 2024/25. Attached for consideration and approval is a completed final self-assessment checklist.</p>
2.0	Key issues
	<p>Members will recall that in previous years certain recommendations arose in order to strengthen the effectiveness of the Committee. These still apply and include the following:</p> <p>As in prior years political parties were asked to consider appointing Elected Members for a term greater than one year, where possible, to enable knowledge and skills to be built up in this area.</p> <p>Training for all members of the Audit Committee to be progressed</p> <p>Officers continue to strive to ensure Internal Audit reports are completed and reported on a timely basis to the Audit Committee.</p> <p>Officers continue 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> <p>Members will see from consideration of the NIAO checklist that the following requires further work which would add to the effectiveness of the Committee:</p>

	<p>The Audit Committee to understand how cyber and digital risks impact on the Council</p> <p>An assessment of Climate Change/Net Zero to be presented to the Audit Committee</p> <p>The Audit Committee should have oversight of how controls are evaluated so it can understand how effectively fraud and error risks are being addressed</p> <p>The Audit Committee should consider ways in which to obtain feedback from the executive and other key stakeholders eg Internal and External Audit in order to strengthen the effectiveness of the Audit Committee</p> <p>For Audit Committee members unfamiliar with the operations of the public sector, special focus should be given to this as part of their induction, focusing in particular on regularity (using of funds in the way intended)</p>
3.0	Recommendations
	Members are asked to approve the contents of this Report.
4.0	Resource implications
	None
5.0	Due regard to equality of opportunity and regard to good relations (complete the relevant sections)
5.1	<p><i>General proposal with no clearly defined impact upon, or connection to, specific equality and good relations outcomes</i></p> <p>It is not anticipated the proposal will have an adverse impact upon equality of opportunity or good relations <input type="checkbox"/></p>
5.2	<p><i>Proposal relates to the introduction of a strategy, policy initiative or practice and / or sensitive or contentious decision</i></p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>If yes, please complete the following:</p> <p>The policy (strategy, policy initiative or practice and / or decision) has been equality screened <input type="checkbox"/></p> <p>The policy (strategy, policy initiative or practice and / or decision) will be subject to equality screening prior to implementation <input type="checkbox"/></p>

5.3	<p>Proposal initiating consultation</p> <p>Consultation will seek the views of those directly affected by the proposal, address barriers for particular Section 75 equality categories to participate and allow adequate time for groups to consult amongst themselves <input type="checkbox"/></p> <p>Consultation period will be 12 weeks <input type="checkbox"/></p> <p>Consultation period will be less than 12 weeks (rationale to be provided) <input type="checkbox"/></p> <p><i>Rationale:</i></p>
6.0	Due regard to Rural Needs (please tick all that apply)
6.1	<p>Proposal relates to developing, adopting, implementing or revising a policy / strategy / plan / designing and/or delivering a public service</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If yes, please complete the following:</p> <p>Rural Needs Impact Assessment completed <input type="checkbox"/></p> <p>If no, please complete the following:</p> <p>The policy / strategy / plan / public service is not influenced by rural needs <input type="checkbox"/></p>
7.0	Appendices
	Completed Self-Assessment Checklist 2024/25
8.0	Background Documents



Reference	Essential Requirements (including Audit and Risk Assurance Committee Handbook References)	Yes/No	Action/Comments
1.1	The Chair is a non-executive Board member and possesses an adequate level of relevant experience. (1.2)	Y	
1.2	Membership of ARAC has sufficient numbers to discharge its responsibilities. (1.3)	Y	
1.3	ARAC explores the option of bringing in external independent, non-executive members from sources other than the Board to ensure an appropriate level of skills and experience. (3.1)	N/A	
1.4	The Accounting Officer and the Finance Director regularly attend meetings. (3.4)	Y	
1.5	The levels of take up of ARAC and External Audit meetings are high. (3.6)	Y	
1.6	The Chair regularly meets the Accounting Officer, Financial Director, Internal Audit and External Audit to ensure the formal committee structure is a regular basis and at least once per year. (3.5)	Y	
1.7	ARAC members understand their responsibilities regarding identifying, declaring and resolving conflicts of interest. (1.8)	Y	
1.8	ARAC members have a clear understanding of what is expected of them in their role, and this was set out clearly at the time of appointment. (3.10, 3.11)	Y	
1.9	Monitoring conflicts of interest - If any conflicts of interest are identified, the ARAC Chair is effective in ensuring the associated risks are effectively managed and continually monitored - see para 4.26 of ARAC Conflicts of Interest - Good Practice Guide	Y	
1.10	Conflicts of interest policy - The conflict of interest policy is reviewed on an annual basis - see para 4.26 and 4.28 of ARAC Conflicts of Interest - Good Practice Guide	Y	
1.11	Terms of Reference are reviewed and approved annually by the Accounting Officer and Board Chair and are tabled on each ARAC meeting. (5.36)	Y	Spring each year
1.12	ARAC has access to support funding to cover the costs incurred in fulfilling its role. (5.31) This should be sufficient to: - meet the remuneration and working expenses of its members; - meet the virtual training needs of its members; - provide specialist (external) advice as required; and - provide relevant means of the effectiveness of ARAC.	Y	
1.13	ARAC meets at least five times during the year. (5.32)	Y	
1.14	The number of meetings held during the year is sufficient to allow ARAC to perform as effectively as possible. (5.30)	Y	
1.15	Meetings are well supported with the audit and assurance team. (5.34 and Annex E)	Y	
1.16	All matters falling within the Terms of Reference of ARAC are covered adequately over the course of the year or a reasonable time period. (Annex D)	Y	
1.17	Meetings of ARAC are long enough to ensure that all agenda items are covered in sufficient detail. (Annex E)	Y	
Reference	Good Practice	Yes/No	Action/Comments
1.18	Contributions to meetings - All members and attendees make useful contributions to meetings.	Y	
1.19	Deep dives - Deep dives are undertaken in core risk emerging risk areas and these are sufficiently detailed to ARAC last around the risk and strategic management.	Y	when applicable
1.20	Private meetings - ARAC has the opportunity to meet Finance Auditors and External Auditors in private - without the presence of management - when necessary and this time is used effectively.	Y	
1.21	Appointments - ARAC is clear on the type of skills and experience which should be sought in a new Member - and the Chair is decisive in the appointment process. (Annex A, A.1)	N/A	Appointment of new Member is political decision
1.22	Time between ARAC meetings and main Board meetings - There is sufficient time between ARAC meetings and main Board meetings to allow any work arising from ARAC meeting to be undertaken and reported to the Board as appropriate.	Y	
1.23	Culture and Behaviour - ARAC sets an inclusive and respectful tone, treats guests well, and provides an appropriate balance between challenge and support.	Y	
1.24	Preparation - ARAC receives immediate and ongoing feedback on actions for members to fully consider before the meeting.	Y	
1.25	Resources - ARAC is provided with sufficient administrative and secretarial support to undertake its duties to the required standard.	Y	
1.26	Balance of Agenda - Matters are referred to the different groups of assurance to ARAC across the various lines of defence, notably risk management, Internal Audit and External Audit.	Y	
1.27	Forward Planning - ARAC has a forward plan for its meetings so it can consider issues at the right time and in the right level of detail.	Y	
1.28	Minute taker - There is a designated minute taker present at each meeting.	Y	
1.29	Record of reports presented - All papers presented at ARAC meetings are at the right level of detail and present a clear narrative which makes it easy for the Chair to review and challenge. All papers should include a cover page outlining the main issues arising and should be tabled for other information, discussion, review or for approval.	Y	
1.30	Hybrid meetings - Where ARAC meetings are hosted online, a secure link to join the meeting must be shared by email in advance. Appropriate technology should be in place prior to the meeting, enabling all participants join by name and host clearly.	Y	
Additional comments and key takeaways			



Reference	Essential Requirements (including Audit and Risk Assurance Committee Handbook References)	Yes/No	Action/Comments
2.1	ARAC possesses a good range of skills and experience in relation to governance, risk and control. (4.1)	Y	
2.2	At least one member of ARAC has relevant and relevant financial experience sufficient to allow them to analyse the financial statements and understand good financial management disciplines. (4.1)	Y	
2.3	ARAC proactively identifies which skills it requires to discharge its responsibilities most effectively. (4.1)	N/A	Members are appointed through political parties
2.4	The required skill sets for ARAC are reviewed at regular intervals. (4.1)	N/A	
2.5	Co-opting members and procuring specialist skills - ARAC uses the powers of co-opting members and procuring specialist skills where these are required. (4.1)	Y	also included within TOR
2.6	Skills mapping - ARAC documents and maps the skills of its members so it can identify areas of strength and any skills gaps. (Annex B)	N/A	

Other Good Practice Arrangements

Reference	Good Practice	Yes/No	Action/Comments
2.7	Diversity - ARAC draws on a sufficiently diverse membership, containing a variety of demographic attributes and characteristics.	Y	
2.8	Relevance of financial reporting experience - The financial reporting experience held by members is relevant and proportionate to the significant financial reporting risks of the organisation - particularly in the case of any sensitive information or judgments.	Y	Members are encouraged to remain on AC for period of 3 consecutive terms
2.9	Non-technical Skills - ARAC benefits from a good mix of non-technical skills - for example, communications, influencing, negotiating, media and business skills.	Y	

Additional comments and key takeaways			
Reference	Essential Requirements (including Audit and Risk Assurance Committee Handbook Reference)	Yes/No	Actions/Comments
2.10	Members who have recently joined ARAC have been provided with induction training to help them understand their role on the organisation (4.4)	N	training to be arranged via DCS
2.11	Members of ARAC who are affiliated with corporate governance and wider practice in government are regularly updated (4.4)	Y	
2.12	Members keep their skills and knowledge up-to-date through continuing education to enable them to focus on key issues facing the organisation (4.2)	Y	
2.13	ARAC Chair ensures that members have an appropriate programme of engagement with the organisation and its stakeholders, help them understand the organisation, its objectives, business needs, priorities and risk profile (4.7)	Y	done via Council extensively

Other Good Practice Arrangements

Reference	Good Practice	Yes/No	Actions/Comments
2.14	Learning culture: There is a positive culture of learning and personal development within ARAC	Y	
2.15	Emerging challenges: ARAC's training and development programme takes account of developments in corporate governance and emerging risk areas	Y	
2.16	Public sector context: For ARAC members affiliated with the operations of the public sector, special focus is given to the specific challenges of public sector governance, focusing in particular on regulators	N	training to be arranged via DCS
2.17	Cross-government networking: ARAC Chair takes to cross-government (if a government department or agency) or inter-departmental or an inter-body body ARAC Chair meetings	N/A	
Additional comments and key takeaways			

Cyber and Digital

Reference	Good Practice	Yes/No	Actions/Comments
2.18	ARAC understands its role cyber and digital risk report on the organisation	N	IT Manager to give update
2.19	ARAC is at the level of skills and expertise required to challenge management and provide assurance to the board that the organisation is properly managing its cyber and digital risks	Y	
Reference	Good Practice	Yes/No	Actions/Comments
2.20	ARAC understands the organisation's approach to managing a transition risks, and how it manages its GDPR requirements	Y	

Climate Change and ESG

Reference	Good Practice	Yes/No	Actions/Comments
2.21	ARAC is satisfied that the organisation's approach to managing ESG risks, and making appropriate disclosures, is in line with relevant standards such as the emerging Government Communication and Sustainability Reporting Guidance	N	Report responded to Senior Audit Committee to include 2.21 - 2.23
2.22	ARAC is provided with the support needed to effectively assess the organisation's approach to managing climate related risks	N	
2.23	ARAC assesses the organisation's net zero strategy with detailed detail, and in regular intervals	N	

Projects and Programmes

Reference	Good Practice	Yes/No	Actions/Comments
2.24	ARAC is appropriately alerted to significant projects and programmes throughout their lifecycle e.g. provision of gateway review at each stage of the project	N/A	covered in the ORR interviews
2.25	ARAC is at the skills and expertise to provide effective oversight challenge on the financial management, delivery risks and any projects of projects or a major risks	N/A	

Procurement

Reference	Good Practice	Yes/No	Actions/Comments
2.26	ARAC is an appropriate level of oversight and challenge on the procurement of the public sector context	Y	
2.27	ARAC is at the skills and expertise to challenge commercial activities and the procurement of goods and services	N/A	
2.28	ARAC is informed of all Single Vendor Award/Deed Award Contracts with supporting detail	Y	
2.29	ARAC is provided with regular updates of any significant legislative changes in procurement practices and how management is preparing for them	Y	
Additional comments and key takeaways			



Section 3: Roles and Responsibilities - Assurance

Reference	Essential Requirements (including Audit and Risk Assurance Committee Handbook Reference)	Yes/No	Actions/Comments
3.1	ARAC meets the Accounting Officer and Board to formulate their assurance needs (3.1)	Y	
3.2	ARAC assesses whether the assurance received is of sufficient quality to meet the assurance needs set out in 3.1 (3.2)	Y	
3.3	ARAC understands the key sources of assurance in the organisation, and how and why each of these delivers particular assurance to them (3.3)	Y	
3.4	ARAC understands the three levels of assurance needed as set out in the Orange Book (3.3), Annex 2, and how this applies in practice to the organisation (3.4)	Y	
3.5	ARAC is confident in consistently assessing assurance work from appropriate sources where it identifies any significant governance risk and controls which have not been subject to sufficient challenge (3.5)	Y	
3.6	ARAC ensures the organisation operates its appropriate and effective risk determining processes, in keeping with the DCS good practice guide on Strategic Governance (2023), and has provided the accounting officer with a risk register	Y	

Other Good Practice Arrangements

Reference	Good Practice	Yes/No	Actions/Comments
3.7	Assurance Mapping: ARAC uses assurance mapping to identify where assurance is required and any key gaps where no assurance is provided, or where the quality of the assurance is poor	Y	

5.9	Information on Internal Governance (ICG) and other relevant guidance ARAC has an effective system for monitoring management's progress with recommendations from ICG's effect and all relevant guidance.	5/5	UK: only in table
Additional comments and key takeaways			

ARAC understands how governance arrangements support achievement of the organisation's strategy and objectives.
(5.10) In particular, ARAC understands:

Reference	Essential Requirements (including Audit and Risk Assurance Committee Handbook Reference)	Yes/No	Additional Comments
5.9	The board's operating framework, including the organisation's vision and purpose.	5	
5.10	Mechanisms which ensure effective organisation of accountability, performance and risk management.	5	
5.11	Role definitions, committees and other structures which support the effective discharge of responsibilities, decision-making and reporting.	5	
5.12	The board's overall operations and monitoring of the system of internal controls and whether it can provide timely warnings of any failings.	5	
5.13	How corporate affairs and values are promoted within the organisation.	5	
5.14	How management information is communicated to the board and other appropriate levels of the organisation, and	5	
5.15	The nature of relationships with its key stakeholders, if applicable.	5	

Other Good Practice Arrangements

Reference	Good Practice	Yes/No	Additional Comments
5.16	Future assurance requirements - ARAC monitors developments in corporate governance so as it can proactively address the Accounting Officer and board on any changes to assurance requirements.	5	
5.17	Annual governance statement - ARAC monitors assurance from internal audit, external audit and other sources of assurance with materiality issues in the organisation's annual governance statement.	5	
5.18	Corporate governance policy - Whilst developing the work of the Board, ARAC reviews and monitors the implementation of - by the organisation - its corporate governance policy.	5	

Additional comments and key takeaways

Reference	Essential Requirements (including Audit and Risk Assurance Committee Handbook Reference)	Yes/No	Additional Comments
5.19	ARAC understands the organisation's business strategy, operating environment and the associated risks in executing the strategy. (5.19)	5	
5.20	ARAC is satisfied that management takes an enterprise-wide view of the organisation's risks, including those that could significantly hinder it. (5.20)	5	
5.21	There is a clear understanding of the role and activities of the Board in relation to managing risk. (5.21)	5	
5.22	ARAC discusses with the Board how its policies, attitudes to, and approach to, risk are defined and communicated across the organisation. (5.22)	5	
5.23	ARAC understands and challenges the risk management framework and the assignment of responsibilities. (5.23)	5	
5.24	Any risks identified have been identified in the risk and control environment, encompassing services outsourced to external providers, including shared services arrangements, and the wider supply chain. (5.24)	5	
5.25	For governance, assurance and group reporting purposes has been obtained on risks from across the group and from its fully consolidated and wholly owned subsidiaries. (5.25)	4/5	

