

May 8th, 2025

Notice Of Meeting

You are requested to attend the Audit Committee Meeting to be held on **Thursday, 8th 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 and Chairperson's Remarks

2.0 Declarations of Interest

3.0 Action Sheet arising from Audit Committee Meeting held on 20 February 2025

For Decision

 *Audit Committee Action Sheet 2025_02_20.pdf*

Page 1

For Consideration and/or Decision

4.0 To agree date and start times for 2025/26

For Decision

 *4 - Agrees Dates and Times of Meetings 202425.pdf*

Page 5

5.0 Audit Committee Terms of Reference and Timetable

For Decision

 *5 - Audit Committee ToR and Timetable.pdf*

Page 6

 *5 - Appendix 1 - Audit Committee ToR 202425.pdf*

Page 9

 *5 - Appendix 2 - AC Self Assessment - ToR.pdf*

Page 12

 *5 - Appendix 3 - Audit Committe Timetable - 202526.pdf*

Page 14

6.0 Audit Committee Self-Assessment - new guide

For Decision

 *6 - NIAO - Good Practice Guide - Effective Audit Risk Assurance Committees.pdf*

Page 16

 *6 - Audit and Risk Assurance Committee Self-Assessment Checklist.pdf*

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For Noting

7.0 Update of Members' Interests

For Information

 *Update of Members Interests.pdf*

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8.0 LGA Audit Report 2024 - Recommendations

For Information

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

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Performance (OPEN SESSION)

9.0 Performance Improvement Objectives

For Information

 **9 - Performance Improvement Objectives 2025-26.pdf**

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 **9 - Appendix 1 - Draft Performance Improvement Objectives 2025-26.pdf**

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 **9 - Appendix 2 - Development of the Performance Improvement Plan 2025-26.pdf**

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Corporate (OPEN SESSION)


10.0 Corporate Risk Register - Corporate Services Directorate Risk Register also to be tabled

 **10 - Corporate Risk Register May 2025.pdf**


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 **10 - Appendix 1 - CRR Overview - May 2025.pdf**

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 **10 - Appendix 2 - CRR - May 2025.pdf**

Page 190

 **10 - Appendix 3 - CS Summary.pdf**

Page 216

 **10 - Appendix 4 - CS Directorate Risk Register - May 2025.pdf**

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11.0 Prompt Payment Statistics - Q4

 **11 - Prompt Payments Report Q4 - 202425.pdf**

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Corporate (CLOSED SESSION)

12.0 Update on Audit Recommendations



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.

 **12 - Follow up of Audit Recommendations new.pdf**

Not included

 **12 - Appendix 1 - Legacy.pdf**

Not included

 12 - Appendix 2 - H&S Advisory.pdf	Not included
 12 - Appendix 3 - 2021-22 IA Recommendations.pdf	Not included
 12 - Appendix 4 - 202223 IA.pdf	Not included
 12 - Appendix 5 - EA.pdf	Not included







13.0 Direct Award Contracts

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.

 Audit Committee Cover Report 08.05.2025 -DACs.pdf	Not included
 Appendix 1 Q4 Direct Award Activity (002).pdf	Not included
 Appendix 2 2024-2025 Direct Award Activity.pdf	Not included

14.0 Procurement Action Plans

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 Feb 2025 PAP (003) (003) (002).pdf	Not included
 Appendix 1 - Corporate Services PAP.pdf	Not included
 Appendix 2 - Active Healthy Communities PAP.pdf	Not included
 Appendix 3 - Sustainability PAP_.pdf	Not included
 Appendix 4 - Environment PAP.pdf	Not included
 Appendix 5 - Economy Regeneration Tourism PAP.pdf	Not included

15.0 Update on Fraud and Raising Concerns (NFI 2024 update also)

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.

 **15 - Fraud and Raising Concerns update.pdf**

Not included

 **15 - Appendix 1 - Fraud and Raising Concerns Register Feb 2025.pdf**

Not included

NIAO (CLOSED SESSION)

16.0 Audit Strategy 2024/25

For Information

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.

 **16 - Audit Strategy Cover Letter MW 070525.pdf**

Not included

 **16 - NMDDC audit strategy 24-25.pdf**

Not included

Internal Audit (CLOSED SESSION)

17.0 Internal Audit Extension

For Decision

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.

 **17 - Extension of the Internal Audit Contract.pdf**

Not included


 **17 - Appendix 1 - IA signed and sealed contract.pdf**

Not included

18.0 Sumer NI Summary Report

For Information

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.


 **18 - NMDDC Summary report - May 2025 to Audit Committee.pdf**

Not included

19.0 Internal Audit Plan 2025/26

For Approval

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.

 **2025.26 NMDDC IA Plan - draft for AC approval.pdf**

Not included

20.0 Fuel Management

For Information

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.

 **202425 NMDDC Fuel management- report - Final.pdf**

Not included

21.0 Performance Data and Validations

For Information

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 Performance data and validations report - Final.pdf**

Not included

22.0 Labour Market Partnerships

For Information

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 Labour Market Partnership report Final.pdf**

Not included

23.0 SUMER NI Internal Audit Charter

For Information

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.

 **NMDDC Audit Charter - draft for Audit Committee consideration.pdf**

Not included

**24.0 Circular LG 12/2015 - Consolidated Councillor Allowances
Circular (Updated April 2025)**

For Information

 *lg-12-2025-Consolidated Councillor Allowances (April 2025 updated).pdf*

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Invitees

Cllr Terry Andrews

Cllr Callum Bowsie

Mr Caolain Boyd

Fionnuala Branagh

Mr Stephen Brannigan (NIAO)

Cllr Jim Brennan

Lorraine/Emma Burns/McParland

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

Ms Joanne Fleming

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

Maureen/Joanne Morgan/Johnston
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Cllr Kate Murphy
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Cllr Selina Murphy
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Sinead Murphy
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Cllr Declan Murphy
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Cllr Siobhan O'Hare
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Mr Andy Patterson
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Cllr Áine Quinn
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Cllr Henry Reilly
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Cllr Michael Rice
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Cllr Michael Ruane
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Mr Conor Sage
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Cllr Gareth Sharvin
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Ms Brona Slevin (Audit)
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Donna Starkey
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Sarah Taggart
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Cllr David Taylor
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Cllr Jarlath Tinnelly
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Cllr Jill Truesdale
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Mr Seamus Wade (NIAO)
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Mrs Marie Ward
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Cllr Helena Young
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AUDIT COMMITTEE MEETING

Actions arising from Audit Committee Meeting – 19 September 2024

Minute Ref	Subject	Decision	Lead officer	Action taken / progress to date	Remove from action sheet Y/N
AC/071/2024	Action sheet of Audit Committee from 31/07/2024	It was agreed that any training opportunities for Members be considered and tabled at a future committee meeting	J Kelly	Training to be organised in March/April for all Members	N

Actions arising from Audit Committee Meeting – 20 February 2025

Minute Ref	Subject	Decision	Lead officer	Action taken / progress to date	Remove from action sheet Y/N
AC/003/2025	Action sheet of Audit Committee from 19/09/2024	It was agreed to note the action sheet	J Kelly	Agreed	Y
AC/004/2025	Mid-Year assessment of 2024/25	It was agreed to note the mid-year assessment of performance	G Byrne	Agreed	Y
AC/005/2025	Corporate Risk Register	The following was agreed: -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. -to note the revised ERT Directorate Risk Register summary at Appendix 3 and	J Kelly	Agreed	Y

AC/006/2025	Prompt Payment Statistics	detailed ERT Directorate Risk Register at appendix 4.			
AC/007/2025	Planning Department Update	It was agreed to note the Q2 and Q3 Prompt Payment Statistics for 2024/25	G Byrne	Agreed	Y
AC/008/2025	Risk Management Strategy Update	It was agreed to note the contents of the report It was agreed to approve the revisions to the Risk Management Strategy Policy / Strategy Update in line with the Internal Audit Recommendations It was also agreed to approve the Risk Appetite Statement at Appendix 3 of the Officer's Report	J McGilly G Byrne	Agreed Agreed	Y Y
AC/009/2025	Update on Audit Recommendations	It was agreed to note the progress in implementing both internal and external audit recommendations	G Byrne	Agreed	Y
AC/010/2025	Direct Award Contracts	It was agreed to note the Q2 and Q3 updates in relation to Direct Award Contracts	J Kelly	Agreed	Y
AC/011/2025	Procurement Action Plans	It was agreed to note the update and progress in relation to Directorate Action Plans	J Kelly	Agreed	Y
AC/012/2025	Update on Fraud and Raising Concerns	It was agreed to note the following: -the update in relation to Fraud and Raising Concerns cases detailed at Appendix 1 of the Officer's Report -the progress on actions arising from the NIAO Internal Fraud Risk Self-Assessment -the update in relation to the National Fraud Initiative	G Byrne	Agreed	Y
AC/013/2025	Update NCCR Report	It was agreed to note the following:	J Kelly	Agreed	Y

		<p>-the update on the NOM March 24 on the NCCR Project</p> <p>-the latest correspondence received and issued to the NIAO on the Project</p> <p>It was also agreed to write to the Local Government Auditor to express the concerns of the Audit Committee in relation to her communication referring specifically to the Quays shopping centre as a potential site for the Newry Civic Hub, particularly as the Council had previously highlighted detailed reports regarding site selection.</p>		Agreed	Y
AC/014/2025	Report to Those Charged with Governance	It was agreed to note the report	J Kelly	Agreed	Y
AC/015/2025	Audit & Assessment Report 2024/25 -S95	It was agreed to note the Audit & Assessment Report 2024/25	J Kelly	Agreed	Y
AC/016/2025	Annual Audit Letter	It was agreed to note the Annual Audit Letter	J Kelly	Agreed	Y
AC/017/2025	Local Government Auditors report 2024	It was agreed to note the report	J Kelly	Agreed	Y
		Independent Chairperson Ms Slevin requested that Officers prepare a brief report on the recommendations detailed on pg. 9 of the report for the next Audit Committee.	J Kelly	Agreed	Y
AC/018/2025	ASM Summary Report	It was agreed to note the report	J Kelly	Agreed	Y
AC/019/2025	Internal Audit Plan 2024/25	It was agreed to approve the report	J Kelly	Agreed	Y
AC/020/2025	Leisure Services	It was agreed to note the report	J Kelly	Agreed	Y

AC/021/2025	Car Parking	It was agreed to note the report	J Kelly	Agreed	Y
AC/022/2025	User Access Management	It was agreed to note the report	J Kelly	Agreed	Y
AC/023/2025	Flood Grant Verification	It was agreed to note the report	J Kelly	Agreed	Y
AC/024/2025	Global Internal Audit Standards	It was agreed to note the document	J Kelly	Agreed	Y
AC/025/2025	Consolidated Councillor Allowances	It was agreed to note the circular	J Kelly	Agreed	Y
AC/026/2025	The National Fraud Initiative in Northern Ireland 2024	It was agreed to note the circular	J Kelly	Agreed	Y

Dates and proposed start times for Audit Committee meetings in 2025/26

Date	Time	Location
Thursday 31 July 2025	2pm	Downshire Civic Centre
Thursday 25 September 2025	2pm	Downshire Civic Centre
Thursday 29 January 2026	2pm	Downshire Civic Centre
Thursday 30 April 2026	2pm	Downshire Civic Centre

Report to:	Audit Committee
Date of Meeting:	8 May 2025
Subject:	Audit Committee ToR and timetable for 2025/26
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	<input checked="" type="checkbox"/>	For noting only	<input type="checkbox"/>
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1.0	Purpose and Background
1.1	In line with good practice, the Terms of Reference for the Audit Committee should be reviewed annually to ensure they remain effective, reflect best practice and align with CIPFA guidance.
2.0	Key issues
2.1	<p>The Audit Committee Terms of reference were reviewed and amended to reflect two best practice documents;</p> <ol style="list-style-type: none"> 1. CIPFA Best Practice document (<i>Audit Committees, Practical Guidance for Local Authorities and Police – 2022 Edition</i>), and 2. Effective Audit and Risk Committee's – A Good Practice Guide from the NI Audit Office (March 2025). <p>The revised Terms of Reference have been attached at Appendix 1. All amendments have been highlighted with yellow text. Some Amendments have been made to ensure Council is adhering to the NIAO Self-assessment of good practice for Audit Committee guide (agenda item 6).</p> <p>Appendix 2 highlights Councils compliance with the self-assessment in relation to the Terms of Reference.</p>
2.2	<p>The Audit Committee timetable for the 2025/26 year is detailed at Appendix 3. The timetable takes into consideration the items disclosed in the NIAO good practice guide referred to in section 2.1.</p> <p>The timetable highlights the standing agenda reports which will be presented to the Members quarterly as well as supplementary reports which Members would expect to see each quarter.</p> <p>The report also details who should be attending the pre-meeting of the Audit Committee each quarter.</p>
3.0	Recommendations
3.1	Members to approve the Audit Committee Terms of Reference and to note the timetable for the year ahead.

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>

	Rural Needs Impact Assessment completed	<input type="checkbox"/>
7.0	Appendices	
	Appendix 1 – Audit Committee Terms of Reference 2025/26 Appendix 2 – NIAO Self-Assessment – TOR only Appendix 2 – Audit Committee timetable 2025/26	
8.0	Background Documents	
	None	

AUDIT COMMITTEE -TERMS OF REFERENCE-

Scope

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

Responsibilities

Governance, risk and control

3. To review the council's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.
4. To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.
5. To consider the Council's arrangements for securing value for money, supporting standards and ethics and review assurances and assessments on the effectiveness of these arrangements.
6. To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.
7. To monitor the effective development and operation of risk management in the council.
8. To approve the council's risk management strategy and monitor progress in addressing risk-related issues reported to the Committee, including the corporate risk register and assurance information on the management of key corporate risks.
9. To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
10. To review the assessment of fraud risks and potential harm to the council from fraud and corruption.
11. To approve the council's fraud and ~~whistleblowing~~ **Raising Concerns** policies and monitor the implementation of these policies, including the ~~counter-fraud strategy~~ **fraud response plan**, actions and resources.
12. To oversee and monitor the Council's structures, processes, systems and related arrangements for performance management and to assure itself through receipt of regular reports on the planning, delivery, reporting and reviewing arrangements that appropriate plans and policies to support the performance management framework are in place and that its statutory responsibilities are being met.
13. To review the governance and assurance arrangements for significant partnerships or collaborations.

Internal audit

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

16. To approve significant interim changes to the risk-based internal audit plan and resource requirements.
17. To make appropriate enquiries of both management and the Internal Auditor to determine if there are any inappropriate scope or resource limitations.
18. To consider the Internal Audit annual report.
19. To consider summaries of all internal audit reports on the Internal Audit plan.
20. To contribute to the QAIP and in particular, to the external quality assessment of internal audit that takes place at least once every five years.
21. To provide free and unfettered access to the audit committee chair for the head of internal audit, including the opportunity for a private meeting with the committee.

External audit

22. To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
23. To support the quality and effectiveness of the external audit process and to comment on the scope and depth of external audit work to ensure it gives value for money and complies with ethical standards.
24. To consider specific reports as agreed with the external auditor.

Financial reporting

25. To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.
26. To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Accountability Arrangements

27. To report to those charged with governance on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.
28. To report to full council on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.
29. To publish an annual report on the work of the committee.

Membership

30. The Committee is comprised of ten (10) Elected Members appointed to the Committee at the Council's Annual Meeting, plus one independent suitably qualified person (who will act as Chairperson), who will be recruited for the 4 year term of Council. The Audit Committee can sit privately without any non-members present for all or part of the meeting if they wish.

Quorum

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

Chairperson

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

Meetings

33. The frequency of the meetings will be driven by the scale and nature of the business with the Committee meeting at least four times per year to enable it to discharge its duties adequately and effectively. The Chair of the Audit Committee may convene additional meetings, as they deem necessary.
34. All meetings of the Committee will be governed by the Councils Standing Orders and the Northern Ireland Code of Conduct for Councillors.
35. The Chief Executive, Director of Corporate Services and the Assistant Director of Finance and Performance will attend all meetings. Internal and External Audit will also be in attendance. The committee may also ask any other officials of the Council to attend to assist it with its discussion on any particular matter. The Audit Committee also have the right to co-opt additional Members or procure specialist advice on complex matters.

Communication and Reporting

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

Declarations of Interest

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



Reference	Essential Requirements (including Audit and Risk Assurance Committee Handbook Reference)	Yes/No	Actions/Comments
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Section 4: Scope - Terms of Reference



Reference	Essential Requirements (including Audit and Risk Assurance Committee Handbook Reference)	Yes/No	Actions/Comments
4.1	ARAC's Terms of Reference are approved by the Accounting Officer and the Board. (5.26)	Yes	Agreed by Audit Committee and full Council Annually
4.2	The Terms of Reference are reviewed on an annual basis. (5.26)	Yes	Yes, included within the Audit Committee timetable - see Appendix 3
4.3	The Terms of Reference do not conflict with guidance in the HM Treasury's Audit and Risk Assurance Committee Handbook. (5.27)	Yes	ToR have always followed HM Treasury's Audit and Risk Assurance Committee Handbook
4.4	The Terms of Reference make clear ARAC's independence as a committee. (5.27)	Yes	see Paragraph 28, 29 & 38
4.5	ARAC's Terms of Reference are made publicly available, including on the organisation's website. (5.26)	Yes	ToR included in Open session and ToR also on Website
4.6	The Terms of Reference allow for ARAC to sit privately without any non members present for all or part of a meeting if they wish. (5.4)	Yes	New Wording - See Paragraph 30

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 Reference)	Yes/No	Actions/Comments
4.7	Details of ARAC membership.	Yes	Paragraph 30
4.8	the reporting requirements to the Board.	Yes	Paragraph 38
4.9	the key areas of responsibility on which ARAC will advise the Accounting Officer and Board.	Yes	Paragraph 36-38
4.10	rights of ARAC over co-opting and third members or procuring specialist advice.	Yes	New Wording - See Paragraph 35
4.11	the head of Internal Audit and a representative from External Audit will have free and confidential access to the Chair of ARAC.	Yes	Paragraph 21 and 32
4.12	meeting information, including the number per year, the number of members required for the meeting to be quorate, and expected bowties.	Yes	Paragraph 30-35
4.13	information requirements, including what information will be provided for each meeting, and what will be provided on request.	Yes	Paragraph 1-39 and also evidenced in Appendix 3 - AC Timetable
Reference	Good Practice	Yes/No	Actions/Comments
4.14	Benchmarking - ARAC has compared its Terms of Reference against those of similar profile organisations.	Yes	Similar to other Local Authorities as best practice is followed
4.15	Expectations - In addition to core requirements, the Terms of Reference contain information which allows ARAC to function more effectively - for instance, expectations about how far in advance of meetings papers will be provided.	Yes	Paragraph 34 - Audit 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.	Yes	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 as a standing agenda item at every ARAC for reference purposes.	Yes	See Appendix 3 - Annual review of ToR included

Additional comments and key takeaways





AUDIT COMMITTEE TIMETABLE 2025/26

At each Audit Committee the following standing agenda reports will be presented to Members:

- Apologies
- Conflicts of Interest
- Action Sheet from Previous Committees
- Corporate Risk Register
- Directorate Risk Register to be tabled rotationally
- Prompt Payment Statistics
- Direct Award Contracts
- Update on Audit Recommendations
- Fraud and Raising Concerns Update
- Procurement Action Plan Update
- Internal Audit summary report detailing reviews completed and progress against the plan
- Review of Circulars/NIAO Publications