Other Good Practice Arrangements

Reference	Good Practice	Yes/No	Additional Comments
5.26	Risk Culture - ARAC promotes the importance of a positive risk culture in the organisation as set out in ARAC's good practice guide on innovation and risk management .	5	
5.27	Managing innovation - ARAC is aware of how the organisation encourages best practice in innovation and the management of innovation in ARAC's good practice guide on innovation and risk management - Best Assessment Guide .	5	
5.28	Risk Tolerance - ARAC challenges management on whether there is a comprehensive process for identifying and evaluating risk, and the resulting strategies of risk mitigation.	5	
5.29	Risk Registers - ARAC has sufficient understanding of the organisation to assess whether the risk register is an appropriate reflection of the risks facing the organisation.	5	
5.30	Resilience - ARAC can assure whether there are sufficient resources to manage risk effectively across the organisation.	5	
5.31	Emerging Risks - ARAC challenges whether management's approach to identifying risks is broad enough to effectively identify new and emerging risks.	5	
5.32	Risk Evaluation - ARAC challenges management on its approach to evaluating risks, reviewing the effectiveness of controls addressing risk identification.	4/5	
5.33	Review of "Near Misses" - ARAC reviews information on near misses to help determine whether the systems in place are sufficiently robust to mitigate future risk events.	4/5	H&S near misses covered within Corporate H&S and other relevant communications (e.g. IT).
5.34	Fraud and Error - ARAC understands the main fraud and error risks as set out in ARAC's good practice guide on fraud and error and challenges management to consider timely options for looking fraud and error risks.	5	
5.35	Resilience - ARAC considers the cumulative impact of risks and how they could impact on the ongoing resilience of the organisation.	5	
5.36	ARAC actively challenges and reviews the adequacy and effectiveness of controls processes in responding to ARAC's .	5	
5.37	ARAC challenges whether the level of the controls in place to mitigate risks is adequate, and whether any action is needed to address this. (5.37)	5	
5.38	Understanding of internal control - ARAC has a good understanding of how the organisation develops, operates and monitors the system of internal controls.	5	
5.39	Controls over material or significant risks - ARAC assesses whether any material or significant risks are managed through strategic, operational and compliance controls.	5	
5.40	Timely indicators - ARAC assesses whether the system of internal controls would provide timely indicators of weaknesses and failings.	5	
5.41	Risk cause analysis of significant findings or weaknesses in internal controls - ARAC assesses whether any significant findings or weaknesses in internal controls are, ARAC reviews management's analysis of the root cause and subsequent action plan.	5	
5.42	Financial control - ARAC is satisfied that the organisation has a sound system of financial control - including the structure, relationships - which enables the organisation to achieve its objectives with good value for money.	5	
5.43	IT controls - ARAC has sufficient assurance over the quality of IT controls.	5	
5.44	Design of fraud controls - ARAC is satisfied that the organisation's controls are designed to effectively prevent and detect fraud, error and other risks as set out in ARAC's good practice guide .	5	
5.45	Evaluation of fraud controls - ARAC has oversight of how controls are evaluated so it can understand how effectively fraud and error risks are being addressed.	5	comprehensive fraud risk assessment to be completed by AD of Finance and Performance

Additional comments and key takeaways			
Reference	Essential Requirements (including Audit and Risk Assurance Committee Handbook References)	Yes/No	Action/Comments
5.22	ARAC reviews reports on major incidents as well as results of special investigations, including any of a following nature: (5.22)	Y	

Other Good Practice Arrangements

Reference	Good Practice	Yes/No	Action/Comments
5.21	Consider third arrangements – ARAC is advised that the organisation has adopted appropriate arrangements to identify and review its third parties, including reporting on and managing third parties as set out in ARAC's good practice note on managing third parties, a checklist and a flowchart .	Y	

Additional comments and key takeaways

Financial Reporting

Reference	Essential Requirements (including Audit and Risk Assurance Committee Handbook References)	Yes/No	Action/Comments
5.45	ARAC reviews the clarity and completeness of disclosures in the year-end financial statements. (5.45)	Y	
5.46	ARAC considers any financial reporting policies, any changes to them, and any significant estimates and judgements, if possible, before the start of the financial year. (5.46)	Y	
5.47	ARAC uses its understanding of the organisation to assess whether disclosures in the financial statements are set properly in context. (5.47)	Y	
5.48	In reviewing the Annual Accounts, ARAC specifically monitors the following: • accounting policies comply with relevant requirements, particularly HM Treasury's Financial Reporting Manual • assurance about the financial systems which produce the figures for the accounts; • the quality of the control arrangements for preparing the accounts; • any judgements made in preparing the accounts, and management's consideration of their ongoing relevance; • any disputes arising between those preparing the accounts and the auditors; and • results, advice and findings from External Audit – especially the extent to which changes with previous years (5.48)	Y	
Reference	Good Practice	Yes/No	Action/Comments
5.49	Annual Report – ARAC reviews the Annual Report to ensure that it is fair and balanced and is easily understandable.	Y	
5.50	Complex judgements and use of experts – Where novel accounting issues or complex judgements have arisen during the year, ARAC has satisfied itself that management took sensible advice or obtained independent advice.	Y	
5.51	Continued monitoring of significant issues – ARAC is effective in monitoring significant financial reporting issues throughout the year, particularly those which could lead to any potential qualification of the accounts.	Y	
5.52	Reports from third parties – In reaching a view on the accounts, ARAC considers the implications of reports from third parties – for example, in legal matters, valuations or reports from regulators.	Y	
5.53	Key Matters – ARAC considers key matters on its own initiative when they helpfully shed light on the work of the External Auditor.	Y	
5.54	Understanding of the Organisation – ARAC has a detailed understanding of the organisation and its current and emerging challenges in order to provide a fair representation of activity.	Y	
5.55	Going Concern – ARAC actively challenges the going concern assessment in the context of its review of the financial statements and its understanding of the business.	Y	
5.56	Use of financial models – ARAC allows appropriate challenge to any other values which is generated through financial modelling.	Y	
5.57	Financial reporting developments – ARAC is familiar with developments in financial reporting standards and can challenge their application in financial statements.	Y	
5.58	Group Reporting – For government groups only, ARAC has a full and accurate view of significant financial reporting risks across the government group.	Y	
5.59	Submission of unaudited Annual Report and Accounts (ARA) to the CMA – (for current government bodies) The Annual Report and Accounts should be accompanied by a letter, signed by the Accounting Officer, confirming that the Accounting Officer takes full responsibility for the ARA. This letter should make clear that the Accounting Officer has: • reviewed the ARA to ensure they have been properly prepared in accordance with the guidance; • ensured that staff involved in preparing the accounts are available to support the figures in the ARA; and • ensured that staff are aware that it is not acceptable that the ARA will be subject to significant adjustment as a result of the audit outcomes. ARAC should be provided with confirmation that the above has happened.	Y	

Section 4: Scope - Terms of Reference

Reference	Essential Requirements (including Audit and Risk Assurance Committee Handbook References)	Yes/No	Action/Comments
5.1	ARAC's Terms of Reference are agreed by the Accounting Officer and the Board. (5.26)	Y	Approved by Audit Committee and full Council Annually
5.2	The Terms of Reference are reviewed on an annual basis. (5.26)	Y	Yes, included within the Audit Committee timetable - see Appendix J
5.3	The Terms of Reference do not conflict with guidance in the HM Treasury's Audit and Risk Assurance Committee Handbook. (5.27)	Y	Tell have a copy of latest HM Treasury's Audit and Risk Assurance Committee Handbook
5.4	The Terms of Reference make clear ARAC's independence as a committee. (5.25)	Y	see Paragraph 24.29 & 28
5.5	ARAC's Terms of Reference are made publicly available, including on the organisation's website. (5.26)	Y	Tell included in Open session and Tell also on Website
5.6	The Terms of Reference allow for ARAC to or privately solicit any recommendations issued for or put of a meeting if they wish. (5.4)	Y	New Wording - See Paragraph 30 in the approved 2025 TOR

As a minimum, the following areas are covered by ARAC's Terms of Reference (5.26):

Reference	Essential Requirements (including Audit and Risk Assurance Committee Handbook References)	Yes/No	Action/Comments
5.7	Details of ARAC membership.	Y	Paragraph 10
5.8	The reporting requirements to the Board.	Y	Paragraph 11
5.9	The key areas of responsibility on which ARAC will advise the Accounting Officer and Board.	Y	Paragraph 16-18
5.10	Agree if ARAC, over-riding accepted methods of securing specialist advice.	Y	New Wording - See Paragraph 35 in the 2025 TOR
5.11	The limit of primary Audit and a representative from External Audit will attend any committee meeting in the Chair of ARAC.	Y	Paragraph 21 and 32
5.12	Meeting arrangements, including the number per year, the number of members required for the meeting to be quorate, and reported minutes.	Y	Paragraph 23-25

4.10	Information requirements, including what information will be provided to each meeting, and what will be provided in request	Y	Paragraph 1-19 of the document in Appendix 3 - AC Terms of Reference
Reference	Good Practice	Yes/No	Auditor/Comments
4.14	Benchmarking - ARAC has compared its Terms of Reference against those of similar public organisations	Y	Similar to other Local Authorities as best practice is followed
4.15	Expectations - In addition to core requirements, the Terms of Reference contain information on what ARAC is expected to achieve more effectively - for instance, expectations about how far in advance of meetings papers will be provided	Y	Paragraph 14 - A risk Committee is governed by the Standing orders
4.16	Proportionality - The Terms of Reference properly reflect the role and scope of ARAC, and are proportionate to the way ARAC actually operates	Y	Role and Scope of Audit Committee is proportionate to the operation of the Audit Committee
4.17	Standing item - The Terms of Reference are included in a standing agenda item at every ARAC for information purposes	Y	See Appendix 3 - Annual review of ToR included
Additional comments and key takeaways			

Internal Audit

Reference	Essential Requirements (including Audit and Risk Assurance Committee Handbook References)	Yes/No	Auditor/Comments
4.18	ARAC produces a robust and review of Internal Audit strategy and annual programme of work (4.18)	Y	
4.19	ARAC ensures the adequacy of the scope and resources available to Internal Audit (4.19)	Y	
4.20	ARAC reviews the Internal Audit Charter or Terms of Reference (4.20)	Y	
4.21	ARAC discusses the results of Internal Audit work, and management's responses to the issues raised (4.21)	Y	
4.22	ARAC reviews the annual Internal Audit Report and associated annual report (4.22)	Y	
4.23	ARAC assesses the performance of Internal Audit against the criteria, expected performance measures and the results of any internal or external quality assurance assessments (4.23)	Y	Independent External Quality Assurance completed in 2024
4.24	ARAC reviews progress made by management in addressing Internal Audit recommendations and is provided with ongoing confirmation that the recommendations are correctly implemented (4.24)	Y	
Reference	Good Practice	Yes/No	Auditor/Comments
4.25	Other assurance activity - ARAC assesses the work of Internal Audit in the context of other assurance activity that takes place in the first and second lines of defence	Y	
4.26	Support - ARAC plays a role in providing support for, and assurance of, the work of Internal Audit	Y	
4.27	Coverage - ARAC challenges whether the effectiveness of the risk, compliance and finance functions is evaluated as a part of its Internal Audit strategy	Y	
4.28	Overall opinion - ARAC considers how the Internal Audit components of the annual Internal Audit plan provide reasonable assurance on governance, risk and control for the organisation in 2024	Y	
Additional comments and key takeaways			

External Audit

Reference	Essential Requirements (including Audit and Risk Assurance Committee Handbook References)	Yes/No	Auditor/Comments
4.29	ARAC considers and issues relevant proposals about the External Auditor's planned audit approach (4.29)	Y	
4.30	ARAC considers the impact of the results of External Audit work (4.30)	Y	
4.31	ARAC promotes cooperation between External Audit and Internal Audit to maximise overall audit efficiency, capture opportunities to bring a greater level of assurance and minimise unnecessary duplication of work (4.31)	Y	
4.32	Recommendations Tracking - ARAC Public Reports - ARAC reviewed ARAC's use as an effective system for monitoring management's progress with recommendations from ARAC Public Reports. Management responses to recommendations should be included in a Management of Risk (MOR) as set out in ARAC 0038 - Building a new framework to monitor risk and control in 2024	Y	
4.33	ARAC Good Practice Guide - ARAC has an effective system for monitoring management's progress with key financial recommendations arising from ARAC Good Practice Guide	Y	For any ARAC good practice guides that have relevance to the Audit Committee, these are presented and considered
4.34	External Audit's findings and recommendations - ARAC reviews and discusses management's responses to key findings set out in External Audit's findings	Y	
Reference	Good Practice	Yes/No	Auditor/Comments
4.35	Objectives of External Audit - ARAC has a clear understanding of the objectives, scope and need of External Audit work	Y	
4.36	Review of adequacy of scope - ARAC has the opportunity to review the scope of External Audit work and - Risk Substantive as to adequacy - challenge whether additional work should be undertaken by the External Auditor	Y	
4.37	Level of fees - ARAC satisfies itself that the level of fees payable is reasonable and that the audit services provided is proportionate and the an effective, high-quality audit practice conducted for each year	Y	
4.38	Materiality - ARAC is satisfied that it has a good understanding of materiality, including the benchmarked asset and the calculation of materiality and performance materiality, as set out in ARAC 0039 - Materiality in Planning and Performing an Audit	Y	
4.39	Audit quality - ARAC considers before the audit what the quality of the audit during the year and discusses these with the auditor, as set out in ARAC 0040 - Audit Quality Indicators	Y	Audit strategy covers quality and expected timeframes
4.40	Expert advice - ARAC is satisfied that the External Auditor has access to relevant expertise for instance around pensions valuation or property valuation	Y	
4.41	Quality of review - ARAC discusses its ability to issue when undertaking its review of the results of External Audit work	Y	
4.42	Review of audit representation letters - ARAC reviews the audit representation letters before they are signed by the Accounting Officer and considers whether where representation has been requested but not been provided	Y	
4.43	Quality of information provided to External Audit - ARAC takes steps to ensure External Audit receives quality, robust and timely audit evidence from the finance function	Y	
4.44	Support for External Audit - ARAC is supportive of External Audit's challenges or suggestions, and does not act as a registered adviser	Y	
4.45	Unconnected Misstatements - ARAC should provide written confirmation of management's response to risk arising from any unconnected misstatements identified by External Audit	Y	
Additional comments and key takeaways			



Section 5: Communications and Reporting

Reference	Essential Requirements (including Audit and Risk Assurance Committee Handbook References)	Yes/No	Auditor/Comments
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5.1	ARAC produces a report after each meeting for the Accounting Officer and Board with a copy to the Chair of Internal Audit and the External Auditor (including the key findings relating to ARAC) and ARAC's views are written on any issues they believe the Accounting Officer or Board should take action on. (5.1)	Y	minutes and action sheets prepared and approved
5.2	ARAC has effective communications with Board & senior leadership from the executive and Internal and External Audit and Board & senior leadership is the Board (5.2)	Y	
5.3	ARAC provides an Annual Report direct to support the preparation of the Annual Governance Statement (5.4)	Y	
5.4	ARAC's Annual Report is open and honest in presenting the ARAC's views (5.4)	Y	
5.5	ARAC's Annual Report summarises ARAC's work for the past year and lists if challenges its responsibilities in accordance with the Treasury's Audit and Risk Assurance Committee Handbook (July 2004) (7.8, 6.3)	Y	
5.6	There are no major signs of conflict between each of the Chair of ARAC, the Accounting Officer, Head of Risk Management (if a separate function), Head of Internal Audit and the External Auditor (5.7)	Y	
5.7	There are positive discussions with key stakeholders outside of the Board meetings to help ensure that operations are managed and there is mutual understanding of current risks and issues (5.7)	Y	

Other Good Practice Arrangements

Reference	Good Practice	Yes/No	Action/Comments
5.8	Transparency - ARAC reports to work as transparently as possible within the limits of what is confidential and commercially sensitive.	Y	
5.9	Working with the Board - ARAC has a clear remit/role for working with the Board, so expectations and accountability are clear.	Y	
5.10	Technology - ARAC uses technology to its advantage and communicates as a group in a way which is effective, efficient and secure.	Y	
5.11	Reports from ARAC to the Board - Reports produced for ARAC are precise, there is enough information to provide the Board with the assurance it requires, but not too much that key information is diluted.	Y	
5.12	Availability of risks across departments - If the government department is only the department ARAC has an effective way of getting visibility over key risks and issues arising from ARAC's within the departmental group.	N/A	
5.13	Attendance at ARAC meetings by Departmental officials - If the ARAC of government departments only a departmental official is invited to and attends all ARAC meetings.	N/A	
Additional comments and key takeaways			
13			