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

MEETING DATE	AGENDA
April/May Pre-meeting: -Chairperson -Members -Internal Audit -External Audit	<ul style="list-style-type: none"> • Proposed dates and times of Meetings for upcoming year • Review of Audit Committee Terms of Reference and timetable for the year • Internal Audit Follow up of the Prior Year Recommendations • Internal Audit Strategy & Annual plan • Internal Audit Annual assurance rating • Annual Review of Internal Audit and consideration of contract (if required, years 3 and 4) • External Audit Strategy (Financial) • Audit Committee self-assessment • Draft Performance Improvement Objectives • Update of Members' interests
July Pre-meeting: -Chairman -Members	<ul style="list-style-type: none"> • Audit Committee Annual Report • Assessment of Audit Committee Chairperson's Performance • NMDDC Assurance Framework and Code of Governance • Unaudited Financial Statements (including Annual Governance Statement) • NIAO Performance Improvement Audit Strategy • NMDDC Performance Improvement Plan • Update from Planning Department
September Pre-meeting: - Chairperson	<ul style="list-style-type: none"> • Recommend Approval of Audited Financial Statements • Draft Report to those Charged with Governance (RTTCWG) • Annual Assessment of Performance • Update of Members' interests

<ul style="list-style-type: none">- Members- Internal Audit- External Audit	
January/February Pre-meeting: -Chairperson -Members	<ul style="list-style-type: none">• Final Report to those Charged with Governance (RTTCWG) – Financial• Annual Audit Letter from NIAO• NIAO 595 Report on the annual Audit of Performance• Local Government Auditor Annual Report (for all Councils)• Planning Update



Northern Ireland
Audit Office

16

Effective Audit and Risk Assurance Committees

A Good Practice Guide

Published March 2025

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Foreword

An Audit and Risk Assurance Committee (ARAC) has a vital role in helping public sector organisations ensure that Accounting Officers and Boards gain the assurance they need on:

- governance;
- risk management;
- the control environment;
- the integrity of the financial statements; and
- other elements of the Annual Report and Accounts.

The ARAC provides an important governance function, helping to ensure that an organisation has good corporate governance and that it is effective and well managed.

ARAC plays a crucial role in supporting the Board in meeting its obligations for setting an organisation's risk appetite and ensuring that the framework of governance, risk management and controls is in place. This is highlighted in HM Treasury's Corporate governance in central government departments: code of good practice guidance (April 2017).

ARAC's role is a demanding one and requires strong and independent members with an appropriate range of skills and experience. It benefits from a collaborative relationship with the organisation to ensure that the committee gets the support and information that it needs.

An ARAC is essentially an oversight committee, however it has to satisfy itself that key controls are operating, that risks are being properly managed, that key accounting estimates and judgements are being properly made and that internal and external audits are effective.

ARAC should act as the conscience of the organisation, providing insight and constructive challenge where required, such as on risks arising from fiscal and resource constraints, new service delivery models, information flows on risk and control, and the agility of the organisation to respond to existing and emerging risks.

In the course of our work, the Northern Ireland Audit Office has worked closely with ARACs across the public sector, and this good practice guide draws on insights and learnings from NIAO's attendance at many ARAC meetings. It examines the role of ARACs in local government in Northern Ireland in accordance with CIPFA's Position Statement (2022) and how the principles apply to local government bodies in Northern Ireland.

I hope that ARAC Members, and the organisations they support, find this guide a useful tool in their continued efforts to ensure the highest standards in the delivery of public services in Northern Ireland.

Dorinnia Carville

Comptroller and Auditor General

March 2025



List of Abbreviations

AI	Artificial Intelligence
ALB	Arm's Length Body
ARAC	Audit and Risk Assurance Committee
CIPFA	Chartered Institute of Public Finance and Accountancy
DAO	Dear Accounting Officer
DoF	Department of Finance
ESG	Environmental, Social and Governance
FRC	Financial Reporting Council
GDPR	General Data Protection Regulation
HMT	His Majesty's Treasury
ISA	International Standard on Auditing
MoR	Memorandum of Reply
NAO	National Audit Office
NEBM	Non-Executive Board Member (A member of ARAC who is not part of the organisation's senior executive team)
NIAO	Northern Ireland Audit Office
NICS HR	Northern Ireland Civil Service Human Resources
RTTCWG	Report to those charged with governance
SIRO	Senior Information Risk Owner
ToR	Terms of Reference

Introduction

Introduction

1. An organisation's Board is responsible for ensuring that there are effective arrangements for governance, risk management and internal control. The Board, however, should be supported by:
 - an Audit and Risk Assurance Committee chaired by a suitably experienced non-executive Board member (NEBM); and
 - an Internal Audit service operating to the professional standards mandated for Internal Audit in the public sector.
2. The Department of Finance's ARAC Handbook (April 2018) states that an ARAC should:
 - be made up of at least three members;
 - support the Board in its role on advising the organisation on key risks;
 - not have any executive responsibilities or be charged with making or endorsing any decisions;
 - have adequate support, including a secretariat function;
 - lead the assessment of the annual Governance Statement for the Board; and
 - make publicly available its Terms of Reference (ToR).
3. The Northern Ireland Audit Office (NIAO) has a unique oversight role over a wide and diverse range of central government, arms-length and local government bodies. This good practice guide:
 - supplements the large amount of relevant guidance already available from the Department of Finance (DoF), HM Treasury (HMT) and the National Audit Office (NAO) and is intended to bring all this guidance into one document to be used by all ARACs within both Central and Local Government in Northern Ireland;
 - is intended to be used by ARAC members, secretariats and executive officers;
 - provides examples of good practice from our own work with organisations in this area; and
 - is written to promote good practice at ARACs.
4. HM Treasury's latest guidance on Audit and Risk Assurance Committees (July 2024) sets out the following five good practice principles for ARACs, stating that each principle is of equal importance:
 - Principle 1: Membership, independence, objectivity and understanding
 - Principle 2: Skills
 - Principle 3: The role of the ARAC
 - Principle 4: Scope of work
 - Principle 5: Communication and reporting

5. This guide has been split into seven core sections. The first five sections reflect the good practice principles set out in the HM Treasury's guide. Section 6 provides details on how a high-performing ARAC can continually improve as the challenges and requirements facing it evolve. Section 7 provides guidance specific to local councils in Northern Ireland.

Membership, independence, objectivity and understanding

6. ARAC should be independent and objective; in addition, the Chairperson and at least one other member should be a non-executive, who should have a good understanding of the objectives and priorities of the organisation and of their role as an ARAC member.

Skills and experience

7. ARAC should collectively own an appropriate skill mix to allow it to carry out its overall function and duties.

Roles and responsibilities

8. ARAC should support the Accounting Officer and Board by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of financial statements and the annual report.

Scope

9. The scope of ARAC work should be defined in its terms of reference and encompass all the assurance needs of the Accounting Officer and Board. Within this, ARAC should have particular engagement with the work of Internal Audit, risk management, External Audit, counter fraud and financial management and reporting issues.

Communication and reporting

10. ARAC should ensure that it has effective communication with all key stakeholders, for example, the Board, the Head of Internal Audit, the External Auditor, Executives of the organisation including the risk manager and other relevant assurance providers, such as the counter fraud manager.

Continuous Improvement

11. As the challenges and requirements of ARACs evolve, a high-performing ARAC will strive for continuous improvement. It is important that ARACs adopt a positive attitude to learning and development, regularly appraises its performance and is open to feedback from others.

Council Specific

12. ARACs of local councils within Northern Ireland differ somewhat to central government ARACs. Section 7 seeks to provide guidance specific to local councils.

13. Included in this guide are four appendices designed to assist ARACs in their role and to help promote and maintain good practice.

Appendix 1 - Audit and Risk Assurance Committee Self-Assessment Checklist

14. This self-assessment checklist allows for ARACs to review their overall effectiveness. It is recommended that ARACs should aim to assess their effectiveness against this checklist on an annual basis.

Appendix 2 - Example of Annual ARAC core work programme (for bodies with a March year-end)

15. This example of an annual ARAC core work programme gives suggested agenda items to present at the Audit and Risk Assurance Committee meetings.

Appendix 3 - Example of ARAC Annual Report Structure

16. Part of good practice for ARAC is producing an Annual Report to the Board highlighting the activities of ARAC for the year. Included in this guide is a template for the ARAC's Annual Report to the Board. This template includes key areas and should be tailored to each organisation.

Appendix 4 – The role of the Chair of the Audit and Risk Assurance Committee

17. Appendix 4 provides details on a number of additional responsibilities for the Chair of ARACs.

Part One:

Membership, Independence, Objectivity and Understanding

Membership, Independence, Objectivity and Understanding

- 1.1** To properly fulfil its role, an effective ARAC needs to be both independent and objective:
 - It should comprise at least three members.
 - The Chairperson should be a Non-Executive Board Member (NEBM) with relevant experience.
 - The Chairperson of the Board should not be a member of ARAC.
 - There should be at least one other NEBM on ARAC.
 - There should be no Senior Executive appointments to ARAC (a Senior Executive has a managing role within the organisation).
 - ARAC should possess the requisite knowledge and skills to effectively engage with and challenge the organisation.
 - ARAC should seek additional independent, non-executive membership to ensure an appropriate level of skills and experience, as and when required.
- 1.2** Whilst Executive Members of the organisation should not be appointed to ARAC, it is important for the management of ARAC business that there must be regular attendance and appropriate input from all attendees including:
 - the Accounting Officer;
 - the Finance Director;
 - the Head of Internal Audit; and
 - a representative of the External Auditor, who should routinely attend and be available to meet privately with the Committee members outside of the meeting.
- 1.3** It is also good practice for the Chair of ARAC to have regular meetings with the Accounting Officer and Finance Director. The Chair should also meet with the Head of Internal Audit and the External Auditor's senior representative separate from executive members to discuss any significant issues.
- 1.4** In order for members to have a clear understanding of their role, all ARAC members should be provided with up-to-date ToR which incorporate:
 - what is expected of them in their role, including time commitments;
 - how they will be appraised;
 - the duration of their appointment; and
 - training required and how this will be provided.