Reference	Potential Weaknesses (including Audit and Risk Assurance Committee Handbook References)	Yes/No	Action/Comments
5.1	Chair's performance - The Chair seeks approval of his or her performance from the Accounting Officer or Chair of the Board as appropriate (Annex A, A2)	Y	
5.2	ARAC members' performance - The Chair considers the performance of the individual members of ARAC, discusses their learning and development needs and agrees a learning and development plan (Annex A, A2)	N/A	
5.3	Periodic reviews - The Chair ensures a periodic review of the internal effectiveness of ARAC (Annex A, A2)	Y	completed annually
5.4	Assessment of outcomes - After completing an effectiveness review, there is a sufficient time and effort devoted to discussing results and agreeing an action plan based on the outcomes.	Y	
5.5	Monitoring of trends - Evaluation of performance is not done in isolation, and year on year trends in different areas of performance are monitored.	N/A	
5.6	Periodic key risk considerations - The Chair considers ways in which to ensure feedback from the members and all or key stakeholders - for example, Internal and External Audit - on the performance of ARAC.	Y	will be picked as an action on Annual Report to be considered going forward

Other Good Practice Arrangements

Reference	Good Practice	Yes/No	Action/Comments
5.1	Succession planning - The members of the performance evaluation are asked to take in to account succession planning in the wider context of highlighting skills gaps or a lack of diversity, similar to the process set out for succession planning in the ARAC Report (Annex A, Annex A.2)	N/A	
5.2	Method of evaluation - ARAC carefully considers the extent and method of performance evaluation - for instance, using peer evaluation forms similar to those used for Board members and Chairpersons as set out in the ARAC Report (Annex A, Annex A.2)	N/A	
5.3	Objectivity and rigour - The evaluation of performance is objective and rigorous enough for meaningful conclusions to be drawn.	N/A	
Additional comments and key takeaways			



Reference	Good Practice	Yes/No	Action/Comments
7.1	Does ARAC report directly to the Board?	Y	
7.2	Does the Chair of Performance clearly set out the purpose of ARAC?	Y	
7.3	Does ARAC's terms of reference explicitly address all the core areas including: - Maintenance of governance, risk and control arrangements - Financial and governance reporting - Establishing appropriate and effective arrangements for audit and assurance	Y	
7.4	Is an annual evaluation undertaken to assess whether ARAC is fulfilling its terms of reference and that all key areas of its remit have been given to all core areas?	Y	
7.5	What is coverage of core areas - has each item been covered, or is there a plan to address that?	Y	
7.6	Is ARAC independent of executive decision making and able to provide objective commentary?	Y	
7.7	Does ARAC have sufficient experience in the area covered by its responsibilities and systems many ways as to have influence with the leadership team and those charged with governance?	Y	
7.8	Has an effective ARAC structure and composition if ARAC been established that should include: - representation from the institution - an appropriate mix of knowledge and skills among the membership - a mix of ARAC that is well resourced - consideration as to the inclusion of at least one independent member - consideration as to the independent member chairing ARAC	Y	
7.9	Have performance measures approved by ARAC been included in an open and transparent way and approved by the full Board?	Y	
7.10	Does ARAC review progress from membership/Board activity from NMTs: - annual work of the committee, and - performance requirements audit and assurance and annual work	Y	

Additional comments and key takeaways

Report to:	Audit Committee
Date of Meeting:	23 May 2025
Subject:	Local Government Auditor Report Recommendations - 2024
Reporting Officer (Including Job Title):	Gerard Byrne: Assistant Director of Finance & Performance
Contact Officer (Including Job Title):	Gerard Byrne: Assistant Director of Finance & Performance

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	The Local Government Auditor (LGA) made a number of recommendations aimed at supporting improvements arising from various findings. The LGA encouraged Council Audit Committees to monitor councils' progress on implementing these recommendations.
2.0	Key issues
2.1	Seven Recommendations were identified by the LGA and are evidenced below;
2.2	<p><i>The lack of meaningful comparable expenditure data for local government (Paragraph 1.13)</i> <i>I recommend that the Department and councils explore the feasibility of gathering enhanced and consistent expenditure data across the local government sector</i></p> <p>All Councils present their yearend statutory financial statements as per the Department for Communities Accounts Direction. Council's also make several other returns (Treasury, RSG etc) to the Department annually. The format of the returns are prescribed by the Department and are standardised across all 11 Councils.</p> <p>The Department carry out central analysis based on these returns, which profiles local government expenditure against six high-level common service areas.</p> <p>The issue is that all 11 Councils have different Directorates and services areas within each Directorate, therefore comparing or benchmarking between Councils is difficult. Any change here would need to be driven by the Department and would also likely mean restructuring Councils (at Department level) which would be a major task and unlikely.</p>
2.3	<p><i>Findings from my most recent assessment of proper arrangements (Paragraph 2.5)</i> <i>I recommend that all councils take the necessary steps to ensure proper arrangements for good governance and use of resources are fully in place within each council</i></p> <p><i>A recurring theme across some councils was an absence of policies, policies that were dated and overdue for review, or policies that were only in draft format covering various</i></p>

areas including: resource or succession planning; human resource policies; medium-term financial strategies; and asset management strategies.

Council is currently evaluating all policies which are outside of the review period and this action is being brought forward through the Corporate Management Team.

The following issues were also noted across individual councils or a small number of councils:

- Need to achieve further progress towards achieving the prompt payment target.** Council is currently well above the 90% target of invoices paid within 30 days, averaging 95% per quarter. Council will continue to strive to pay invoices in a timely manner while ensuring the necessary controls are in place. Statistics are published quarterly by the Department for Communities.
- Business Continuity Plans either not being in place or not being approved or finalised or updated**
Business Continuity plans are in place by Directorate /Service area.
- Corporate Plans not being updated.**
Council Corporate Plan has been approved for the period 2024-2027. The Governance arrangements for reviewing the Corporate Plan are in place and operational. See table below;

Governance Arrangements

Full Council	Strategy, Policy and Resources Committee	Senior Management Team
<ul style="list-style-type: none">- Approval of the Corporate Plan- Annual Performance Assessment	<ul style="list-style-type: none">- Scrutiny, challenge and approval of the Corporate Plan- Annual Performance Assessment	<ul style="list-style-type: none">- Lead the development and implementation of the Corporate Plan- Annual Performance Assessment

There are also ongoing reviews of performance at directorate and service levels within Council.

- Staff not being provided with fraud awareness training.**
Fraud Awareness Training has been included within the Corporate Services Directorate Plan for 2025/26
- Monthly management accounts not being prepared on a timely basis.**
Monthly Management Accounts are provided to SMT on a timely basis and to the Strategic Policy and Resources Committee quarterly. Councils Management Accounts process was subject to an Internal Audit in 2023/24 and received a satisfactory level of assurance.
- Lack of bank reconciliations leading to an unreconciled year-end difference.**
Bank Reconciliations are performed monthly and there are no unreconciled year end differences.
- Passwords and access to systems not being regularly reviewed.**
An internal audit was carried out during 2024/25 on user access management. An action plan is in place to address the recommendations made.
- Internal Audit function not being subject to timely review.**
Councils Internal Audit Function was subject to an external assessment which must be conducted at least once every five years by a qualified, independent reviewer from outside of the organisation as per The Public Sector Internal Audit Standards (PSIAS). This was completed in February 2024. This review found the Internal

	<p>Audit team that services the Council conforms to the required Code of Ethics and this is embedded in its audit work. Internal Audit also fully conforms to the PSIAS.</p> <ul style="list-style-type: none"> • <i>Governance issues including limited assurance on HR policies and procedures on trade waste.</i> No limited assurance reports on HR policies, however Council have limited assurance internal audit reports and these are reported to Audit Committee and are highlighted within our Annual Governance Statement. • <i>Staffing gaps in senior management.</i> Senior Management Team has a full complement of staff. The Corporate Management Team also has now a full complement of staff. • <i>Weaknesses in procurement and contract management arrangements, including excessive utilisation of Direct Award Contracts.</i> This is a known issue which is highlighted in the Annual Governance Statement. Council has a suite of Procurement Action Plans which are presented to Audit Committee quarterly. The purpose of the action plans is to regularise all Council spend. • <i>Limited Internal Audit assurance on ICT arrangements particularly around system access controls, and wider IT environment not being ISO 27001 compliant.</i> An internal audit was carried out during 2024/25 on user access management. An action plan is in place to address the recommendations made. • <i>Issues around the monitoring of overtime.</i> This is a known issue which has been raised by NIAO. Overtime Working Group has been created to develop a policy and procedure for Council Overtime going forward.
2.4	<p><i>Notification of actual and suspected fraud cases to the LGA (Paragraph 2.27)</i> <i>I recommend that all councils review how well their fraud notification procedures are operating in practice and, if necessary, take further steps to ensure that I am informed of all suspected and actual fraud cases on a timely basis. I also recommend that all councils report annually to their Audit Committee on their disclosure of suspected fraud cases to me</i></p> <p>Council Fraud Policy and Fraud Response plan was revised in line with best practice and approved via the Audit Committee in May 2024. Any alleged or suspected fraud is immediately notified to the LGA and then communicated to the next Audit Committee meeting.</p> <p>Fraud and Raising Concerns is a standing agenda item at each Audit Committee and Members / NIAO get an update on each case until they are notified that the case is closed.</p>
2.5	<p><i>Days lost to sickness absence (Paragraph 2.31)</i> <i>I recommend that all councils review recent sickness absence trends, to identify key problem areas and consider whether best practice management approaches could be applied to improve operational efficiency and reduce lost productivity.</i></p> <p>Absence Management has been subject to an Internal Audit Review in 2023/24 with a satisfactory assurance rating. Absence Reports have been provided to SMT & CMT for monitoring. During 2024/25 HR has reviewed its reporting on sickness absence and this will continue into 2025/26 with further improvements.</p>

2.6	<p><i>Financial resilience (Paragraph 3.14)</i> <i>I recommend that councils use the questionnaire document as a reference tool for assessing their processes on an ongoing basis and, where necessary, take steps to strengthen and enhance these. I would also strongly encourage councils to work collaboratively to strengthen areas of weakness and adopt good practice from each other.</i></p> <p>Councils submitted a response to the NIAO in relation to the Finance Resilience document from the NIAO as part of the 2023/24 audit. NIAO concluded within their Report to Those Charged with Governance that 'No issues in relation to financial resilience were identified during the audit.'</p> <p>The questionnaire will be completed again as part of the 2024/25 yearend accounts process.</p>
2.7	<p><i>Staffing data (Paragraph 3.21)</i> <i>Councils should review the robustness of staffing data currently available and assess if this is sufficient to support effective workforce planning. They should also collectively explore the scope for addressing key workforce gaps through greater co-operation and flexibility in staff sharing initiatives.</i></p> <p>With the implementation of Planning for the Future, NMDDC has reviewed its staffing structures and has identified where there are staffing gaps and/ or an over reliance on agency workers. There is now a concentration by SMT on recruiting on a permanent basis. Work is underway with SOLACE on looking at workforce planning and succession planning at a sector level.</p>
3.0	Recommendations
3.1	Members to note the recommendations from the LGA and the update from Council Officers.
4.0	Resource implications
4.1	Not applicable
5.0	Due regard to equality of opportunity and regard to good relations (complete the relevant sections)
5.1	<p><i>General proposal with no clearly defined impact upon, or connection to, specific equality and good relations outcomes</i></p> <p>It is not anticipated the proposal will have an adverse impact upon equality of opportunity or good relations <input checked="" type="checkbox"/></p>
5.2	<p><i>Proposal relates to the introduction of a strategy, policy initiative or practice and / or sensitive or contentious decision</i></p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>

	<p>If yes, please complete the following:</p> <p>The policy (strategy, policy initiative or practice and / or decision) has been equality screened <input type="checkbox"/></p> <p>The policy (strategy, policy initiative or practice and / or decision) will be subject to equality screening prior to implementation <input type="checkbox"/></p>
5.3	<p><i>Proposal initiating consultation</i></p> <p>Consultation will seek the views of those directly affected by the proposal, address barriers for particular Section 75 equality categories to participate and allow adequate time for groups to consult amongst themselves <input type="checkbox"/></p> <p>Consultation period will be 12 weeks <input type="checkbox"/></p> <p>Consultation period will be less than 12 weeks (rationale to be provided) <input type="checkbox"/></p> <p><i>Rationale:</i></p> <p>Consultation not required.</p>
6.0	Due regard to Rural Needs (please tick all that apply)
6.1	<p>Proposal relates to developing, adopting, implementing or revising a policy / strategy / plan / designing and/or delivering a public service</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If yes, please complete the following:</p> <p>Rural Needs Impact Assessment completed <input type="checkbox"/></p>
7.0	Appendices
	Appendix 1 – Local Government Auditor Report 2024
8.0	Background Documents
	None



Northern Ireland
Audit Office

47

Local Government Auditor Report 2024

Published
25 October 2024



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This report has been prepared under Article 4 of the Local Government (Northern Ireland) Order 2005.

The Local Government Auditor has statutory authority to undertake comparative and other studies designed to enable her to make recommendations for improving economy, efficiency and effectiveness in the provision of services by local government bodies and to publish her results and recommendations.

Colette Kane
Local Government Auditor

Northern Ireland Audit Office
25 October 2024

Contents

	List of Abbreviations	5
	Foreword	7
Part One	Financial Performance	11
	Income and Expenditure	12
	Income	13
	Income by Type	13
	Expenditure	15
	Staff Costs	16
	Capital Expenditure	17
	Borrowing	18
	Reserves	19
Part Two	Governance Issues	21
	Annual Audit Activity	22
	Review of Annual Governance Statements	23
	Review of Financial Statements	24
	Performance Improvement	25
	Reform of Local Government Performance Improvement Legislation Arrangements	27
	Fraud Notifications	27
	Managing Sickness Absence	28
	Review of Council Restructuring	30
	Rates Support Grant	31
	Performance of Local Councils in Processing Planning Applications	32
Part Three	Key Challenges	35
	Financial Resilience	36
	My Overall Opinion on the Strength of Council Financial Resilience	37
	Staff Recruitment and Retention	38
	Current and Optimal Staffing Levels	38
	Recruitment and Retention Challenges	39
	Overall Conclusion on Staffing Issues	39
Appendices		41
NIAO Reports 2024		55

List of Abbreviations

AGS	Annual Governance Statement
C&AG	Comptroller and Auditor General
The Department	Department for Communities
FTE	Full Time Equivalent
NICS	Northern Ireland Civil Service
RSG	Rates Support Grant

"My report highlights both the ongoing progress made by councils in returning to normal operations following the impact of Covid-19 and more recent economic pressures that have posed a significant challenge to sustainable service delivery by councils."

Local Government Auditor for Northern Ireland



Foreword

Local Government Auditor Foreword

1. The Department for Communities (the Department), with the consent of the Comptroller and Auditor General for Northern Ireland (the C&AG), designated me as the Local Government Auditor in March 2021. As Local Government Auditor it is one of my responsibilities to provide an opinion on the financial statements of the 11 councils in Northern Ireland. I am also required to prepare an annual report on the exercise of my functions.
2. This report provides my perspective on local councils, based upon the findings of the various audits I have conducted across the 2022-23 financial year. My report highlights both the ongoing progress made by councils in returning to normal operations following the impact of Covid-19 and more recent economic pressures that have posed a significant challenge to sustainable service delivery by councils.
3. Part One of my report details the financial performance of councils, using figures from their audited financial statements and comparing these against previous years to highlight trends. A major theme of this section of the report is how the high-level financial trends evident in 2022-23 are more consistent with trends evident in the years before the pandemic.
4. Part Two identifies the key governance issues and themes that have emerged from my audit work during 2022-23. This includes: my annual audit of councils' financial statements; issues arising from my annual audit and assessment of councils' performance improvement activities; management of staff sickness absence; fraud notifications reported to me by councils; the latest progress in reviewing the effectiveness of arrangements for local councils to adhere to improvement legislation which has now been in place for eight years; progress in evaluating the success of reform introduced as a result of the Review of Public Administration; sickness absence levels amongst council staff, and recent performance trends across local councils in meeting targets for the length of time to process planning applications.
5. Part Three of my report considers two key challenges currently facing local councils in greater detail: financial resilience, and staff recruitment and retention. Both issues feature prominently as key risks for the sector within the Governance Statements produced by councils in 2022-23. In April 2024 I requested that each council complete a self-assessment checklist in relation to these areas, and I discuss the findings emerging from this exercise in Part Three.
6. Throughout my report, I have made a number of recommendations aimed at supporting improvements arising from my various findings. I encourage council Audit Committees to monitor councils' progress on implementing these recommendations.

Colette Kane

Local Government Auditor

Recommendations

The lack of meaningful comparable expenditure data for local government (Paragraph 1.13)

I recommend that the Department and councils explore the feasibility of gathering enhanced and consistent expenditure data across the local government sector.

Findings from my most recent assessment of proper arrangements (Paragraph 2.5)

I recommend that all councils take the necessary steps to ensure proper arrangements for good governance and use of resources are fully in place within each council.

Notification of actual and suspected fraud cases to the LGA (Paragraph 2.27)

I recommend that all councils review how well their fraud notification procedures are operating in practice and, if necessary, take further steps to ensure that I am informed of all suspected and actual fraud cases on a timely basis.

I also recommend that all councils report annually to their Audit Committee on their disclosure of suspected fraud cases to me.

Days lost to sickness absence (Paragraph 2.31)

I recommend that all councils review recent sickness absence trends, to identify key problem areas and consider whether best practice management approaches could be applied to improve operational efficiency and reduce lost productivity.

Planning performance (Paragraph 2.48)

I recommend that councils consider what refreshed efforts can be made to try and achieve outcomes which more closely reflect the target levels, particularly for those councils still performing well outside these.

Financial resilience (Paragraph 3.14)

I recommend that councils use the questionnaire document as a reference tool for assessing their processes on an ongoing basis and, where necessary, take steps to strengthen and enhance these. I would also strongly encourage councils to work collaboratively to strengthen areas of weakness and adopt good practice from each other.

Staffing data (Paragraph 3.21)

Councils should review the robustness of staffing data currently available and assess if this is sufficient to support effective workforce planning. They should also collectively explore the scope for addressing key workforce gaps through greater co-operation and flexibility in staff sharing initiatives.

"Throughout my report, I have made a number of recommendations aimed at supporting improvements arising from my various findings. I encourage council Audit committees to monitor councils' progress on implementing these recommendations."

Local Government Auditor for Northern Ireland

Part One:

Financial Performance

Financial Performance

- 1.1** This section of my report provides an overview of the financial position of local government in 2022-23.

Income and Expenditure

- 1.2** In 2022-23 councils reported the largest shortfall between income and expenditure that has been recorded since the new council structure was established in 2015-16 (see **Figure 1** and **Appendix 1**). Total income generated across the 11 councils was 11 per cent lower than expenditure, higher than the previous largest reported deficit of 10 per cent in 2018-19. This significant gap has been driven by a combination of decreasing income and increasing expenditure across most individual councils. It must be noted that any sustained continuation of this trend could potentially bring issues around the long-term financial sustainability of the overall local government sector.

Figure 1. Local government income decreased in 2022-23



NOTE

Income and expenditure figures restated at 2022-23 values using HMT deflators at December 2023

Source: Councils' audited financial statements

Income

- 1.3

Councils generate income from three main sources: district rates, service fees and charges, and grants from central government. In most years, there has been a fairly consistent breakdown of the proportion of income generated by councils from these different sources. **District rates** typically account for around two thirds of council income, with around one quarter being generated from **service fees and charges**. The remaining ten per cent of council income relates to **grants received from central government departments**.
- 1.4

However, there has been some volatility in these patterns in recent years. The level of grants paid to councils by central government was significantly higher than usual in 2020-21 and 2021-22, as councils received additional support to help them manage the immediate economic pressures they faced, initially due to the Covid-19 pandemic, and subsequently as a result of inflationary increases in costs.
- 1.5

The overall reduction in council income recorded in 2022-23 has been primarily driven by a significant drop-off in the level of central government financial support being provided to councils (see **Figure 2**). Details on the breakdown of income across individual councils and changes in income across the three categories are set out at **Appendix 2**.

Figure 2. Council income by source

SOURCE	REAL TERMS INCOME (£ MILLION)			CHANGE vs PREVIOUS YEAR	
	20-21	21-22	22-23	21-22	22-23
District rates	715	732	717	⬆️ 2.4%	⬇️ -0.2%
Charges and service fees	263	252	245	⬇️ -4.0%	⬇️ -6.7%
Central government grants	146	144	67	⬇️ -1.6%	⬇️ -54.3%
TOTAL	1,124	1,128	1,029	0.4%	⬇️ -8.5%

NOTE
Previous years' figures restated using HMT deflators at December 2023. Percentage change figures based on actual figures and not rounded figures presented in table.
Source: Councils' audited financial statements

Income by Type

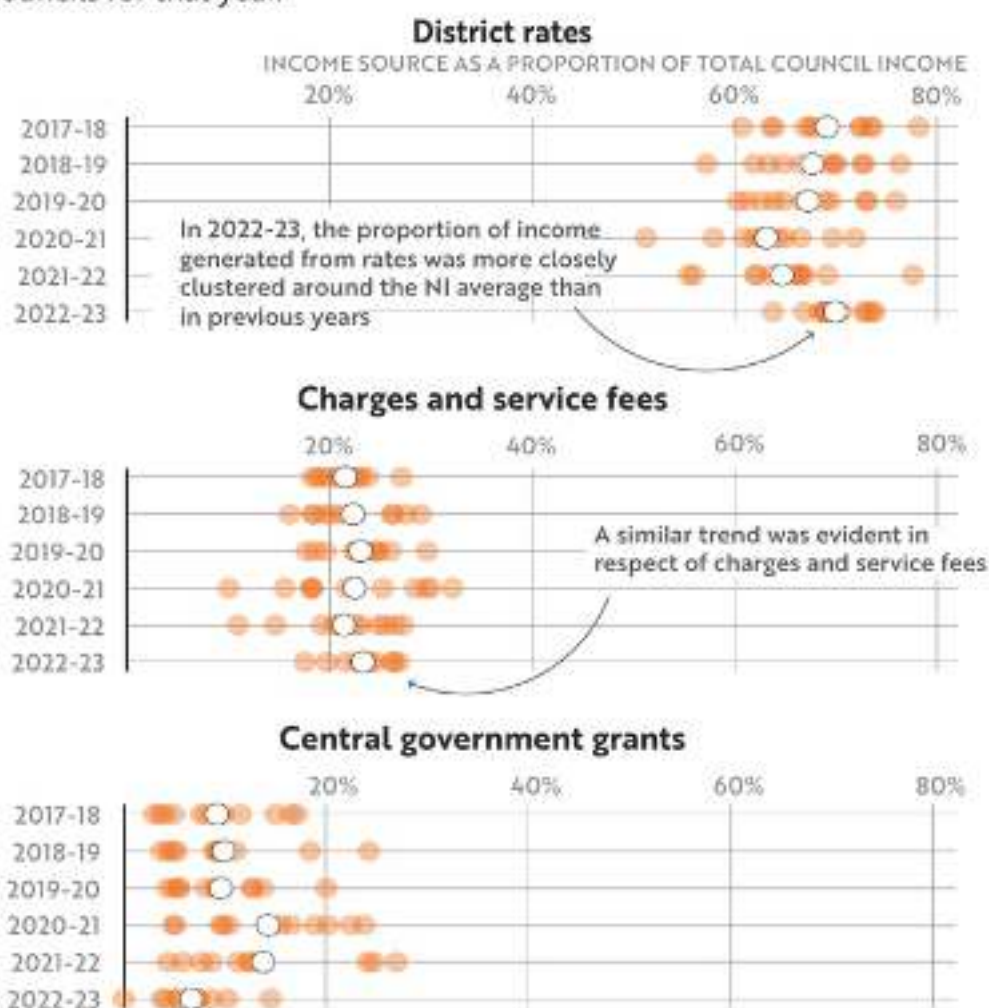
- 1.6

In the years preceding the pandemic there tended to be substantial local variation in the extent to which individual councils depended upon particular income streams. My analysis of financial information over recent years has highlighted that the extent of this local variance has reduced. In particular, the proportion of council income provided by both rates and other fees is the closest it has been since 2017-18 (see **Figure 3** and **Appendix 2**). For example, reliance on district rates as a proportion of total income ranged from 61 per cent to 78 per cent across councils in 2017-18, with a range of 64 per cent to 74 per cent in 2022-23.

Figure 3. Council income by category

Charts illustrate the proportion of council income driven from councils' main income streams.

Each ● represents an individual council. The ○ represents the average across all councils for that year.



Source: Councils' audited financial statements

1.7

It is notable within the data I have analysed that in real terms the income generated by councils, through charges and service fees, has fallen over both of the last two financial years. Given the wider context of an increasing gap between council income and expenditure levels (see **Figure 1**), I consider that there may be merit in councils seeking to consider and explore if scope exists for increasing income generation, including individual councils sharing details across the sector about any initiatives they have taken, or plan to take, to maximise income.

Expenditure

- 1.8** Overall council expenditure has increased by 8 per cent in real terms between 2020-21 and 2022-23. As I have previously noted, the structure of local government financial reporting makes it difficult to meaningfully understand the nature of such changes at a more granular or detailed level.
- 1.9** Councils are not required to manage and report their expenditure within a prescriptive or consistent framework. Instead, each council has freedom to tailor its financial reporting arrangements to its own particular circumstances. A disadvantage of this arrangement is that it is difficult to undertake any form of comparative analysis of this information between councils, or even at a more detailed level within individual councils.
- 1.10** In the absence of comparable data published by councils, I have reviewed central analysis undertaken by the Department, which profiles local government expenditure against six high-level common service areas (see **Figure 4** and **Appendix 3**). However, even within this process the bulk of expenditure incurred by councils (62 per cent) is reported against a single non-defined reporting category ('Other Services').
- 1.11** My analysis has highlighted increases in this broad category since 2020-21 of £83 million (almost 21 per cent), underscoring the need for clearer information about this category of expenditure. In this period, spend on all other categories has also increased to varying degrees. This likely partly reflects a return to full-scale service provision following the impact of the pandemic, combined with general inflationary increases.
- 1.12** I consider that gathering and reporting more consistent and detailed data on annual expenditure being incurred by councils would help enhance the Department's oversight. I would also provide ratepayers and other key stakeholders with more meaningful and transparent information on this important area.

Recommendation

I recommend that the Department and councils explore the feasibility of gathering enhanced and consistent expenditure data across the local government sector.

Figure 4. Council expenditure by expenditure category

SOURCE	REAL TERMS EXPENDITURE (£ MILLION)			CHANGE vs PREVIOUS YEAR	
	20-21	21-22	22-23	21-22	22-23
Waste collection	119	127	136	↑ 6.6%	↑ 6.5%
Other cleaning	48	53	55	↑ 10.8%	↑ 5.1%
Economic development	35	44	41	↑ 25.0%	↓ -5.9%
Community services	28	33	33	↑ 18.3%	-0.3%
Tourism	24	27	31	↑ 14.8%	↑ 13.7%
Other services	397	465	480	↑ 17.2%	↑ 3.1%
TOTAL	650	749	775	↑ 15.1%	↑ 3.5%

NOTE

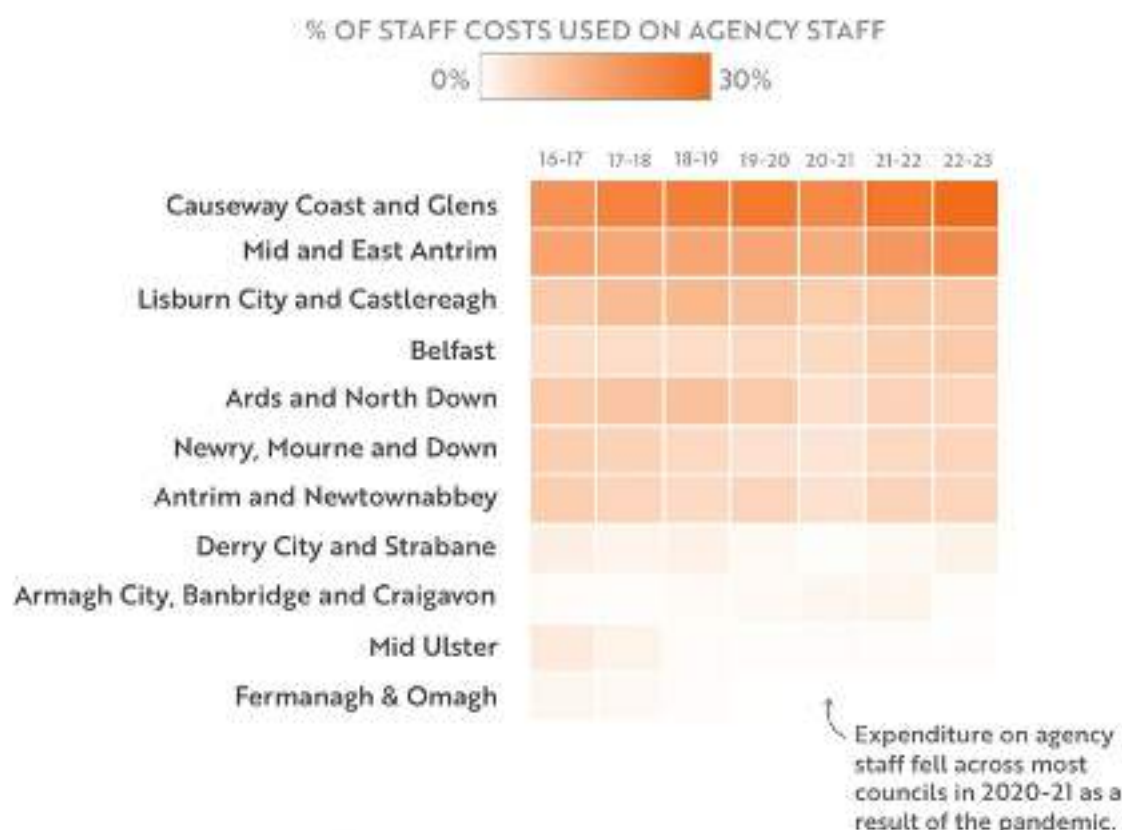
Previous years' figures restated using HMT deflators at December 2023. Expenditure figures exclude depreciation costs. Percentage change figures based on actual figures and not rounded figures presented in table.

Source: Returns provided by councils to the Department for Communities

Staff Costs

- 1.13** During 2022-23, staff costs across councils amounted to £436.2 million. These costs represented around 39 per cent of councils' operational expenditure in 2022-23, which is consistent with the proportion of operational expenditure consumed by staff costs in previous years (**Appendix 4**). In addition, councils spent a further £37.6 million on agency staff during 2022-23.
- 1.14** My audit work has identified significant differences between councils in the proportion of their staff costs spent on agency staff (see **Figure 5** and **Appendix 4**). The impact of public health measures on a range of council functions meant that most councils spent significantly less on agency staff in 2020-21 than they had done in previous years. However, since then this expenditure has recovered to pre-pandemic levels. I have also noted that two councils, Causeway Coast and Glens and Mid and East Antrim, have consistently been particularly reliant on agency staff, with these accounting for 29 per cent and 21 per cent of their respective total staffing costs in 2022-23. I consider it important that all councils, and particularly those spending a high proportion of staff costs on agency staff to support service delivery, continually review their requirements for agency staff and that they have appropriate oversight in place to ensure that these arrangements represent good value for ratepayers.

Figure 5. There is substantial variation between councils on the proportion of staff costs used on agency staff

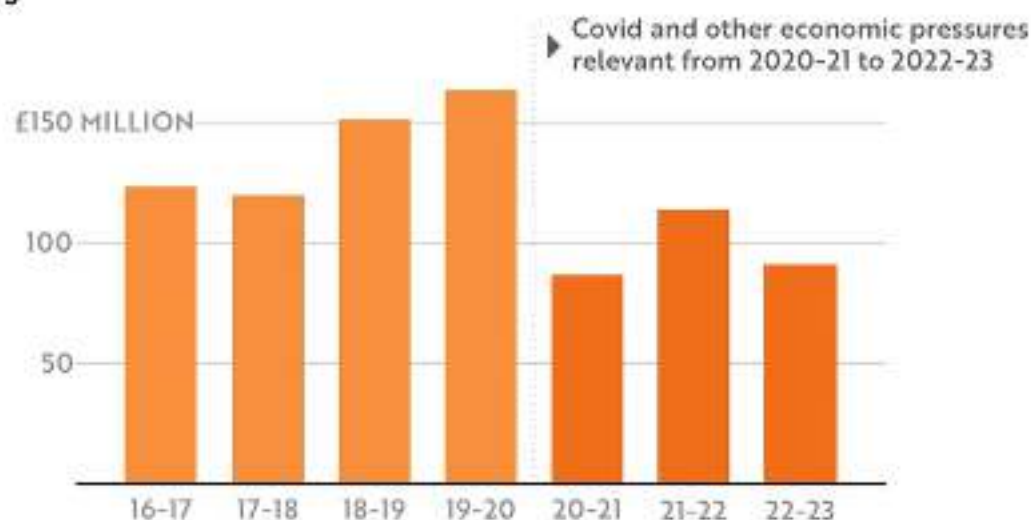


Source: Councils' audited financial statements

Capital Expenditure

- 1.15** Capital expenditure is money which is used to purchase, construct, or improve assets that are used by councils to support the delivery of services over a number of years. Given that such expenditure often relates to large-scale one-off projects, capital expenditure levels can fluctuate considerably between individual financial years. Identifying meaningful trends over time can therefore be difficult, with any given year not necessarily being comparable to preceding periods.
- 1.16** I have, however, noted a significant decrease in overall capital expenditure levels across local government over the last three years compared to pre-pandemic levels (see **Figure 6** and **Appendix 5**). Given the substantial economic pressures and uncertainty that have impacted councils over this period, this is not unexpected. This overall trend was driven by decreases in capital expenditure compared to the previous year in five individual councils.
- 1.17** Despite this overall trend, capital expenditure increased over this period at five other councils, and was the same at one council. There have been particularly notable increases at Causeway Coast and Glens Borough Council (from £4.1 million to £8.5 million), Newry, Mourne and Down District Council (from £6.1 million to £10.5 million), and Antrim and Newtownabbey Borough Council (from £5.2 million to £9.7 million), reinforcing how expenditure trends can fluctuate due to the ongoing delivery and timing of major projects.