- 1.5** The efficient management of ARAC business is essential. The regularity, timing and duration of meetings is therefore critical to ARAC being able to exercise its responsibilities effectively throughout the year. Strong agenda planning and management by the Chair is vital to ensuring ARAC devotes the right amount of time to issues competing for priority. A full committee cycle agenda is necessary to ensure all items are covered that are applicable throughout the financial year, including separate audit and risk requirements, especially when the committee is interacting with the Board on risk issues. Where necessary, ARAC members may wish to invite key individuals from the organisation to ARAC meetings to discuss specific issues/projects.
- 1.6** ARAC members must take personal responsibility for ensuring that possible conflicts of interest are properly declared. If a conflict of interest declaration is made by any ARAC member (including the Chair), the ARAC should then consider the nature of the conflict of interest before determining the course of action. This could include asking the member to leave while a particular item is being discussed or suggesting that the member should stand down where a conflict of interest is likely to exist for a long period.
- 1.7** We regularly observe public servants from an organisation who, because of their particular skill set, are appointed to sit on other ARACs within the public sector. It is important that these appointments are truly independent and free from any conflict of interest, and that they are able to contribute independently and objectively to each of the meetings.
- 1.8** Section 6.01 of the Northern Ireland Civil Service Handbook provides guidance on conflicts of interest and outlines that if a civil servant wishes to undertake any private work (paid or unpaid) with another public sector body (including another Government Department) approval must first be obtained from NICS HR Employee Relations, outlining if this work is paid or unpaid. Civil Servants may choose to apply for unpaid leave or use a portion of personal leave allowance to allow them to undertake paid work in another public sector post.



What does good practice look like?

- An ARAC needs to have a good understanding of the objectives and priorities of the organisation.
- There should be clear up-to-date Terms of Reference.
- An ARAC needs to be independent.
- An ARAC needs to have the requisite breadth of skills and experience.
- An ARAC needs to have sufficient time and access to all relevant information to allow it to perform its functions effectively and efficiently.
- An ARAC needs to have regular attendance and appropriate input from all attendees.
- The Chair should have regular meetings with the Accounting Officer and the Finance Director to discuss any significant issues.
- The Chair should have regular meetings with the Head of Internal Audit and the External Auditor separate from executive officers to discuss any significant issues.
- An ARAC needs to have strong agenda planning and management with strong secretariat support.
- All potential conflicts of interest need to be declared.
- ARAC members meet privately prior to ARAC meetings to discuss the papers and any issues that they feel need further discussion or more information on.



Our Observations

We have observed ARACs that have organised private meetings with Internal Audit and External Audit. Typically, these meetings are scheduled prior to the ARAC meeting. These pre-meetings give ARAC members the opportunity to ask questions of Internal and External Auditors and for both bodies to provide feedback to ARAC on any issues arising out of their work. These meetings are typically held at least twice per year, although we have seen instances where these meetings happen before every ARAC meeting.

Part Two: Skills and Experience

Skills and Experience

- 2.1** ARAC members require a wide range of skills and experience in relation to governance, risk and control. Members need to be mindful of when they need to upskill, build expertise and draw on specialist skills from elsewhere.
- 2.2** At least one member of ARAC should have recent and relevant financial experience sufficient to allow them to competently analyse the financial statements and recognise good financial management disciplines. The Accounting Officer and Board, in conjunction with the Chair of ARAC, should periodically review and agree on any additional skills that ARAC may require to maintain its effectiveness.
- 2.3** Where necessary, ARAC should have the authority to co-opt members or procure specialist advice to provide required skills, knowledge and experience to properly fulfil its role. It is important to ensure that any co-opted members are free from any conflicts of interest.
- 2.4** All ARAC members, whatever their status or background, will have training and development needs, especially for recent developments or emerging risk areas. Those who have recently joined ARAC will need induction training, to help them understand their role and/or the organisation. Those joining a public sector ARAC for the first time with no experience of government will need training to help them understand the public sector accountability framework, especially those elements relating to governance and accountability.
- 2.5** The Chair should, in addition, ensure that all committee members have an appropriate programme of engagement with the organisation and its activities to help them understand the organisation, its objectives, business needs, priorities and risk profile. The Department of Finance's ARAC Handbook (April 2018) provides further guidance on the role of the Chair (included at Appendix 4).
- 2.6** An effective Chair should display the following characteristics:
 - an ability to plan the work of ARAC over the year and beyond;
 - skills to manage meetings;
 - an ability to bring an objective attitude;
 - a core knowledge and skills required of other ARAC members; and
 - a clear focus on the role of ARAC and the ambition to lead ARAC in line with good governance principles.



What does good practice look like?

- ARAC as a whole should have an appropriate mix of skills that enables it to provide assurance to the Accounting Officer and Board.
- ARAC members should have a timely induction programme which outlines the requirements of the role, the organisation and, for those new to government, an understanding of public sector governance principles and processes.
- Training and development should be flexible, timely and tailored to individual member's needs.
- Skills and experience should be tailored to the challenges and objectives of the organisation.
- The skills mix should be regularly reviewed to ensure ARAC is equipped to discharge its responsibilities to the Accounting Officer and Board.

- **ARAC members should be made aware of any relevant training opportunities and encouraged to attend where necessary.**
- **ARAC members should engage with the organisation to understand its objectives, business needs, priorities and risk profile.**

Other skills

2.7 ARACs should additionally consider whether they have the skills and capabilities to challenge organisations across a number of existing and emerging risk areas, some of which are outlined in this section. Areas requiring skills and expertise develop over time and differ from organisation to organisation. Skills requirements and gaps should be continually monitored. Examples of skills requirements we have seen in relation to existing and emerging risks in recent years include:

- Cyber and digital
- Information Security
- Climate Change and Environmental, Social and Governance (ESG)
- Artificial Intelligence
- Projects and Programmes
- Procurement

Cyber and digital

2.8 Cyber security is a key area of management activity that ARACs should review on a regular basis. In such circumstances, ARAC should support the Accounting Officer and Board in reviewing and mitigating cyber and digital risks. ARAC should be confident in its ability to challenge management's assessment of cyber and digital risk – and know when and how to draw upon expertise as and when required. ARACs should be able to understand whether the organisation is adopting a clear approach to cyber risk.

2.9 The assurance provided by ARACs to the Board that the organisation is properly managing its cyber risk does not necessitate understanding the full detail of the technology involved; rather that it can confirm that the appropriate framework is in place and that continuous monitoring and improvement initiatives are adopted and sustained.

2.10 In particular, to assess the organisation's cyber resilience, ARAC should evaluate whether the organisation has reviewed its cyber risk in relation to:

- governance, including management of system access;
- threat to protecting critical infrastructure;
- the identification and deployment of skills and capability in this area;
- training available for all staff to ensure appropriate levels of compliance;
- structure and resources;
- incident response; and
- the impact of any governance failings publicly reported elsewhere.

- 2.11** ARAC could consider using the organisation's Senior Information Risk Owner (SIRO) to provide assurance over these and other issues through regular briefs, including an annual report at year end.



What does good practice look like?

- The ARAC should regularly be provided with a paper setting out an evaluation of the organisation's response to cyber security which confirms that:
 - the organisation has properly identified and evaluated the cyber security risk;
 - there is sufficient assurance that the organisation is properly managing its cyber risk;
 - there are proper governance arrangements and controls to protect from, detect and respond to cyber security attacks/incidents;
 - the organisation has suitably skilled and experienced staff, or access to such staff, to deal with any cyber security related incidents; and
 - there is suitable awareness and ongoing training within the organisation on the risk from cyber-attack.
- The ARAC should understand how cyber and digital risks impact on the organisation.
- The ARAC should have 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.

Information Security

- 2.12** Information security is the protection of sensitive information against unauthorised access, disclosure, use, alteration or disruption. ARAC should support the Accounting Officer and Board in reviewing information risks. ARAC should be confident in its ability to challenge management's assessment of information security. ARAC should regularly review the organisation's information security policies, ensuring that they comply with General Data Protection Regulations (GDPR).



What does good practice look like?

- ARAC members are aware of the organisation's plans to manage information risk.
- ARAC should understand the requirements for information security set out in GDPR.
- ARAC members should obtain assurance that an appropriate information security policy in place which is regularly reviewed and updated.
- ARAC members should obtain assurance that suitable processes are in place to ensure information is guarded (i.e. controls are designed to prevent and detect security breaches).
- ARAC members should obtain assurance that information security incidents are suitably recorded, and the organisational response is reviewed to ensure it is appropriate.

Climate change and Environmental, Social and Governance (ESG)

- 2.13** ARAC should critically assess the organisation's progress with ESG responsibilities and commitments. Disclosures should be in line with relevant up-to-date standards and ARAC should be satisfied that the organisation is appropriately managing its ESG risks.
- 2.14** ARACs should have the ability to assess the process for managing climate-related risks and understand how they can impact on organisations.



What does good practice look like?

ARAC is aware and understands how management:

- is managing its ESG responsibilities and risks;
- has introduced and implemented its governance of climate change risk;
- builds awareness and understanding of climate change responsibilities across the organisation;
- identifies, assesses, mitigates and evaluates climate risk; and
- monitors and reports on climate risk.

Artificial Intelligence

2.15

The use of Artificial Intelligence (AI) has been expanding rapidly across society, particularly with the development of generative AI. AI has the potential to transform public services, but also presents risks and challenges and is becoming an emerging oversight responsibility for ARACs. ARAC should ensure that its members have sufficient training when it comes to emerging risk areas such as AI.



What does good practice look like?

ARAC is aware and understands how management:

- is responding to the emerging risks and challenges associated with AI, both in relation to its use within the organisation and its use by any services or suppliers of the organisation/stakeholders;
- is managing any AI services and risks and ensuring they are aligned with ARAC's risk appetite.
- has prepared the organisation for any new regulations regarding AI.

Projects and programmes

2.16

Government organisations regularly manage a number of projects and programmes. ARACs play a key role in challenging management throughout the project or programme lifecycle, so it is important that ARACs understand how and when to assess and challenge any significant project and programme risks.



What does good practice look like?