Figure 6. Capital expenditure levels continue to be lower than pre-Covid years



NOTE

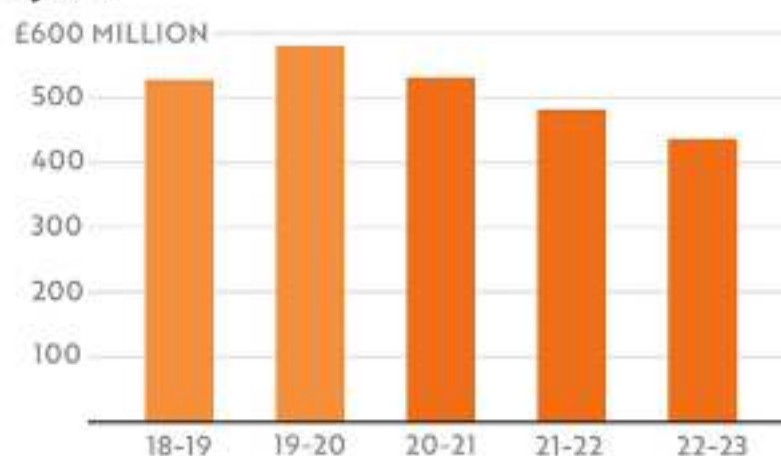
Previous years' figures restated using HMT deflators at December 2023

Source: Councils' audited financial statements

Borrowing

- 1.18** The majority of borrowing undertaken by councils relates to loans intended to finance capital expenditure investments. As such, a strong relationship exists between capital investment levels and borrowing trends. In line with the reduction in capital expenditure, borrowing by councils has also recently fallen. In recent years, the value of repayments made by councils against existing debt has been higher than the extent of any new borrowing. As a result, the total level of debt across councils has fallen from £531 million in 2020-21 to £437 million in 2022-23 (see **Figure 7** and **Appendix 6**). This trend has been consistent at individual council level, and there are no councils where the value of borrowings owed has been increasing in recent years.

Figure 7. The value of borrowings held by councils has fallen over the last three years.



Source: Councils' audited financial statements

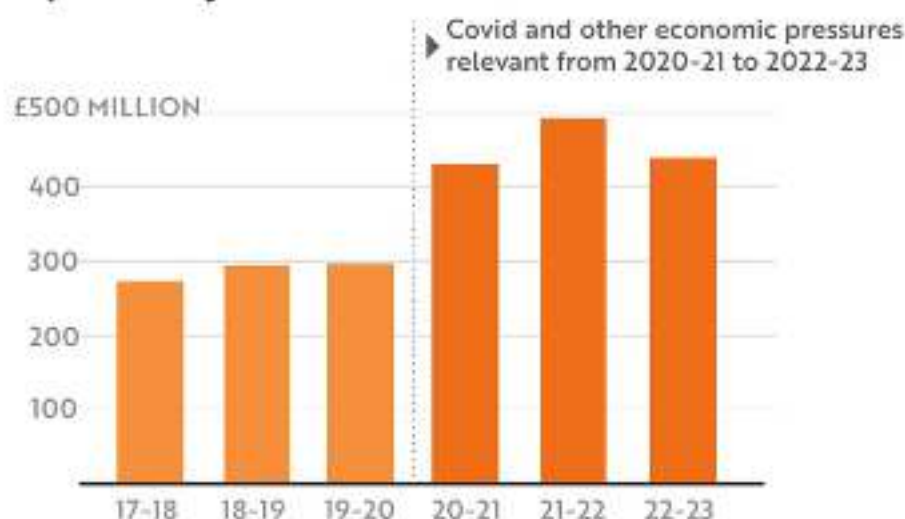
Reserves

1.19 Councils have two main types of reserves: usable and unusable. Usable reserves are cash balances that councils may hold and can be readily used to fund expenditure or reduce local taxation, subject to a statutory requirement to maintain a prudent level of reserves (although guidance on the level of recommended reserves has not been formally developed since the reform of local government). Unusable reserves are balances held by councils that are not readily available for use. Typically, such balances relate to unrealised accounting gains or losses (for example when the market value of capital assets increase due to indexation or revaluation). Such balances only become usable once the balance is realised (for example, when a revalued asset is sold).

1.20 My previous report highlighted how the value of reserves held by councils had increased over the last two years, mainly due to the significant increase in support received from central government over that time. As highlighted in paragraph 1.5 however, the extent of such support fell significantly during 2022-23. At the same time, expenditure by councils has returned to the level it was at prior to the disruption experienced during 2020-21 and 2021-22.

1.21 These factors have contributed to a decrease of 3.3 per cent in the overall value of usable reserves held by councils during 2022-23 compared to 2021-22 (see **Figure 8** and **Appendix 7**), with total usable reserves (£447.4 million) 68 per cent higher than in 2019-20 (£266 million).

Figure 8. The value of usable reserves held by councils continues to be higher than pre-Covid years



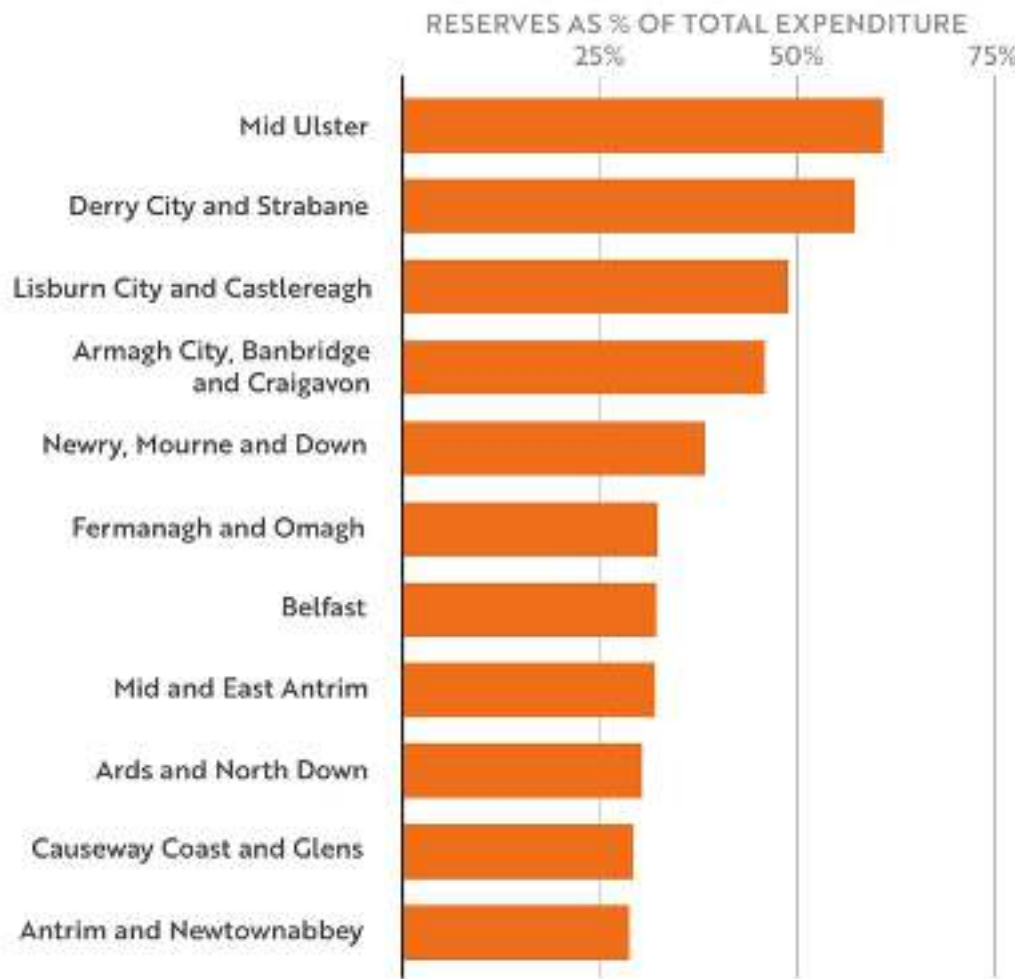
NOTE

Previous years' figures restated using HMT deflators at December 2023.

Source: Councils' audited financial statements

1.22 Managing reserves over the medium-term is one of the Chartered Institute of Public Finance and Accountancy's key pillars of financial resilience in local government. Councils must ensure that they have clear and robust plans in place for managing and using these reserves in a way that delivers maximum value and benefit for ratepayers. Conversely where the level of usable reserves reduces because of funding pressures, councils must ensure they are able to demonstrate financial resilience through strong planning. Our review of councils' financial statements has shown that the value of usable reserves held by most councils in Northern Ireland fell within a range of 25 to 50 per cent of that council's expenditure in 2022-23 (see **Figure 9** and **Appendix 7**).

Figure 9. Usable reserves
Chart shows the value of the usable reserves held by each council at 31 March 2023 as a percentage of total expenditure during 2022-23.



Source: Councils' audited financial statements

Part Two:

Governance Issues

Governance Issues

- 2.1** Over the last year my staff have worked alongside council officers to complete the statutory audits I am responsible for undertaking, as well as specific investigations in respect of emerging high-profile issues. This section of my report highlights the key issues affecting council performance and governance I have identified whilst undertaking this work.

Annual Audit Activity

- 2.2** The Local Government (Northern Ireland) Order 2005 requires me to be satisfied each year that local government bodies have appropriate arrangements in place to ensure they achieve economy, efficiency, and effectiveness (value for money) in their use of resources:
- **Economy** – careful management of resources, keeping costs as low as possible whilst meeting appropriate standards and objectives;
 - **Efficiency** – obtaining an optimal relationship between the resources used and the outputs/impacts achieved; and
 - **Effectiveness** – achieving alignment between intended and actual outcomes.
- 2.3** To demonstrate they are meeting these requirements, I require councils to complete an annual questionnaire detailing the arrangements they have in place. Councils are also required to provide me with supporting documentation to evidence their processes and procedures. This questionnaire covers a wide range of key corporate activities, including financial planning and reporting, IT security, procurement policy and procedures, risk management and governance arrangements. This process has helped me identify some areas where councils have not fully implemented adequate arrangements to ensure economy, efficiency and effectiveness.
- 2.4** My reviews over the last year have identified various issues across eight councils where I considered they needed to make improvements to the arrangements they had in place. In particular, and as I reported last year, there continue to be a number of policies across various councils (including some which originated from legacy councils) that require review and updating (see **Figure 10**). It should also be noted, however, that since my work was completed, councils may have been working to address these issues and may have made some progress in introducing improvements.

Figure 10. Summary of issues identified by the Local Government Auditor through annual audit activity 2022-23

A recurring theme across some councils was an absence of policies, policies that were dated and overdue for review, or policies that were only in draft format covering various areas including resource or succession planning; human resource policies; medium-term financial strategies; and asset management strategies.

The following issues were also noted across individual councils or a small number of councils:

- Need to achieve further progress towards achieving the prompt payment target.
- Business Continuity Plans either not being in place or not being approved or finalised or updated
- Corporate Plans not being updated.
- Staff not being provided with fraud awareness training.
- Monthly management accounts not being prepared on a timely basis.
- Lack of bank reconciliations leading to an unreconciled year-end difference.
- Passwords and access to systems not being regularly reviewed.
- Internal Audit function not being subject to timely review.
- Governance issues including limited assurance on HR policies and procedures on trade waste.
- Staffing gaps in senior management.
- Weaknesses in procurement and contract management arrangements, including excessive utilisation of Direct Award Contracts.
- Limited Internal Audit assurance on ICT arrangements particularly around system access controls, and wider IT environment not being ISO 27001 compliant.
- Issues around the monitoring of overtime.

Recommendation

I recommend that all councils take the necessary steps to ensure proper arrangements for good governance and use of resources are fully in place within each council.

Review of Annual Governance Statements

- 2.5** My staff audit the financial statements prepared by local councils annually. This work includes review of the Annual Governance Statement (AGS) prepared by each council and included within the annual report that accompanies the financial statements.
- 2.6** The AGS is a key document through which local government bodies communicate to ratepayers, elected members and other stakeholders, the key risks that the body is exposed to, and which may impair its ability to deliver on its objectives, as well as actions the body has taken to mitigate these risks.
- 2.7** Each body has autonomy to determine the content of its own AGS with the objective that they use this flexibility to ensure it provides meaningful commentary about their particular operating environment and the challenges they are facing.

- 2.8** In practice, however, many of the key issues or challenges that local government bodies encounter are common, and a substantial degree of overlap in terms of the risks which are identified and the responses which can be applied by those responsible for managing the bodies is to be expected.
- 2.9** The AGSs prepared in relation to 2022-23 have been heavily influenced by the high inflation levels, increasing energy and fuel prices, salary costs, contractor costs, and heightened uncertainty due to Brexit trade laws, against a backdrop of ongoing Covid-19 recovery.
- 2.10** The accumulation of these factors resulted in financial pressures being identified as a pervasive risk across local government. A further common issue highlighted by many councils was staff recruitment and retention, with eight of the councils citing this as a key problem. In addition, digital transformation and cyber security continues to present challenges, with seven councils highlighting it as an issue in 2022-23, albeit reduced from ten councils in 2021-22.

Review of Financial Statements

- 2.11** I issued unqualified audit opinions for all 11 councils upon completion of my audit of 2022-23 council financial statements. I did, however, identify a range of issues across these audits and made recommendations for improvement. Priority 1 recommendations reflect significant issues for the attention of senior management which may have the potential to result in material weakness in internal control. Priority 2 recommendations are important issues to be addressed by management in their specific areas of responsibility.
- 2.12** I have identified particular scope for improvement in Mid and East Antrim, with four Priority 1 recommendations arising from my audit work within that council. In total, I identified 25 Priority 1 and Priority 2 recommendations across the 11 councils. **Figure 10** provided some individual examples of issues identified, but in more generic terms these spanned various areas, including:
- financial control environment;
 - disposal of assets;
 - contract management and use of Direct Award Contracts and Single Tender Actions;
 - management of land and buildings;
 - limited assurance from Internal Audit reports; and
 - weaknesses in financial management processes.
- 2.13** It is important that councils take appropriate action to address these recommendations. I would also highlight that most of these areas have often been the subject of findings within the C&AG's Report on Financial Audit Findings which is published annually. This highlights how both local and central government face broadly similar issues and challenges and need to continually consider how risks in these areas can be controlled and mitigated.

Performance Improvement

- 2.14** The Local Government Act (NI) 2014 imposes a statutory responsibility on councils to make arrangements for, and to report on, continuous improvement in their functions or services. Such improvement should be more than gains in service output or efficiency, or the internal effectiveness of an organisation, and should enhance the sustainable quality of life and environment for ratepayers and communities. The Legislation also places a statutory responsibility on me to conduct an 'improvement audit and assessment' annually and report my findings. I do this by reviewing each councils' self-assessment reports for the year gone by, and their current year improvement plans. My latest review involved examining self-assessment reports for 2022-23 and improvement plans for 2023-24. I am required to report on whether each council:
- discharged its duties in relation to improvement planning;
 - published the required improvement information;
 - acted in accordance with guidance issued by the Department in relation to those duties; and
 - was likely to comply with legislative requirements for performance improvement.
- 2.15** In the course of this annual audit work I will review the performance of each council against the targets it has set itself for that year as well the improvement plan it has set for the next year. Therefore, my most recent review was carried out in respect of actual performance during 2022-23 and the plan set for the 2023-24 year. In subsequent paragraphs this is referred to as my 2023-24 review.
- 2.16** The Local Government (Meetings and Performance) Act (Northern Ireland) 2021 set aside the requirement for councils to publish an improvement plan for 2020-21 due to the Covid-19 pandemic. As a result, in my audit of the arrangements for 2020-21, I was unable to consider the reporting of outcomes against self-imposed objectives that would normally have been set out in that plan. Given the wider context, there were significantly fewer recommendations for improvement in my review of plans for the 2020-21 year, compared to my subsequent reviews of the plans established for 2021-22 to 2023-24. My latest review of the 2023-24 plans has identified six recommendations for improvement compared to 12 in 2022-23 (see **Figure 11**).

Figure 11. Summary of proposals for improvements made to each council during the Performance Improvement Audits 2020-21 to 2023-24

COUNCIL	2020-21	2021-22	2022-23	2023-24
Antrim and Newtownabbey	-	2	1	-
Ards and North Down	-	5	3	1
Armagh City, Banbridge and Craigavon	-	1	1	1
Belfast	-	1	1	-
Causeway Coast and Glens	-	3	1	-
Derry City and Strabane	-	2	1	2
Fermanagh and Omagh	1	-	-	-
Lisburn City and Castlereagh	-	2	-	-
Mid and East Antrim	-	1	1	-
Mid Ulster	1	-	-	1
Newry, Mourne and Down	-	2	3	1
Total	2	19	12	6

Source: Northern Ireland Audit Office

- 2.17** Within my latest review, I have had to qualify my opinion for Derry City and Strabane Council in respect of its statutory reporting duties due to it not publishing its 2023-24 improvement plan and 2022-23 self-assessment report until 2 October 2023 and 4 October 2023 respectively, compared to the statutorily required date of 30 September 2023.
- 2.18** I also qualified my opinion for Belfast City Council on the grounds that in my review of the councils performance against its targets in 2022-23 I was unable to gain assurance that the council has demonstrated a track record of improvement. In response, the Council has highlighted that its performance plan and assessment focus on a limited set of improvement objectives, some of which are outside its control. It has also advised that it was required to place greater emphasis on focusing the City's recovery from the Covid-19 pandemic and the ongoing cost of living crisis.

- 2.19** Performance improvement legislation also requires me to compare performance improvement information amongst councils so far as is reasonably practicable. To meaningfully undertake this comparison, a consistent and appropriate framework for measuring and reporting performance would need to have been developed across all 11 councils. As limited progress has been made in establishing such a framework, my ability to progress this work has been restricted. Further progress in this area would allow a broader range of functions to be compared, to support councils with their General Duty to Improve in accordance with the Legislation.

Reform of Local Government Performance Improvement Legislation Arrangements

- 2.20** In my report for 2023, I highlighted that performance improvement legislation had been in place and operational for seven years, and recorded my view that it was now appropriate to consider the overall effectiveness of how these requirements had worked in practice and what impact they have had.
- 2.21** Since then, progress in reviewing these arrangements has, however, been limited. The Department has advised it was unable to commence a formal review during the period in which the Assembly and Executive were not functioning as this would have required Ministerial approval. It has, however, informed me that this matter will be put to the Minister for consideration. I would restate the importance of ensuring that the effectiveness of the current arrangements is assessed and any changes required are made after consultation with stakeholders.

Fraud Notifications

- 2.22** Published in November 2015, the NIAO best practice guide 'Managing Fraud Risk in a Changing Environment' aimed to help government bodies manage the widely accepted risk that the likelihood of frauds being perpetrated against organisations significantly increases during periods of significant change or crisis. As organisations alter working practices to respond to external changes, their risk management practices may not keep pace with change. This can create new areas of vulnerability whereby frauds that would otherwise be prevented or detected may evade the systems of control and not be identified.
- 2.23** The value of suspected frauds reported by councils to me in recent years has fluctuated significantly. It increased from £5,000 in 2019-20 to £92,000 in 2020-21, before reducing again to £9,400 during 2021-22. Most recently, it has again risen in 2022-23 to £24,080 (18 cases). Furthermore, as only six of these 18 suspected frauds reported included an estimated value (this was unknown or unquantifiable for the other 12 at the time), the total value for 2022-23 is almost certainly higher.
- 2.24** I would again highlight that it is unclear whether the cases reported to me represent the full extent of attempted frauds perpetrated against councils. Under Managing Public Money NI, all central government bodies are obliged to report any actual, suspected, or attempted frauds to both the C&AG and the Department of Finance. However, there is currently no similar mandatory reporting requirement in relation to local government.

- 2.25** In 2016, councils agreed to voluntarily report frauds to me on the same basis and through the same proforma used by central government bodies. However, I am concerned that compliance with this arrangement may have been inconsistent. Since 2016, some councils have reported very few instances of suspected fraud (one council has only reported one suspected case to me, two councils have only reported two cases, and another council has only reported three).
- 2.26** Reporting suspected frauds to me is very important in the context of helping to monitor the strength of the control environment in place across local government and assessing the sector's vulnerability to fraud.

Recommendation

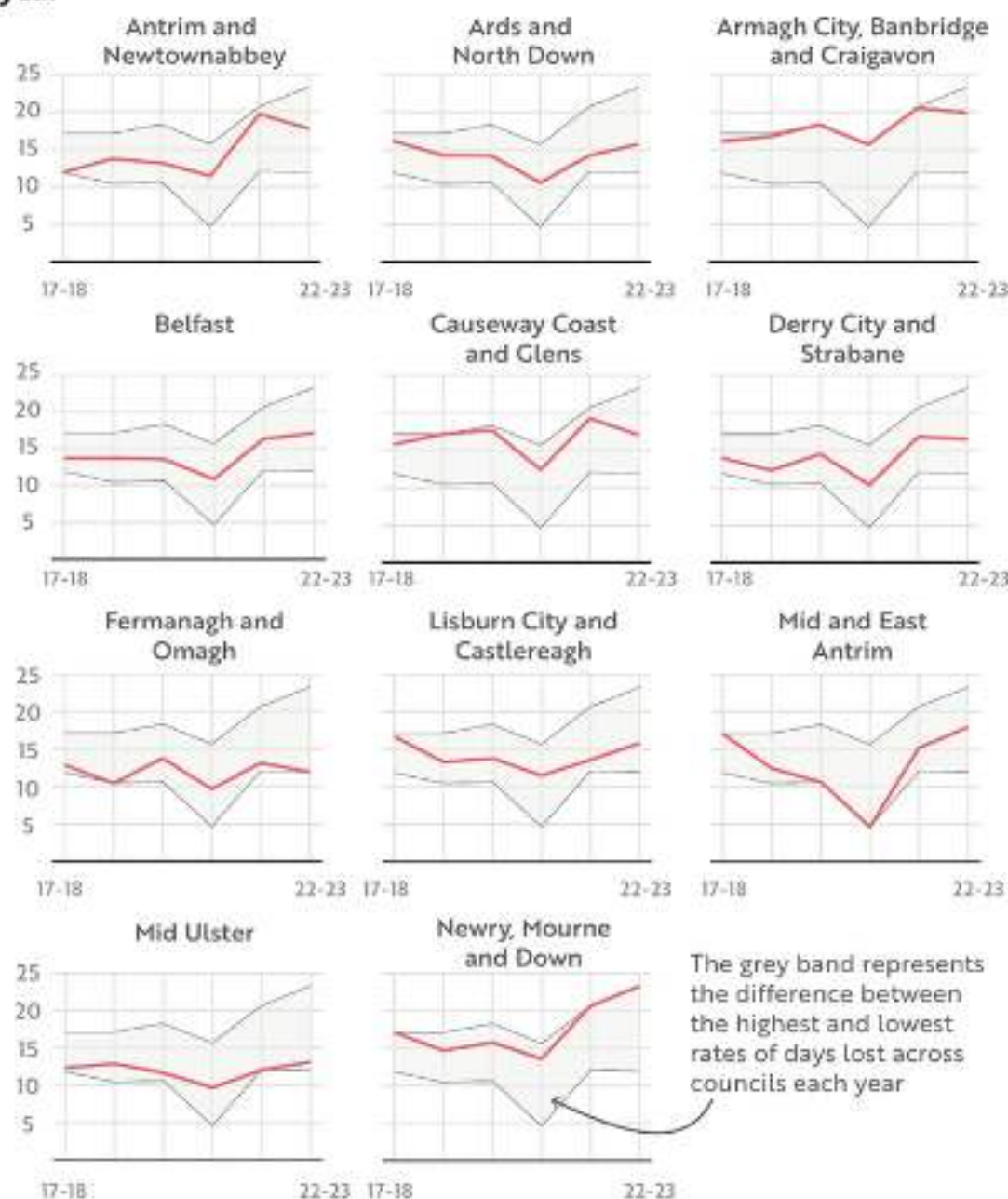
I recommend that all councils review how well their fraud notification procedures are operating in practice and, if necessary, take further steps to ensure that I am informed of all suspected and actual fraud cases on a timely basis.

I also recommend that all councils report annually to their Audit Committee on their disclosure of suspected fraud cases to me.

Managing Sickness Absence

- 2.27** Staff sickness absence rates across the public sector were significantly impacted by the global pandemic. In all 11 councils, absence levels reduced during the early stages of the Covid-19 pandemic in 2020-21 to their lowest over the previous five years. However, as the pandemic ended and restrictions eased, this trend has reversed. In overall terms, the average 16.9 days absence per council staff member in 2022-23 is much higher than the 11.0 days in 2020-21. This rising post-pandemic trend is also apparent across the vast majority of the 11 councils (see **Figure 12** and **Appendix 8**).

Figure 12. Number of days lost per staff member to sickness absence per year

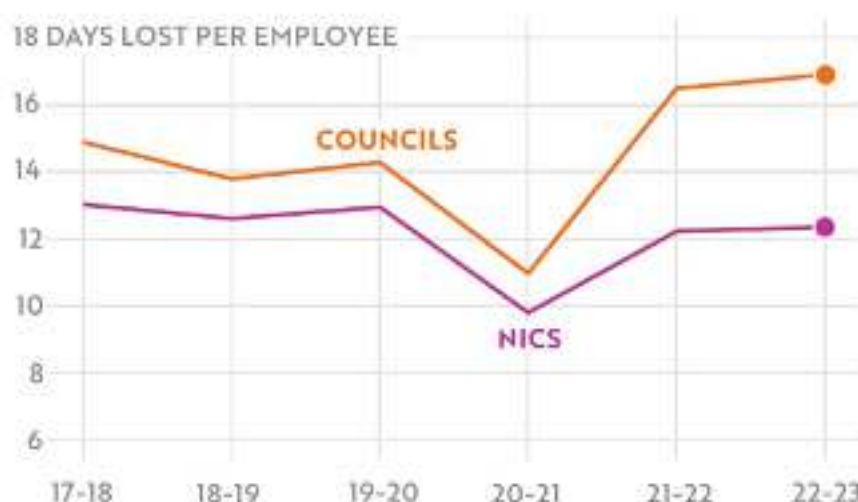


Source: Councils' Annual Audit Letter

- 2.28** In November 2020, I published a good practice guide on Managing Attendance in Central and Local Government which provided an overview of sickness absence across the two sectors in Northern Ireland. Using the latest comparable data then available, this publication noted that sickness absence across local councils (an average of 13.9 days per staff member in 2018-19) was then slightly higher than for the Northern Ireland Civil Service (NICS) (12.9 days in 2019-20). It also reported that the average 14.9 days lost to sickness absence in local councils in 2017-18 was far greater than councils in Scotland (11.4 days) and England and Wales (8.6 days). The guide set out identified best practice principles for managing attendance that are consistent across all areas of the public sector.
- 2.29** More recent analysis highlights that the overall 50 per cent increase in sickness absence across councils in 2021-22 compared to 2020-21, was double the 25 per cent increase reported in central government during the same period.

2.30 Overall absence levels continued rising in 2022-23 albeit less significantly. It is a concern that there is a continuing pattern of local government having notably higher sickness absence levels compared to central government, and that this gap has continued to widen. Prior to the Covid-19 pandemic the average number of days lost per employee to sickness absence (in 2018-19) was 10 per cent higher in local government in comparison to central government (see **Figure 13** and **Appendix 8**). This has increased to 37 per cent in 2022-23. I continue to emphasise the importance of closely monitoring and actively managing sickness absence levels to achieve improved operational efficiency and reduce the considerable productivity losses.

Figure 13. Absence rates in local government have been increasing faster than in central government.



Source: NICS average days lost to absence taken from NISRA: Sickness absence in the Northern Ireland Civil Service 2023-24. Local government figures represent the average days lost across all councils each year.

Recommendation

I recommend that all councils review their recent sickness absence trends, to identify key problem areas and consider whether best practice management approaches could be applied to improve operational efficiency and reduce lost productivity.

Review of Council Restructuring

2.31 In the 2018 LGA report, my predecessor recommended that the Department should give early consideration to, and clear guidance to councils on, devising an appropriate methodology for measuring efficiency savings and reporting outcomes relating to the reduction in the number of local councils which had taken effect in 2015. This reflected the importance of assessing the impact of the largest ever reform of local government in Northern Ireland.

2.32 The Department intended to complete a cost benefit analysis of local government reform during 2019-20, but this was initially delayed until 2020-21, with the outbreak of the Covid-19 pandemic resulting in this being further postponed until 2021-22.

- 2.33** I now note that DfC is due to publish a report '*DfC review of impact of local government reform on service delivery and cost effectiveness*' in the near future. I therefore intend to consider the report, when published, in more detail and reflect this in my next annual report.

Rates Support Grant

- 2.34** The Local Government (Rates Support Grant) Regulations (Northern Ireland) 2011 enables the Department to pay an annual Rates Support Grant (RSG) to those local councils assessed as being 'less wealthy' (i.e. councils which have the greatest deficit between their financial requirements and available income and resources). This additional support aims to help eligible councils sustain the delivery of key services without having to increase rates. Under the legislation the RSG support which the Department can provide is discretionary, and not statutorily binding in nature.
- 2.35** When the RSG was established, seven of the 11 local councils (Armagh City, Banbridge and Craigavon, Causeway Coast and Glens, Derry City and Strabane, Fermanagh and Omagh, Mid and East Antrim, Mid Ulster, and Newry, Mourne and Down) were identified as being eligible for support in accordance with the legislation, and these councils have continued receiving discretionary assistance annually since then. None of the other four councils have met the criteria for support in any year. The enabling legislation included a formula to help the Department calculate how much funding eligible councils are entitled to receive. Between 2015-16 and 2021-22, the total annual amount of RSG paid to the seven eligible councils fell from £18.3 million in 2015-16 to £8.9 million in 2022-23.
- 2.36** Aside from providing additional assistance to the least wealthy councils, no underlying objectives have been set for the RSG. Councils also have autonomy over how they use the funding. As RSG funding is reliant upon the agreement of departmental budgets, notification of the amount to be paid to councils is usually provided late in the financial year. This presents challenges to councils receiving this funding as they have settled their district rates much earlier than the notification of the amount of RSG to be received.
- 2.37** In March 2024, the department commissioned a review of how the RSG has been operating in practice. The review is considering the following issues:
- whether the RSG remains fit for purpose in that the need it sought to address still remains;
 - whether the initial policy intent remains relevant;
 - if provision of the RSG meets the needs of people in the areas receiving it and whether other funding streams could meet this need; and
 - what councils use the RSG for.
- 2.38** The Department envisages that this review will be completed by October 2024. As it has been some time since the RSG was introduced, I welcome the review and consider it timely in assessing how councils have used the funding, the impact of the support, and if the RSG has been operating as intended.

Performance of Local Councils in Processing Planning Applications

- 2.39** The planning system's objective is to secure the orderly and consistent development of land whilst furthering sustainable development and improving wellbeing. It is designed to support the sustainable creation of successful places in which people want to live, work and invest. As it can contribute significantly to achieving key economic and social outcomes, it is vital that the system operates effectively. Responsibility for managing most of the main planning functions passed from central government to local councils from April 2015.
- 2.40** Following this, the C&AG and I jointly published a report '*Planning in Northern Ireland*' in February 2022, which reviewed how the planning system was performing. It found that between 2017-18 and 2019-20, councils had not processed almost three quarters of 'Major' planning applications (i.e. those categorised as having the potential to be of significant interest to communities) within the statutory 30 week target. Performance varied substantially across councils, with the median processing time for the slowest council more than three times that of the fastest.
- 2.41** I would make the following observations on more recent trends:

Major planning applications

- 2.42** **Overall performance** – between 2019-20 and 2020-21, the overall average time taken to process Major applications across all councils increased notably. Whilst I welcome that some improvement is evident since then the statutory target requires all Major applications to be processed within this 30 week timescale, and in 2023-24, almost 64 per cent failed to meet this target (see **Figure 14**).
- 2.43** **Variable performance across individual councils** – performance across different councils continues to vary widely. In 2023-24, average processing times at the council with the lengthiest times were more than seven times longer than the best performing council. The percentage of applications processed within 30 weeks also continues to vary significantly across councils.