- ARAC is appropriately briefed on significant projects and programmes throughout their lifecycle.
- ARAC has the skills and expertise to provide effective critical challenge on the financial management, delivery risks and overall progress of projects or programmes.

Procurement

- 2.17** In providing assurance to the Accounting Officer and Board over risk management and the control environment, ARAC should have the necessary skills and expertise to understand the complexities of procurement and challenge organisations to provide value for money for goods and services.
- 2.18** Additionally, the Department of Finance's Procurement policy notes outline mandatory procurement guidance for government public bodies.
- 2.19** Depending on the size of the organisation, there may be other committees with Terms of Reference related to projects, programmes and procurement and ARACs will need to understand the remits and activities of these committees as part of overall governance arrangements.



What does good practice look like?

- ARAC is aware of key procurement activities.
- ARAC has an appreciation of the risks associated with procurement in the public sector context.
- ARAC has the skills and expertise to challenge commercial activities and the procurement of goods and services.



Our Observations

We have observed ARACs which have included training and development as a standing item on their meeting agenda. A record of all formal training courses attended by members is maintained to ensure that ARAC has adequate knowledge of issues currently affecting the organisation, or new areas that have the potential to affect the organisation. This agenda item also provides the opportunity to highlight upcoming training courses available to ARAC members.

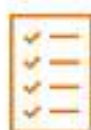
Part Three:

Roles and Responsibilities

Roles and Responsibilities

Assurance

- 3.1 The scope of ARAC's work should be clearly defined in its ToR and should encompass all the assurance needs of the Accounting Officer and Board. It is vital that ARACs understand how they receive its assurance and can identify any significant gaps. This will give ARACs the best possible chance of focusing on high-priority issues and fulfilling their role effectively.
- 3.2 An effective ARAC can help the Accounting Officer and Board to formulate their assurance needs, and then consider how well the assurance received actually meets these needs by gauging the extent to which assurance on the management of risk is comprehensive and reliable.
- 3.3 An effective model used widely across both the public and private sectors to categorise the various sources of assurance is the 'three lines of defence'. An understanding of the three lines of defence can help ARAC play a key role in helping the Accounting Officer and Board establish an optimum mix of assurance. The three lines of defence are as follows:
 - First line of defence – Managers and staff who are responsible for identifying and managing risk;
 - Second line of defence – Risk Management and Compliance Function; and
 - Third line of defence – Independent and more objective assurance, including the role of Internal Audit.
- 3.4 Overall assurances provided to the Accounting Officer and Board should be reviewed and constructively challenged by ARAC. Where it identifies any significant risk, governance and control issues which are not being subjected to sufficient review, it should also be proactive in commissioning assurance work from appropriate sources.



What does good practice look like?

- Assurance is central to ARAC's role in providing an independent assessment on governance, risk management and control processes.
- Assurance modelling, such as the "three lines of defence", will draw attention to the aspects of risk management, governance and control that are functioning effectively and, just as importantly, the aspects which need to be given more attention.
- ARAC should be proactive in commissioning work where assurance gaps have been identified from appropriate sources.

Governance

- 3.5 It is essential that ARAC understands how governance arrangements support achievement of the organisation's strategies and objectives.
- 3.6 It should understand the operational systems in place to ensure effective organisational accountability, performance and risk management.



What does good practice look like?

- ARAC must have a clear understanding of how governance arrangements support achievement of the organisation's strategic objectives.
- ARAC should monitor developments in corporate governance so that it can proactively advise the Accounting Officer and Board on any changes to assurance requirements.

Risk management and internal controls

- 3.7 It is essential that ARAC understands the organisation's business strategy, operating environment, the framework for risk assessment and the associated risks. It should critically challenge and review the risk management and assurance framework and the adequacy and the effectiveness of associated control processes, to provide assurance that the arrangements are actively working in the organisation.
- 3.8 ARAC should discuss with the Board its policies, attitude to and appetite for risk, to ensure these are appropriately defined and communicated and that management operates within these parameters. Its role should include horizon scanning for potential issues that could affect the organisation in the future, together with reviewing and challenging, where appropriate, the risk management and assurance framework. It then can help provide assurance that the arrangements are actively working.
- 3.9 It should challenge and review the adequacy and effectiveness of the systems of control (including risk registers) in responding to risks within the organisation's governance, operations, compliance and information systems, including undertaking deep dives into significant risks.
- 3.10 It should invite risk owners along to ARAC meetings to challenge and review the classification of the risk and any control mitigations.



What does good practice look like?

- ARAC has a key role to play in providing assurance regarding the organisation's risk management processes.
- ARAC understands the risk management framework of the organisation and the assignment of responsibilities.
- ARAC critically challenges the effectiveness of the organisation's risk management frameworks, policies and processes.
- ARAC regularly reviews the Corporate Risk Register.
- ARAC monitors the organisation's risk culture, in addition to reviewing how well risk appetite is understood across the organisation.
- ARAC has a key role in providing assurance on systems of internal control and assuring the Accounting Officer and Board that controls are effective in mitigating the risks identified by management.
- ARACs should have a clear understanding of management's control environment and how it is designed to mitigate risk across the organisation.

Counter fraud and raising concerns

- 3.11** ARAC should consider counter fraud arrangements on a regular basis to understand the main fraud and error risks affecting the organisation and management actions to mitigate these risks. They should satisfy themselves that there is an appropriate anti-fraud policy in place which is regularly reviewed and updated.
- 3.12** NIAO has published a range of guidance on managing different types of fraud risks, including:
- [Planning Fraud Risk Guide](#) (published March 2023)
 - [Internal Fraud Risk Guide](#) (published February 2022)
 - [Grant Fraud Risk Guide](#) (published October 2021)
 - [Procurement Fraud Risk Guide](#) (published November 2020)
 - [COVID-19 Fraud Risk Guide](#) (published August 2020)
- 3.13** ARAC should assure themselves that suitable processes are in place to ensure fraud is guarded against and that losses and responses to them are suitably recorded and appropriate.
- 3.14** ARAC should review regular reports on any major incidents and near misses as well as details of any special investigations, raising concerns incidents and their outcome.



What does good practice look like?

- An appropriate anti-fraud policy and fraud response plan is in place and is regularly reviewed and updated.
- Suitable processes are in place to ensure fraud is guarded against (i.e. controls are designed to prevent and detect fraud and error).
- Losses are suitably recorded and the organisational response is reviewed to ensure it is appropriate.
- Raising concerns incidents are regularly reviewed and updated.

Financial reporting

- 3.15** ARAC should consider significant relevant accounting policies, any changes to them and any significant estimates and judgements, if possible before the start of the financial year.
- 3.16** At year end, ARAC should receive a comprehensive overview of the financial statements from the Finance Director, including comparisons with the prior year and current year budget, and an explanation for any significant issues arising. It should also review the clarity and completeness of disclosures in the year-end financial statements and consider whether the disclosures made are set properly in context.
- 3.17** ARAC should consider the control arrangements in place within the organisation for the preparation of the accounts. It should consider the advice and findings from External Audit and, if required, engage constructively with it to assist in the resolution of any disputes between External Audit and those preparing the accounts.



What does good practice look like?

- ARAC should have a thorough understanding of the processes in place to produce the financial statements to enable it to challenge the quality of the annual report and accounts;
- ARAC should seek assurances from senior management on the quality of the disclosures within the organisation's annual reports and accounts;
- ARAC should consider the contents of the Annual Report to ensure it is reasonable and in accordance with its understanding of the organisation;
- ARAC should engage constructively with the External Auditor, consider their reports and findings, especially the Report to those Charged with Governance, and follow up on all recommendations; and
- ARAC should hold the finance team accountable for adhering to the timetable agreed with External Audit for the production of the annual report and accounts.
- All ARAC members should be in attendance at the meeting that the Annual Report and Accounts are being proposed to be signed.



Our Observations

We have observed "deep dive" sessions by ARACs into significant risks affecting organisations. At these "deep dive" sessions during ARAC meetings, risk owners are invited to present in detail information relating to the risk. This allows ARAC members to fully understand the risk, critically challenge and review the adequacy and effectiveness of control processes in place.

Part Four: Scope

Scope

- 4.1** It is important that ARAC fully understands the scope of its work, and that this is set out clearly in its ToR. ARAC, the Accounting Officer and Board must be clear on their respective responsibilities – particularly when it comes to assurance requirements. Being clear on expectations and accountabilities will ensure that ARAC focuses its time and resources on its core requirements. ARAC should understand how it interacts with the organisation's various safeguards and how it should engage with other providers of assurance, such as Internal and External Audit.

Terms of Reference

- 4.2** ARAC's ToR should be agreed by the Accounting Officer/Board and made publicly available (including on the organisation's website). They should be reviewed regularly alongside the performance of ARAC. The responsibilities assigned to ARAC should not compromise its independence; it should not have any executive responsibilities or be charged with making or endorsing any decisions.
- 4.3** Under its ToR, ARAC should be able to request any employee of the organisation to report on the management of risk or on the control environment within their areas of responsibility. It should set a minimum number of meetings (at least four a year) and should have access to funding to cover the costs incurred in fulfilling its role. It will also need adequate secretariat support to perform its function.
- 4.4** A schedule of ARAC's agreed delegations from the Board, and the mechanisms for feedback and assurance, should be documented in the Board Operating Framework.



What does good practice look like?

The ToR should:

- be reviewed by ARAC on an annual basis;
- be agreed by the Board, made publicly available and reviewed regularly;
- clearly establish the independence and core responsibilities of ARAC;
- set a minimum number of meetings (at least four a year);
- include the possibility to hold a separate meeting to discuss the Annual Report and Accounts; and
- ensure access to funding to cover the costs incurred in fulfilling its role.