Local planning applications

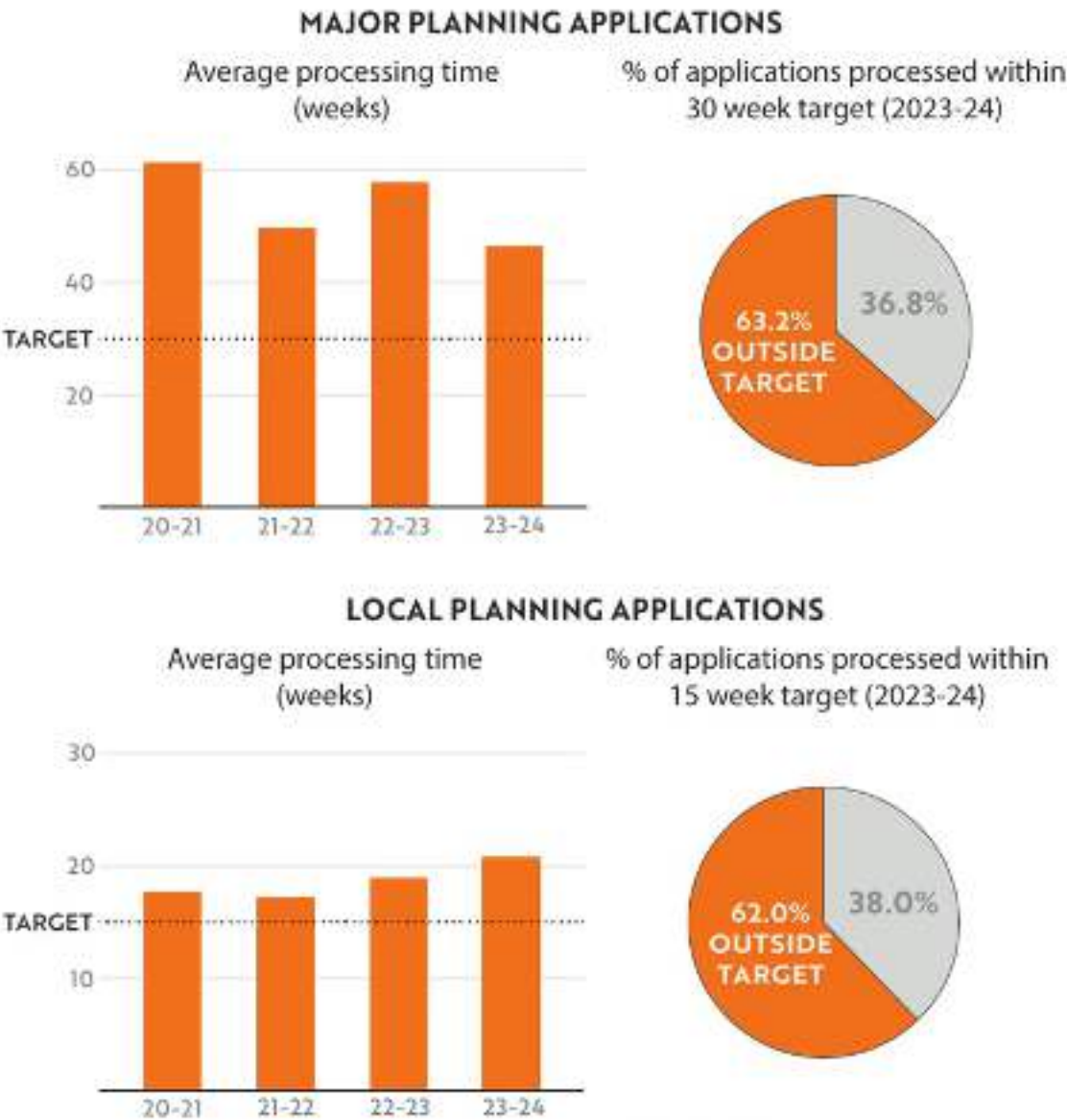
- 2.44** In addition to Major applications, most planning applications submitted annually (around 99 per cent) are classified as 'local' applications (mostly related to residential and minor commercial works). The statutory target is for councils to process these within an average of 15 weeks from the date of a valid application. In 2019-20, this target was achieved across Northern Ireland as a whole (average processing time was 14 weeks), with eight of the eleven individual councils also achieving the target. However, since then, performance has slipped very significantly.
- 2.45** **Overall performance** – between 2019-20 and 2023-24, the overall average time taken to process local applications has increased to 20.8 weeks. The percentage of applications processed within the 15 week target has also reduced considerably over this period. Six of the eleven councils comprehensively failed to meet the 15 week target, with performance deteriorating at all 11 councils since 2019-20 (see **Figure 14**).

- 2.46** **Performance again varies considerably across individual councils** - in 2023-24, the average time taken to process local applications ranged from 9.4 weeks to 42.4 weeks. Eight of the eleven councils processed fewer than 50 per cent of applications within 15 weeks.
- 2.47** I acknowledge the pressures facing the planning system with some decisions, particularly around Major applications, becoming increasingly complex, and requiring more interaction with those who have specialist knowledge or skills, including around assessing and managing environmental impacts. However, despite some small recent improvements for Major applications, current performance remains well below target levels, and the gap between the best and poorest performing councils remains far too wide.

Recommendation

I recommend that councils consider what refreshed efforts can be made to try and achieve outcomes which more closely reflect the statutory planning processing targets, particularly for those councils still performing well outside these.

Figure 14. Processing times for planning applications continue to be in excess of target timescales



Source: Department for Infrastructure Planning Activity Statistics

Part Three:

Key Challenges

Key Challenges

- 3.1** In the key challenges section of my report this year, I am providing some further detail and analysis in respect of two key issues that councils evidently face: financial resilience, and staff recruitment and retention.
- 3.2** To help inform my assessment of financial resilience across local government in Northern Ireland, I asked all councils to complete a detailed questionnaire which covered a range of key themes: leadership, governance and culture; financial skills and capabilities; short-term budgeting and performance management; medium-term financial planning; and monitoring of financial performance. The questionnaire also sought to gather key information and make conclusions on issues in recent years which have impacted on the ability of councils to recruit and retain staff both in general terms and for key specialisms.
- 3.3** It is important to note that I did not carry out any detailed testing of the responses provided to me by councils. They therefore represent each council's assessment of its own position, relating to the standards being assessed.

Financial Resilience

- 3.4** An organisation develops good financial resilience by seeking to maximise its use of effective financial planning and management. This is important to help enhance its ability to withstand events and disruptions (including those that are unexpected) which could undermine its financial security. To assess this, I have used the councils' responses to benchmark how they currently compare against recognised best practice in financial management in government, particularly in the areas of strategic planning and budgeting. This best practice establishes key fundamental assumptions about how organisations should seek to manage their financial position:
- Financial planning should align with an organisation's medium and long-term strategic objectives.
 - Financial planning should be integrated through the entire organisation, and all individuals should understand how it contributes to organisational success.
 - Planning assumptions and forecasts should be regularly updated to enable timely decision-making.
 - Organisations should analyse past performance and challenge optimism bias to generate a realistic financial plan.
 - Finance leaders should be aware of areas of risk and uncertainty within financial plans and present financial information in a way which aids decision-makers.
- 3.5** All 11 councils submitted responses to this section of my questionnaire document. The themes and questions within the survey document are set out as **Appendix 9**. The main findings which emerged from the councils' responses are set out at **paragraphs 3.6 to 3.14**.
- 3.6** **In respect of leadership and governance**, I am pleased to report that the responses received indicate generally strong compliance with good practice. However, I did also note that one council did not have any qualified financial professionals within its senior leadership team, and that in two councils, financial management was not currently a standing item at Executive Team meetings.

- 3.7** The responses indicate that most councils are currently well equipped in the area of **financial skills and capabilities**. Despite this, scope for improvement was also identified:
- Three councils do not currently have a detailed assessment of the capacity and capability required within their finance teams. One of the councils which did have such an assessment also acknowledged that its current staffing complement did not meet its identified requirements. In two other councils, it has been three years or longer since their assessment of this area was completed.
 - Four councils stated that they currently had various skills deficits (one council each highlighting gaps for qualified accountants, dedicated finance business partners, VAT and treasury management expertise, and procurement expertise).
 - One council did not have clear, up-to-date process notes for critical processes undertaken within the finance team by a single or small number of team members.
- 3.8** **In the area of short-term budgeting and financial management**, all councils reported having a formally agreed financial plan for the 2024-25 financial year, which had been presented to full Council in either February 2024 or March 2024. However, the plans for two councils did not incorporate uncertainty or highlight a range of different potential scenarios.
- 3.9** **Responses to the area of medium-term financial planning** indicated that most councils had developed a formal financial plan which covered a minimum of the next three financial years (2024-25 to 2026-27) and which had been presented to full Council on a timely basis (i.e. between February 2024 and April 2024). However, there was also some non-compliance with good practice. Three councils had not compiled such a financial plan. In addition, the plans developed by a further three councils did not incorporate uncertainty or highlight a range of different potential scenarios, and in three instances the plans developed had not been presented to full Council.
- 3.10** **Finally, in respect of monitoring of financial performance**, I welcome that all councils are preparing monthly management accounts which are accompanied by a narrative report and include analysis of variances and actual expenditure to date. Most councils also indicated that these accounts were available relatively quickly after month end (i.e. between seven and 15 days) and were made available to their strategic policy and resources committee and the corporate management team.
- 3.11** However, in some councils, current arrangements could also be enhanced:
- In six councils, the management accounts did not include projections of the total level of anticipated income and expenditure at year-end.
 - In three councils, the accounts did not profile future income and expenditure by month.
 - There were delays in producing the management accounts in three councils (i.e. up to a month in two councils, and four months in another council). In the latter case, the council stated that work was ongoing to improve this.

My Overall Opinion on the Strength of Council Financial Resilience

- 3.12** I wish to thank all councils for participating in this exercise. Overall, their responses indicate a welcome degree of compliance with good practice around financial management. Despite this overall positive assessment, it is clear that there are opportunities for strengthening procedures in a number of councils across all areas.

- 3.13** It is important to again highlight that we did not validate the responses received from councils, and even for those councils which stated they have the necessary procedures in place, it is important that they continually ensure that these are operating effectively in practice. In the current difficult financial and operating environment, councils need to take all possible and feasible steps to ensure that they demonstrate financial resilience, including through strong planning and oversight.

Recommendation

I recommend that councils use the questionnaire document as a reference tool for assessing their processes on an ongoing basis and, where necessary, take steps to strengthen and enhance these. I would also strongly encourage councils to work collaboratively to strengthen areas of weakness and adopt good practice from each other.

Staff Recruitment and Retention

- 3.14** The questionnaire also requested information on staff recruitment and retention across councils. Sufficient workforce capacity and capability is key to ensuring that councils perform strongly and deliver services which meet ratepayer needs and achieve good value for money. However, in their most recent AGSs, eight of the 11 councils highlighted staff recruitment and retention as a key current challenge. I therefore sought to identify the extent to which councils currently consider they have the required workforce in terms of staff numbers and skills to support them in discharging their duties and functions, and of any gaps which need to be addressed.
- 3.15** Unfortunately, a key issue coming from the responses to the questionnaire was that councils were only able to provide limited and incomplete responses. I can only attribute this to a lack of readily available workforce data. The 'Capacity and Capability in the Northern Ireland Civil Service' report published by the NIAO in November 2020 highlighted how the NICS had then recently acknowledged the need for better quality management information on staffing levels and needs, and was in the process of developing this. The limited responses received to this area of my survey indicate that some councils also need to address this area.

Current and Optimal Staffing Levels

- 3.16** Only three of the eleven councils were able to provide a finalised and formal assessment of the ideal number of Full Time Equivalent (FTE) staff required to deliver their services and actual staffing levels at 31 March 2024. I am somewhat surprised at this, as it is important in assisting workforce planning. I would urge the councils who have not yet gathered this data to do so. These projections should be updated and reviewed regularly against the actual staffing position to identify workforce gaps. The limited nature of the responses received made it very difficult to draw meaningful conclusions around the current position.
- 3.17** To obtain a longer-term insight into workforce trends, I asked councils to provide details of FTE staff numbers in post at the commencement and end of the year between 2019-20 and 2023-24, as well as in-year staff departures and recruitments. As only six councils provided this information, I again cannot comment on the full picture across Northern Ireland. However, for three of the six councils that responded, it was evident that staffing numbers at March 2024 were marginally below the levels which had been in place five years previously at April 2019.

Recruitment and Retention Challenges

- 3.18** To help identify specific challenges experienced with staff recruitment in recent years, I also asked the councils to provide details of how many FTE positions they had attempted to fill between 2021-22 and 2023-24 but in which they had been unsuccessful in identifying an appropriate candidate(s).
- 3.19** Only five councils provided the requested information. All of these expressed some degree of difficulty in recruiting posts over this period, with two councils experiencing particular problems in that they reported a high number of posts unfilled in recent years.
- 3.20** Finally, I asked councils whether there were any particular areas in which they had found it difficult to recruit and retain appropriately skilled or qualified staff. The six councils which responded all reported some degree of challenges across various areas. Recurring areas across a number of councils included drivers, procurement, planning officials, environmental health, and waste collection and management. Individual councils also reported difficulties in the fields of sustainability, digital content, fleet maintenance, leisure, grounds maintenance, solicitors and accountants.

Overall Conclusion on Staffing Issues

- 3.21** I thank those councils which provided the necessary information in this area. It is, however, disappointing that a fuller set of responses was not forthcoming and that some councils did not have readily available information to fully complete the questionnaire. Whilst this has hindered me in drawing more definitive conclusions, the fact that eight of the local councils highlighted staff recruitment and retention as a key current challenge in their latest AGSs clearly indicates that this is currently a problematic area.

Recommendation

Councils should review the robustness of staffing data currently available and assess if this is sufficient to support effective workforce planning. They should also collectively explore the scope for addressing key workforce gaps through greater co-operation and flexibility in staff sharing initiatives.

"In the current difficult financial and operating environment, councils need to take all possible and feasible steps to ensure that they demonstrate financial resilience, including through strong planning and oversight."