Internal Audit

- 4.5** The work of Internal Audit must be independent from the operations that it evaluates, reporting their work directly to the Board, typically via ARAC to provide effective oversight and governance. It is likely to be the single most significant resource used by ARAC in discharging its responsibilities. This is because the head of Internal Audit, in accordance with Internal Audit professional standards, has a responsibility to provide an annual opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and control processes. The role of ARAC in relation to Internal Audit should include advising the Accounting Officer and Board (through ARAC) on:

- the Internal Audit strategy and periodic Internal Audit plans, forming a view on how well they reflect the organisation's risk exposure and support the Head of Internal Audit's responsibility to provide an annual opinion;
- the adequacy of the resources available to Internal Audit;
- the Internal Audit Charter/Terms of Reference for Internal Audit;
- the results of Internal Audit work, including reports on the effectiveness of systems for governance, risk management and control, management responses to issues raised, and progress made by management addressing all recommendations;
- the annual Internal Audit opinion and annual report; and
- the performance of Internal Audit, including conformance with the applicable standards, expected performance measures, and the results of both internal and external quality assessments.



What does good practice look like?

- There is effective cooperation between the Head of Internal Audit and ARAC.
- ARAC advises the Accounting Officer and Board on the work of Internal Audit as a key strand of its assurance.
- ARAC seeks assurance from the Accounting Officer that any weaknesses identified are promptly addressed or mitigated.
- ARAC follows up on all recommendations raised in Internal Audit reports, while taking into account the priority rating of each point raised.

External Audit

- 4.6** ARAC should have ongoing engagement with the External Audit function (which for most Northern Ireland public sector bodies is the Northern Ireland Audit Office (NIAO)). It should consider both the External Auditor's audit strategy and the results of External Audit work as well as resolution of any identified weaknesses. It should seek assurance that the External Auditor has liaised with Internal Audit and where appropriate has taken assurance from their work where their objectives cover areas of joint interest.
- 4.7** In addition, it should review and consider the potential implications for the organisation of the wider work carried out by the External Auditor, for example, any relevant recommendations from its programme of Public Reporting, including the content of any relevant good practice guides.



What does good practice look like?

- ARAC Chair has regular informal meetings with the External Auditor separately from the organisation's executive staff to establish open working relationships and provide auditors with the opportunity to discuss any issues of concern.
- ARAC asks open-ended questions to provide an understanding of the External Auditor's perspectives about sensitive and judgemental accounting policies, accounts and transactions.
- The work of External Audit is normally primarily conducted for the benefit of the NI Assembly/Council – but the process and conclusions are a significant source of independent and objective assurance for ARAC to draw on.
- ARAC follows up on all recommendations raised by External Audit, while taking into account the priority rating of each point raised.



Our Observations

We have observed ARACs that have performed annual reviews of their ToR at one ARAC meeting during the year. The ToR was presented to each ARAC member for review prior to the meeting. At the meeting, members were invited to provide their comments on the updated ToR and to approve it prior to being brought to the Board for approval. After the Board approved the updated ToR, it was then published on the organisation's website.

Part Five:

Communication and Reporting

Communication and Reporting

- 5.1 To be successful, ARAC must have clear lines of communication with the Accounting Officer, the Board and other key stakeholders. Establishing an effective mechanism for working with the Board is particularly important.
- 5.2 Communication should be tailored to the requirements of key stakeholders and should be a way to ensure that ARAC can perform at its optimum effectiveness.
- 5.3 After each ARAC meeting, a report/minute should be prepared for the Accounting Officer and Board, setting out the business discussed by ARAC and offering advice on those issues that the Accounting Officer and Board should act upon. Such reports should be shared with the Internal Auditor and External Auditor.
- 5.4 ARAC should also provide an Annual Report, timed to support the preparation of the Annual Governance Statement, taking into account assurances from other parts of the organisation in respect of key risks. The Annual Report should summarise ARAC's work for the past year, as set out in para 6.5 of the [Audit Risk and Assurance Committee Handbook](#). Appendix 3 provides further guidance on the structure of ARAC Annual Report.
- 5.5 The reports received by ARAC to exercise its responsibilities should be at the right level of detail and presented in a manner which makes it easy for members to review and challenge. Reports from ARAC to the Board should meet the Board's expectations in terms of content, scope and proportionality.
- 5.6 There should be mutual rights of access to information between the Chair of ARAC, the Board, risk manager, head of Internal Audit and the External Auditor. Regular discussions should take place (at least annually) outside formal meetings to ensure that expectations are managed and that there is mutual understanding of current risks and issues.



What does good practice look like?

- ARAC has identified its key stakeholders and ensures that there is effective two-way communication with them. Relevant stakeholders include, for example, the Board, the head of Internal Audit, the External Auditor, and any other relevant assurance providers.
- There are regular reports from ARAC to the Board.
- An annual report is completed to support the preparation of the Annual Governance Statement.



Our Observations

We have observed numerous ARACs producing its annual report to the Board. The annual report is presented at an ARAC meeting (in advance of the Annual Governance Statement being prepared) inviting comments from all ARAC members. The report provides a detailed account of the work of ARAC during the year and is presented in a clear, concise and easily understandable manner.

Part Six:

Continuous Improvement

Continuous Improvement

- 6.1** As the challenges and requirements of ARACs evolve, a high-performing ARAC will strive for continuous improvement. It is important that ARAC adopts a positive attitude to learning and development, regularly appraises its performance and is open to feedback from others.
- 6.2** An ARAC's effectiveness should be judged by the contribution it makes to, and the beneficial impact it has on, the organisation's business. Evidence of effectiveness will usually be characterised as 'influence', 'persuasion' and 'support'. A good standard of performance against recommended practice, together with a knowledgeable and experienced membership, are essential requirements for delivering effectiveness.
- 6.3** The Chair should take the lead in ensuring that ARAC members are provided with appropriate appraisal of their performance as a committee member and that training needs are identified and met. The Chair should seek appraisal of their own performance from the Accounting Officer (or Chair of the Board, as appropriate).
- 6.4** The Chair should ensure that there is a periodic review (at least annually) of the overall effectiveness of ARAC – Appendix 1 provides a self-assessment checklist to aid this process. The Chair should ensure any areas of concern from the reviews are considered and actioned.



What does good practice look like?

- As part of the self-assessment process, the Chair assesses the performance of individual members and ARAC as a whole and as a team. In addition, the Chair should seek appraisal of their own performance from the Accounting Officer.
- Feedback is sought from ARAC's key stakeholders, for example, the Executive, Internal Audit, External Audit.
- Clear actions are identified and addressed to drive improvement.



Our Observations

We have observed ARACs that have included requirements for their self-assessment review within their ToR. Comments provided on the self-assessment review are relevant and provide insightful detail of ARAC's performance. Reflecting on self-awareness adds value to ARACs and gives ARAC members greater confidence that they are fully meeting the demands of their challenging roles, particularly where self-assessment is undertaken on an ongoing basis and includes training. We have also seen some ARACs benchmark against other similar or same group ARACs and also the development of a network of ARAC chairs/members within the same departmental family and holding regular relevant training events to discuss similar type issues.

Part Seven:

Local

Government

Guidance

Local Government Guidance

- 7.1** The constitution and membership of ARACs in local councils in Northern Ireland differs somewhat from central government public bodies. Core membership is made up of elected representatives and ARAC often has different titles and ancillary responsibilities, and reports to the Council rather than a Board. Notwithstanding these differences, they should strive to follow best practice in line with a central government ARAC.

Membership, Independence, Objectivity and Understanding

- 7.2** It is recommended that suitable independent members are appointed to all local council ARACs. The role of the Chair of ARAC is key to the effectiveness of the Committee and best practice of having an independent chair comes from other sectors. Whilst there is no requirement for local authorities to adopt this, consideration should be given to having an independent member to chair ARAC as:
- it helps to ensure that the committee is chaired by someone with appropriate knowledge and expertise;
 - it reinforces the independent and objective nature of the work of an ARAC; and
 - it provides continuity in the chairing of the committee.
- 7.3** An external and independent view can often bring new experiences and approaches to ARAC discussions. Independent members' appointments should be for a fixed term and be formally approved by the Council. While operating as a member of ARAC, all independent members should follow the organisation's code of conduct and a register of interests should be maintained.

Skills and Experience

- 7.4** Consideration should be given by full Council to extending the appointment of the Chair of ARAC and all ARAC members for more than one year, which would bring continuity and experience to the role. ARAC members require a wide range of skills and experience in relation to governance, risk and control and it is important that ARAC members are appointed with the right skills.
- 7.5** The selection of the Chair should take into account the characteristics required of an effective Chair, as outlined in paragraph 2.6 of this guide.

Roles and Responsibilities

- 7.6** ARAC members should have a timely induction programme which outlines the requirements of the role including the Council's accountability framework, priorities and risk profile.
- 7.7** ARACs are a key component of a council's governance framework. ARAC's purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. ARAC's role in ensuring that there is sufficient assurance over governance, risk and control gives greater confidence to all those charged with governance that those arrangements are effective.
- 7.8** The full council is the body charged with governance. ARAC may be delegated some governance responsibilities but is accountable to the full council.
- 7.9** ARAC has oversight of both Internal and External Audit together with the financial and governance reports, helping to ensure that there are adequate arrangements in place for both internal challenge and public accountability.

Scope

- 7.10** CIPFA's Position Statement for local government bodies (2022) outlines that the core functions of ARAC are to provide oversight of a range of core governance and accountability arrangements, responses to the recommendations of assurance providers, and assist in ensuring robust arrangements are maintained.
- 7.11** The specific responsibilities include:
- maintenance of governance, risk and control arrangements;
 - financial and governance reporting; and
 - establishing appropriate and effective arrangements for audit and assurance.

Communication and Reporting

- 7.12** ARAC should report annually on how it has discharged its responsibilities and include an assessment of its performance.

Continuous Improvement

- 7.13** The Chair should take the lead in ensuring that training needs are identified and met for all ARAC members and that there is a periodic review (at least annually) of the overall effectiveness of ARAC – Appendix 1 provides a self-assessment checklist to aid this process, with Part 7 of this Appendix providing further details on ARACs for local councils in Northern Ireland. The Chair should ensure any areas of concern from the reviews are considered and actioned.



What does good practice look like?

- The Council ARAC reports directly to the full Council rather than another committee.
- At least one independent member should be appointed to the Council ARAC.
- The Chair should be strong and independently minded, displaying a depth of knowledge, skills and experience.
- Consideration should be given to appointing an independent member as Chair of the Council ARAC.
- ARAC members should strive to be in attendance at each meeting of the ARAC.
- All ARAC members should be in attendance at the meeting that the Annual Report and Accounts are being proposed to be signed.



Our Observations

We have observed a local council that has appointed an independent member as Chair of the Council ARAC. This independent Chair has been in this position for more than one year, bringing continuity, knowledge and experience to the ARAC. Having an independent member as Chair reinforces the independence and objective nature of the work of the Council ARAC.

Appendices

Appendix 1: Audit and Risk Assurance Committee Self-Assessment Checklist

This self-assessment checklist is a comprehensive way for ARACs to review their overall effectiveness. We recommend that it is completed annually.

Each section of the questionnaire has been split into three distinct areas:

- Essential Requirements – these questions reflect guidance set out in the body of the HM Treasury Audit and Risk Assurance Committee Handbook (July 2024). Paragraph references to the appropriate section in the HM Treasury ARAC Handbook are included in each question.
- Other Good Practice arrangements – these questions go beyond basic requirements and set a standard for ARACs to demonstrate leading behaviours.
- Additional Comments and key takeaways – at the end of each section is a space for ARAC to add its commentary and highlight any actions that have arisen.

Section		Questions
Section 1 - Membership, Independence, Objectivity and Understanding	Membership, Independence, Objectivity and Understanding	1.1 – 1.30
Section 2 – Skills and Experience	Skills and Experience Training and Development Cyber and Digital Information security Climate change and ESG Projects and programmes Procurement	2.1 – 2.9 2.10 – 2.17 2.18 – 2.19 2.20 2.21 – 2.23 2.24 – 2.25 2.26 – 2.29
Section 3 – Roles and Responsibilities	Assurance Governance Risk management and internal controls Training and Development Financial Reporting	3.1 – 3.8 3.9 – 3.18 3.19 – 3.45 3.46 – 3.47 3.48 – 3.62
Section 4 - Scope	Term of Reference Internal Audit External Audit	4.1 – 4.17 4.18 – 4.28 4.29 – 4.45
Section 5 - Communications and Reporting	Communications and Reporting	5.1 – 5.13
Section 6 – Continuous Improvement	Continuous Improvement	6.1 – 6.9
Section 7 – Council Specific	Council Specific	7.1 – 7.10

A downloadable copy of the checklist is available on the [NIAO website](#).



Section 1: Membership, Independence, Objectivity and Understanding

Reference	Essential Requirements (including Audit and Risk Assurance Committee Handbook Reference)	Yes/No	Actions/Comments
1.1	The Chair is a non-executive Board member and possesses an appropriate level of relevant experience. (3.2)		
1.2	Membership of ARAC has sufficient numbers to discharge its responsibilities. (3.1)		
1.3	ARAC explores the option of bringing in additional independent, non-executive members from sources other than the Board to ensure an appropriate level of skills and experience. (3.2)		
1.4	The Accounting Officer and the Finance Director routinely attend meetings. (3.4)		
1.5	The heads of Internal Audit and External Audit routinely attend meetings. (3.4)		
1.6	The Chair separately meets the Accounting Officer, Financial Director, Internal Audit and External Audit outside the formal committee structure on a regular basis and at least once per year. (3.5)		
1.7	ARAC members understand their responsibilities regarding identifying, declaring and resolving conflicts of interest. (3.9)		
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)		
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 NIAO Conflicts of Interest - Good Practice Guide		
1.10	Conflicts of interest policy - The conflict of interest policy is reviewed on an annual basis - see para 4.9 and 4.13 of NIAO Conflicts of Interest - Good Practice Guide		
1.11	Terms of Reference are reviewed and approved annually by the Accounting Officer and Board Chair and are tabled at each ARAC meeting. (5.26)		
1.12	ARAC has access to sufficient funding to cover the costs incurred in fulfilling its role. (5.31) This should be sufficient to: <ul style="list-style-type: none"> • meet the remuneration and working expenses of its members; • meet the relevant training needs of its members; • provide specialist (external) advice or opinions when required; and • provide external review of the effectiveness of ARAC. 		
1.13	ARAC meets at least four times during the year. (5.30)		
1.14	The number of meetings held during the year is sufficient to allow ARAC to perform as effectively as possible. (5.30)		
1.15	Meetings are well-aligned with the audit and assurance cycle. (5.30 and Annex E)		
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)		
1.17	Meetings of ARAC are long enough to ensure that all agenda items are covered in sufficient detail. (Annex F)		

Other Good Practice Arrangements

Reference	Good Practice	Yes/No	Actions/Comments
1.18	Contribution to meetings - All members and attendees make valuable contributions to meetings.		
1.19	Deep dives - Deep dives are undertaken in core and emerging risk areas, and these are sufficiently detailed so ARAC can understand the risk and challenge management.		
1.20	Private meetings - ARAC has the opportunity to meet Internal Auditors and External Auditors in private – without the presence of management – when necessary and this time is used effectively.		
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 involved in the appointment process. (Annex A, A.3)		
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.		
1.23	Culture and Behaviour - ARAC acts in an inclusive and respectful manner, avoids 'group think', and provides an appropriate balance between challenge and support.		
1.24	Preparation - ARAC receives information and papers far enough in advance for members to fully consider before the meeting.		
1.25	Resources - ARAC is provided with sufficient administrative and secretarial support to undertake its duties to the required standard.		
1.26	Balance of Agenda - Sufficient time is afforded to the different providers of assurance to ARAC across the various lines of defence, notably risk management, Internal Audit and External Audit.		
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.		
1.28	Minute taker - There is a designated minute taker present at each meeting.		
1.29	Record of reports presented - All papers presented at ARAC meetings are at the right level of detail and presented in a manner which makes it easy for members to review and challenge. All papers should include a cover page outlining the main issues arising and should be tabled for either information, discussion, noting or for approval.		
1.30	Hybrid meetings - Where ARAC meetings are hosted online, a secure link to join the meeting on-line should be provided in advance. Appropriate technology should be in place prior to the meeting, ensuring all participants can be seen and heard clearly.		
Additional comments and key takeaways			



Section 2: Skills and Experience

Reference	Essential Requirements (including Audit and Risk Assurance Committee Handbook Reference)	Yes/No	Actions/Comments
2.1	ARAC possesses a good range of skills and experience in relation to governance, risk and control. (4.1)		
2.2	At least one member of ARAC has recent and relevant financial experience sufficient to allow them to analyse the financial statements and understand good financial management disciplines. (4.1)		
2.3	ARAC proactively identifies which skills it requires to discharge its responsibilities most effectively. (4.2)		
2.4	The required skill sets for ARAC are reviewed at regular intervals. (4.2)		
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. (4.5)		
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 C)		

Other Good Practice Arrangements

Reference	Good Practice	Yes/No	Actions/Comments
2.7	Diversity - ARAC draws on a sufficiently diverse membership, containing a variety of demographic attributes and characteristics		
2.8	Relevance of financial reporting experience - The financial reporting expertise held by members is relevant and appropriate to the significant financial reporting risks of the organisation – particularly in respect of any complex estimates or judgements.		
2.9	Non-Technical Skills - ARAC benefits from a good mix of non-technical skills – for example, communication, influencing, negotiating, leadership and facilitation skills		
Additional comments and key takeaways			

Training and Development

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 and the organisation. (4.6)		
2.11	Members of ARAC who are unfamiliar with corporate governance and wider practice in government are specifically upskilled in this area. (4.6)		
2.12	Members keep their skills and knowledge up-to-date through networking and conferences to allow them to focus on key issues facing the organisation. (4.3)		
2.13	ARAC Chair ensures that members have an appropriate programme of engagement with the organisation and its activities to help them understand the organisation, its objectives, business needs, priorities and risk profile. (4.7)		

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.		
2.15	Emerging developments - ARAC's training and development programme takes account of developments in corporate governance and emerging risk areas.		
2.16	Public sector context - For ARAC members unfamiliar with the operations of the public sector, special focus is given to this as part of their induction, focusing in particular on regularity.		
2.17	Cross-government networking - ARAC Chair attends cross-governmental (if a government department) or cross-departmental (if an arm's-length body) ARAC Chair meetings.		
Additional comments and key takeaways			

Cyber and Digital

Reference	Good Practice	Yes/No	Actions/Comments
2.18	ARAC understands how cyber and digital risks impact on the organisation.		
2.19	ARAC has 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.		

Information Security

Reference	Good Practice	Yes/No	Actions/Comments
2.20	ARAC understands the organisation's approach to managing information risks, and how it manages its GDPR requirements.		

Climate Change and ESG

Reference	Good Practice	Yes/No	Actions/Comments
2.21	ARAC is satisfied the organisation's approach to managing ESG risks, and making appropriate disclosures, is in line with relevant standards such as the Greening Government Commitments and Sustainability Reporting Guidance.		
2.22	ARAC is provided with the appropriate means to effectively assess the organisation's approach to managing climate-related risks.		
2.23	ARAC assesses the organisation's net zero strategy with sufficient detail, and at regular intervals.		

Projects and Programmes

Reference	Good Practice	Yes/No	Actions/Comments
2.24	ARAC is appropriately briefed on significant projects and programmes throughout their lifecycle e.g. provision of gateway reviews at each stage of the project.		
2.25	ARAC has the skills and expertise to provide effective critical challenge on the financial management, delivery risks and overall progress of projects or programmes.		