Local Government Auditor for Northern Ireland

Appendices

Appendix 1: Overall Council Income and Expenditure

Local government income and expenditure (Nominal)

YEAR	£ MILLION		
	INCOME	EXPENDITURE	DIFFERENCE
2015-16	864	858	6
2016-17	839	878	-39
2017-18	862	936	-74
2018-19	917	1,023	-106
2019-20	945	1,030	-85
2020-21	1,061	1,010	51
2021-22	1,056	1,070	-14
2022-23	1,029	1,157	-128

Local government income and expenditure (Deflated)

YEAR	£ MILLION		
	INCOME	EXPENDITURE	DIFFERENCE
2015-16	1,048	1,041	7
2016-17	995	1,041	-46
2017-18	1,006	1,093	-86
2018-19	1,048	1,170	-121
2019-20	1,056	1,150	-95
2020-21	1,124	1,070	54
2021-22	1,128	1,143	-15
2022-23	1,029	1,157	-128

Appendix 2: Council Income by Type

Total council income 2020-2023

COUNCIL	£ MILLION		
	2020-21	2021-22	2022-23
Antrim and Newtownabbey	68.9	76.0	70.5
Ards and North Down	75.8	70.1	76.4
Armagh City, Banbridge and Craigavon	111.7	106.4	109.2
Belfast	241.9	247.0	253.2
Causeway Coast and Glens	74.4	80.2	69.9
Derry City and Strabane	97.0	106.9	90.7
Fermanagh and Omagh	63.7	60.2	56.4
Lisburn City and Castlereagh	75.5	72.5	77.5
Mid and East Antrim	83.7	78.0	77.6
Mid Ulster	76.8	70.7	64.8
Newry, Mourne and Down	91.7	88.4	82.4
Total	1,061.1	1,056.4	1,028.5

Council district rates income 2020-2023

COUNCIL	£ MILLION		
	2020-21	2021-22	2022-23
Antrim and Newtownabbey	49.6	50.3	51.4
Ards and North Down	52.8	54.4	56.3
Armagh City, Banbridge and Craigavon	69.3	70.7	73.1
Belfast	161.1	165.4	173.2
Causeway Coast and Glens	47.8	49.8	51.6
Derry City and Strabane	59.1	59.9	64.0
Fermanagh and Omagh	36.9	37.5	38.8
Lisburn City and Castlereagh	49.0	50.2	53.4
Mid and East Antrim	52.6	49.7	53.6
Mid Ulster	39.4	39.2	41.4
Newry, Mourne and Down	57.6	58.7	60.1
Total	675.3	685.7	716.9

Council income from central government 2020-2023

COUNCIL	£ MILLION		
	2020-21	2021-22	2022-23
Antrim and Newtownabbey	6.8	8.6	2.6
Ards and North Down	15.3	5.4	6.7
Armagh City, Banbridge and Craigavon	25.1	9.3	11.2
Belfast	12.0	14.3	13.2
Causeway Coast and Glens	7.7	21.6	0.0
Derry City and Strabane	9.3	26.4	4.9
Fermanagh and Omagh	15.1	7.4	3.7
Lisburn City and Castlereagh	3.8	3.2	3.3
Mid and East Antrim	12.9	10.4	5.8
Mid Ulster	12.7	17.0	9.4
Newry, Mourne and Down	17.3	11.2	6.0
Total	138.0	134.6	66.8

Council income from fees and other sources 2020-2023

COUNCIL	£ MILLION		
	2020-21	2021-22	2022-23
Antrim and Newtownabbey	12.6	17.2	16.5
Ards and North Down	7.6	10.3	13.4
Armagh City, Banbridge and Craigavon	17.4	26.4	24.9
Belfast	68.9	67.4	66.8
Causeway Coast and Glens	18.8	8.8	18.3
Derry City and Strabane	28.6	20.6	21.8
Fermanagh and Omagh	11.6	15.4	13.9
Lisburn City and Castlereagh	22.6	19.2	20.8
Mid and East Antrim	18.2	18.0	18.2
Mid Ulster	24.7	14.5	14.0
Newry, Mourne and Down	16.8	18.5	16.3
Total	247.9	236.1	244.8

Appendix 3: Council Expenditure Analysis

Council waste collection expenditure 2020-2023

COUNCIL	£ MILLION		
	2020-21	2021-22	2022-23
Antrim and Newtownabbey	14.1	14.6	19.5
Ards and North Down	6.7	5.6	6.9
Armagh City, Banbridge and Craigavon	11.8	15.0	11.6
Belfast	19.0	19.7	24.0
Causeway Coast and Glens	3.8	4.2	5.5
Derry City and Strabane	7.1	7.5	9.1
Fermanagh and Omagh	5.5	6.5	7.0
Lisburn City and Castlereagh	4.4	4.9	5.3
Mid and East Antrim	15.9	15.3	16.9
Mid Ulster	7.6	7.8	8.8
Newry, Mourne and Down	16.7	18.0	21.0
Total	112.7	119.1	135.6

Council other cleaning expenditure 2020-2023

COUNCIL	£ MILLION		
	2020-21	2021-22	2022-23
Antrim and Newtownabbey	2.8	2.8	3.0
Ards and North Down	1.3	3.0	3.1
Armagh City, Banbridge and Craigavon	2.3	2.4	2.5
Belfast	16.6	15.5	18.5
Causeway Coast and Glens	2.3	2.9	2.6
Derry City and Strabane	4.1	5.4	6.3
Fermanagh and Omagh	2.4	2.7	3.1
Lisburn City and Castlereagh	2.4	2.6	2.7
Mid and East Antrim	3.2	3.6	4.1
Mid Ulster	3.8	4.2	4.6
Newry, Mourne and Down	3.7	4.2	4.8
Total	45.0	49.4	55.5

Council economic development expenditure 2020-2023

COUNCIL	£ MILLION		
	2020-21	2021-22	2022-23
Antrim and Newtownabbey	-0.3	1.3	1.8
Ards and North Down	0.9	1.1	1.2
Armagh City, Banbridge and Craigavon	2.4	3.3	3.8
Belfast	8.9	9.3	10.0
Causeway Coast and Glens	1.1	1.3	1.3
Derry City and Strabane	5.5	5.3	3.3
Fermanagh and Omagh	1.0	6.3	7.9
Lisburn City and Castlereagh	2.0	3.9	2.2
Mid and East Antrim	3.9	2.2	4.5
Mid Ulster	3.0	3.4	3.4
Newry, Mourne and Down	4.5	3.5	1.6
Total	32.9	40.8	41.0

Council community services expenditure 2020-2023

COUNCIL	£ MILLION		
	2020-21	2021-22	2022-23
Antrim and Newtownabbey	2.1	2.5	2.8
Ards and North Down	0.8	1.9	1.8
Armagh City, Banbridge and Craigavon	1.5	1.6	2.0
Belfast	7.0	7.0	8.0
Causeway Coast and Glens	1.0	1.6	1.8
Derry City and Strabane	2.1	3.8	4.1
Fermanagh and Omagh	0.9	1.0	1.0
Lisburn City and Castlereagh	1.9	2.4	2.2
Mid and East Antrim	3.3	3.8	4.4
Mid Ulster	2.1	2.4	3.0
Newry, Mourne and Down	3.4	2.7	1.3
Total	26.0	30.6	32.5

Council tourism expenditure 2020-2023

COUNCIL	£ MILLION		
	2020-21	2021-22	2022-23
Antrim and Newtownabbey	0.5	0.3	0.3
Ards and North Down	1.3	1.8	1.8
Armagh City, Banbridge and Craigavon	1.9	2.9	3.6
Belfast	4.0	5.3	6.0
Causeway Coast and Glens	0.8	0.8	2.1
Derry City and Strabane	2.8	2.3	3.1
Fermanagh and Omagh	0.9	1.4	1.4
Lisburn City and Castlereagh	0.8	1.1	1.1
Mid and East Antrim	4.5	4.8	4.9
Mid Ulster	2.2	2.3	2.8
Newry, Mourne and Down	2.6	2.5	3.8
Total	22.3	25.4	30.8

Council other services expenditure 2020-2023

COUNCIL	£ MILLION		
	2020-21	2021-22	2022-23
Antrim and Newtownabbey	16.8	21.3	27.3
Ards and North Down	32.9	39.7	46.1
Armagh City, Banbridge and Craigavon	52.6	47.3	57.4
Belfast	89.1	115.9	116.8
Causeway Coast and Glens	36.3	35.3	34.4
Derry City and Strabane	34.1	39.6	42.3
Fermanagh and Omagh	24.3	26.3	31.1
Lisburn City and Castlereagh	32.8	36.8	41.5
Mid and East Antrim	17.7	18.8	21.3
Mid Ulster	13.3	25.1	28.6
Newry, Mourne and Down	25.2	29.8	32.8
Total	375.1	435.8	479.8

Appendix 4: Staff Costs

Staff costs as proportion of operating expenditure 2017-2023

YEAR	£ MILLION		STAFF COSTS AS % OF TOTAL
	STAFF COSTS	TOTAL OPERATING EXPENDITURE	
2017-18	355.0	884.7	40
2018-19	381.2	982.0	39
2019-20	395.7	985.2	40
2020-21	385.1	956.5	40
2021-22	385.1	1,021.4	38
2022-23	436.2	1,111.7	39

Agency staff costs as proportion of total staff costs 2016-2023

COUNCIL	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Antrim and Newtownabbey	7%	6%	6%	6%	4%	7%	6%
Ards and North Down	8%	9%	10%	8%	5%	7%	6%
Armagh City, Banbridge and Craigavon	1%	0%	1%	1%	1%	2%	0%
Belfast	5%	5%	5%	6%	6%	7%	8%
Causeway Coast and Glens	19%	23%	24%	25%	21%	26%	29%
Derry City and Strabane	2%	2%	2%	1%	1%	1%	2%
Fermanagh and Omagh	1%	1%	1%	0%	0%	0%	0%
Lisburn City and Castlereagh	8%	11%	12%	10%	8%	9%	9%
Mid and East Antrim	15%	14%	15%	15%	14%	18%	21%
Mid Ulster	3%	2%	1%	0%	1%	0%	0%
Newry, Mourne and Down	7%	7%	6%	5%	4%	6%	6%

Appendix 5: Council Capital Expenditure 2016 – 2023

COUNCIL	£ MILLION									
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23			
Antrim and Newtownabbey	3.8	2.5	4.8	8.7	3.4	5.2	9.7			
Ards and North Down	6.0	18.5	19.3	2.8	4.6	3.4	4.5			
Armagh City, Banbridge and Craigavon	3.7	5.9	12.9	32.7	9.8	7.1	5.9			
Belfast	48.4	22.3	38.9	43.9	21.6	46.9	23.2			
Causeway Coast and Glens	8.9	6.2	9.1	10.1	5.3	4.1	8.5			
Derry City and Strabane	6.2	13.8	7.1	8.6	6.7	10.4	10.8			
Fermanagh and Omagh	2.0	3.9	5.6	5.7	10.4	5.2	4.2			
Lisburn City and Castlereagh	3.0	3.7	7.2	7.9	0.5	2.1	2.1			
Mid and East Antrim	4.9	5.6	4.0	8.1	7.3	8.1	5.4			
Mid Ulster	3.3	2.2	5.0	9.4	7.1	6.9	5.5			
Newry, Mourne and Down	12.9	17.3	17.3	7.8	4.4	6.1	10.5			
Total	103.1	101.8	131.3	145.6	81.0	105.5	90.3			

Appendix 6: Borrowing repayments

COUNCIL	£ MILLION						
	OPENING BALANCE (01/04/2021)	NEW BORROWING G (2021-22)	LOANS REPAID (2021-22)	OPENING BALANCE (01/04/2022)	NEW BORROWING G (2022-23)	LOANS REPAID (2022-23)	CLOSING BALANCE (31/03/2023)
Antrim and Newtownabbey	45.2	0.0	2.5	42.7	0.0	2.4	40.3
Ard's and North Down	73.0	0.0	6.2	66.9	0.0	3.1	63.7
Armagh City, Banbridge and Craigavon	76.6	0.0	11.5	65.0	0.0	8.2	56.8
Belfast	57.0	0.0	8.0	49.0	0.0	5.2	43.8
Causeway Coast and Glens	66.7	0.0	5.3	61.3	0.0	4.9	56.5
Derry City and Strabane	43.5	0.0	3.2	40.3	0.0	3.3	37.0
Fermanagh and Omagh	5.3	0.0	0.7	4.5	0.0	0.7	3.9
Lisburn City and Castlereagh	24.2	0.0	1.9	22.4	0.0	1.2	21.2
Mid and East Antrim	60.7	0.0	5.9	54.7	0.0	4.1	50.6
Mid Ulster	5.5	0.0	0.7	4.8	0.0	0.7	4.1
Newry, Mourne and Down	74.1	0.0	4.4	69.7	0.0	10.3	59.4
Total	531.6	0.0	50.4	481.3	0.0	44.0	437.2

Appendix 7: Usable Reserves

Council usable reserves 2017-2023

COUNCIL	£ MILLION					
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Antrim and Newtownabbey	10.4	12.3	10.1	19.6	30.4	26.3
Ards and North Down	9.9	10.4	9.0	20.0	25.0	25.7
Armagh City, Banbridge and Craigavon	28.5	28.1	26.7	40.2	47.9	53.7
Belfast	57.4	58.8	67.4	92.2	87.9	87.8
Causeway Coast and Glens	11.8	9.2	9.3	16.6	22.0	23.4
Derry City and Strabane	29.3	36.4	39.7	53.2	70.7	60.4
Fermanagh and Omagh	20.4	22.5	25.3	31.4	31.4	23.1
Lisburn City and Castlereagh	26.8	26.8	25.0	36.5	39.8	40.9
Mid and East Antrim	15.6	16.2	13.8	22.9	28.5	26.1
Mid Ulster	11.6	24.1	27.3	46.8	43.5	44.2
Newry, Mourne and Down	13.5	13.5	12.5	28.1	35.6	35.7
Total	235.3	258.2	266.0	407.6	462.8	447.4

Reserves as percentage of expenditure

COUNCIL	£ MILLION		RESERVES AS % OF EXPENDITURE
	EXPENDITURE 2022-23	USABLE RESERVES AT 31 MARCH 2023	
Antrim and Newtownabbey	81.4	26.3	32.3%
Ards and North Down	88.1	25.7	29.2%
Armagh City, Banbridge and Craigavon	117.1	53.7	45.9%
Belfast	275.3	87.8	31.9%
Causeway Coast and Glens	1.7	23.4	28.7%
Derry City and Strabane	105.2	60.4	57.4%
Fermanagh and Omagh	72.2	23.1	32.0%
Lisburn City and Castlereagh	83.7	40.9	48.9%
Mid and East Antrim	86.0	26.1	30.4%
Mid Ulster	72.6	44.2	60.8%
Newry, Mourne and Down	93.4	35.7	38.2%
Total	1156.7	447.4	38.7%

Appendix 8: Days lost due to sickness

Number of days lost to sickness absence per year

COUNCIL	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Antrim and Newtownabbey	11.9	13.7	13.2	11.4	9.7	17.7
Ards and North Down	16.2	14.2	14.2	10.6	14.2	15.7
Armagh City, Banbridge and Craigavon	16.1	16.7	18.3	15.7	20.5	19.9
Belfast	13.7	13.7	13.6	10.9	16.3	17.1
Causeway Coast and Glens	15.8	17.1	17.7	12.4	19.2	17.0
Derry City and Strabane	14.0	12.3	14.5	10.4	16.8	16.5
Fermanagh and Omagh	12.9	10.4	13.8	9.7	13.1	11.9
Lisburn City and Castlereagh	16.7	13.3	13.8	11.5	13.6	15.8
Mid and East Antrim	17.1	14.1	10.6	4.7	15.2	17.9
Mid Ulster	12.4	12.9	11.7	9.7	12.1	13.1
Newry, Mourne and Down	17.1	14.7	15.8	13.6	20.7	23.3

Appendix 9: Themes covered and questions asked within the Local Government Auditor's questionnaire on financial management

Theme	Questions asked
Leadership, governance and culture	<p>Are finance leaders within the council included in key executive committees and within strategic meetings?</p> <p>Are there qualified financial professionals within the council's senior leadership team?</p> <p>Is the council's financial performance a standing item at each of the council's Executive Team meetings?</p> <p>Are any significant issues discussed in relation to financial performance appropriately documented within meeting minutes?</p>
Financial skills and capabilities	<p>Does the council have a detailed assessment of the level of financial capability and capacity it needs within its finance team? (i.e. an understanding of the ideal number of FTE staff and skills required)</p> <p>When was this assessment finalised?</p> <p>Are there any particular skills that the council requires but does not possess within its finance team?</p>
Short-term budgeting and performance management	<p>Does the council have a formally agreed financial plan and budget for the 2024-25 financial year?</p> <p>On what date did Council agree this financial plan? - Please provide month and year, and any additional information you consider necessary.</p> <p>Do the financial plans that were prepared and presented to full Council incorporate uncertainty and highlight a range of different potential scenarios?</p>
Medium-term financial planning	<p>Does the council have a formally agreed forward-looking financial plan covering a minimum of the next three financial years?</p> <p>Does this plan incorporate uncertainty and highlight a range of different potential scenarios over the plan's lifetime?</p> <p>Has this plan been presented to full Council?</p> <p>On what date was the plan presented to full Council? Please provide month and year, and any additional information you consider necessary.</p>

Monitoring financial performance

Does the council prepare monthly management accounts?
 Are the management accounts accompanied by a narrative report?
 Do the management accounts (and/or the accompanying report) contain analysis of variances between planned income and expenditure and actual expenditure to date?
 Do the management accounts include projections of the total level of anticipated income and expenditure for each reporting area at year-end?
 Do the management accounts profile future income and expenditure by month?
 How quickly after month end are the management accounts and accompanying report available?
 What executive or governance committees/groups are the management accounts and accompanying reports presented to?
 Are any significant issues discussed in relation to the accounts and accompanying report appropriately documented within meeting minutes?

NIAO Reports 2024

Title	Date Published
Tackling the Public Health Impacts of Smoking and Vaping	30 January 2024
Major Capital Projects: Follow-up Report	27 February 2024
Child Poverty in Northern Ireland	12 March 2024
Access to General Practice in Northern Ireland	20 March 2024
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Funding water infrastructure in Northern Ireland	27 March 2024
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Continuous Improvement Arrangements in Policing	05 July 2024
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