Procurement

Reference	Good Practice	Yes/No	Actions/Comments
2.26	ARAC has an appreciation of the risks associated with procurement in the public sector context.		
2.27	ARAC has the skills and expertise to challenge commercial activities and the procurement of goods and services.		
2.28	ARAC is informed of all Single Tender Action/Direct Award Contracts with supporting detail.		
2.29	ARAC is provided with regular updates of any significant legislative changes in procurement practices and how management is preparing for these.		
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 helps the Accounting Officer and Board to formulate their assurance needs. (5.3)		
3.2	ARAC assesses whether the assurance received is of sufficient quality to meet the assurance needs outlined in 3.1. (5.3)		
3.3	ARAC understands the key sources of assurance in the organisation, and how and why each of these sources provides assurance to them. (5.5)		
3.4	ARAC understands the three lines of defence model, as set out in the <u>Orange Book 2023, Annex 2</u> , and how this applies in practice to the organisation. (5.6)		
3.5	ARAC is proactive in commissioning assurance work from appropriate sources where it identifies any significant governance, risk and control issues which have not been subject to sufficient review. (5.9)		
3.6	ARAC ensures the organisation operates appropriate and effective whistleblowing practices, in keeping with NIAO's good practice guide on <u>Raising Concerns</u> (June 2020), and has completed the associated self-assessment checklist.		

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.		
3.8	Recommendation Tracking Department of Finance (DOF) Letters and other relevant guidance - ARAC has an effective system for monitoring management's progress with recommendations from DoF Letters and other relevant guidance.		
Additional comments and key takeaways			

Governance

ARAC understands how governance arrangements support achievement of the organisation’s strategies and objectives.
(5.19) In particular, ARAC understands:

Reference	Essential Requirements (including Audit and Risk Assurance Committee Handbook Reference)	Yes/No	Actions/Comments
3.9	the Board’s operating framework, including the organisation’s vision and purpose;		
3.10	mechanisms which ensure effective organisational accountability, performance and risk management;		
3.11	role definitions, committees and other structures which support the effective discharge of responsibilities, decision-making and reporting;		
3.12	the development, operation and monitoring of the system of internal controls and whether these will provide timely warnings of any failings;		
3.13	how appropriate ethics and values are promoted within the organisation;		
3.14	how management information is communicated to the Board and other appropriate areas of the organisation; and		
3.15	the nature of relationships with arm’s-length bodies, if applicable.		

Other Good Practice Arrangements

Reference	Good Practice	Yes/No	Actions/Comments
3.16	Future assurance requirements - ARAC monitors developments in corporate governance so it can proactively advise the Accounting Officer and Board on any changes to assurance requirements.		
3.17	Annual governance statement - ARAC reconciles assurance from Internal Audit, External Audit and other sources of assurance with conclusions drawn in the organisation’s annual governance statement.		
3.18	Corporate governance policy - Without duplicating the work of the Board, ARAC advises on – and scrutinises the implementation of – its organisation’s corporate governance policy.		
Additional comments and key takeaways			

Risk Management and internal controls

Reference	Essential Requirements (including Audit and Risk Assurance Committee Handbook Reference)	Yes/No	Actions/Comments
3.19	ARAC understands the organisation's business strategy, operating environment and the associated risks to executing the strategy. (5.20)		
3.20	ARAC is satisfied that management takes an enterprise-wide view of the organisation's risks, including those that cross organisational boundaries. (5.20)		
3.21	There is a clear understanding of the role and activities of the Board in relation to managing risk. (5.20)		
3.22	ARAC discusses with the Board how its policies, attitude to, and appetite for risk are defined and communicated across the organisation. (5.20)		
3.23	ARAC understands and challenges the risk management framework and the assignment of responsibilities. (5.20)		
3.24	Adequate assurance has been obtained on the risk and control environment encompassing services outsourced to external providers, including shared service arrangements, and the wider supply chain. (5.12)		
3.25	(For government departments and groups only) assurance has been obtained on risks from across the group – and there is timely communication and visibility of these risks. (5.11)		

Other Good Practice Arrangements

Reference	Good Practice	Yes/No	Actions/Comments
3.26	Risk Culture - ARAC promotes the importance of a positive risk culture in the organisation as set out in NIAO's good practice guide on Innovation and Risk Management		
3.27	Managing Innovation - ARAC is aware of how the organisation encourages best practice in innovation and risk management as set out in NIAO's good practice guide on Innovation and Risk Management - Self Assessment Checklist		
3.28	Risk Tolerance - ARAC challenges management on whether there is a comprehensive process for identifying and evaluating risk, and for deciding what levels of risk are tolerable		
3.29	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		
3.30	Resources - ARAC can assess whether there are sufficient resources to manage risk effectively across the organisation		
3.31	Emerging Risks - ARAC challenges whether management's approach to identifying risks is broad enough to effectively identify new and emerging risks		

3.32	Risk Evaluation - ARAC challenges management on its approach to evaluating risks, including the effectiveness of scenario planning and stress testing.		
3.33	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.		
3.34	Fraud and Error - ARAC understands the main fraud and error risks as set out in <u>NIAO's various Fraud Risk guides</u> , and challenges management to consider timely options for tackling fraud and error risks.		
3.35	Resilience - ARAC considers the cumulative impact of risks and how these could impact on the ongoing resilience of the organisation.		
3.36	ARAC critically challenges and reviews the adequacy and effectiveness of control processes in responding to risks. (5.20)		
3.37	ARAC challenges whether the extent of the controls in place to mitigate risks is excessive, and whether any action is needed to address this. (5.10)		
3.38	Understanding of internal control - ARAC has a good understanding of how the organisation develops, operates and monitors the system of internal control.		
3.39	Controls over material or significant risks ARAC seeks assurance on how any material or significant risks are managed through strategic, operational and compliance controls.		
3.40	Timely indicators - ARAC assesses whether the system of internal control would provide timely indicators of weaknesses and failings.		
3.41	Root cause analysis of significant failings or weaknesses in internal control - When any significant failings or weaknesses in internal control arise, ARAC reviews management's analysis of the root cause and subsequent action plan.		
3.42	Financial control - ARAC is satisfied that the organisation has a sound system of financial control - including the structure of delegations - which enables the organisation to achieve its objectives with good value for money.		
3.43	IT controls - ARAC has sufficient assurance over the quality of IT controls		
3.44	Design of fraud controls - ARAC is satisfied that the organisation's controls are designed to effectively prevent and detect known fraud and error risks as set out in <u>NIAO's fraud risk guides</u> .		
3.45	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.		
Additional comments and key takeaways			

Training and Development

Reference	Essential Requirements (including Audit and Risk Assurance Committee Handbook Reference)	Yes/No	Actions/Comments
3.46	ARAC receives reports on major incidents as well as details of special investigations, including any whistleblowing cases. (5.22)		

Other Good Practice Arrangements

Reference	Good Practice	Yes/No	Actions/Comments
3.47	Counter fraud arrangements – ARAC is satisfied that the organisation has adopted appropriate arrangements to identify and respond to the risk of fraud, including reporting losses and investigating fraud incidents as set out in <u>NIAO's good practice guide on Managing Fraud Risk in a Changing Environment</u> .		
Additional comments and key takeaways			

Financial Reporting

Reference	Essential Requirements (including Audit and Risk Assurance Committee Handbook Reference)	Yes/No	Actions/Comments
3.48	ARAC reviews the clarity and completeness of disclosures in the year-end financial statements. (5.23)		
3.49	ARAC considers significant accounting policies, any changes to them, and any significant estimates and judgements, if possible, before the start of the financial year. (5.23)		
3.50	ARAC uses its understanding of the organisation to assess whether disclosures in the financial statements are set properly in context. (5.23)		
3.51	In reviewing the Annual Accounts, ARAC specifically considers the following: <ul style="list-style-type: none">accounting policies comply with relevant requirements, particularly <u>HM Treasury's Financial Reporting Manual</u>;assurances about the financial systems which provide the figures for the accounts;the quality of the control arrangements for preparing the accounts;key 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; andreports, advice and findings from External Audit – especially the Report to those charged with governance (RTTCWG).		

Other Good Practice Arrangements

Reference	Good Practice	Yes/No	Actions/Comments
3.52	Annual Report - ARAC reviews the Annual Report to ensure that it is fair and balanced and is easily understandable.		
3.53	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 specialist advice or enlisted expertise.		
3.54	Continual 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.		
3.55	Reports from third parties - In reaching a view on the accounts, ARAC considers the implications of reports from third parties – for example, on legal matters, valuations or reports from regulators.		
3.56	Key Matters - ARAC considers key matters on its own initiative rather than relying solely on the work of the External Auditor.		
3.57	Understanding of the Organisation - ARAC has a detailed understanding of the organisation and its context and can successfully challenge whether the accounts provide a fair representation of activity.		
3.58	Going Concern - ARAC sufficiently challenges the going concern assessment in the context of its review of the financial statements and understanding of the business.		
3.59	Use of financial models - ARAC offers appropriate challenge to any information which is generated through financial modelling.		
3.60	Financial reporting developments - ARAC is familiar with developments in financial reporting standards and can challenge their application in financial statements.		
3.61	Group Reporting - (For government groups only) ARAC has sufficient oversight of significant financial reporting risks from across the department or group.		
3.62	<p>Submission of unsigned Annual Report and Accounts (ARA) to the C&AG - (For central 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</p> <ul style="list-style-type: none"> • reviewed the ARA to ensure they have been properly prepared in accordance with the guidance; • enquired of staff to ensure adequate working papers are available to support the figures in the ARA; and • enquired of staff to ensure that it is not anticipated that the ARA will be subject to significant adjustment as a result of the audit procedures. <p>ARAC should be provided with confirmation that the above has happened.</p>		



Section 4: Scope - Terms of Reference

Reference	Essential Requirements (including Audit and Risk Assurance Committee Handbook Reference)	Yes/No	Actions/Comments
4.1	ARAC's Terms of Reference are agreed by the Accounting Officer and the Board. (5.26)		
4.2	The Terms of Reference are reviewed on an annual basis. (5.26)		
4.3	The Terms of Reference do not conflict with guidance in the HM Treasury's Audit and Risk Assurance Committee Handbook. (5.27)		
4.4	The Terms of Reference make clear ARAC's independence as a committee. (5.27)		
4.5	ARAC's Terms of Reference are made publicly available, including on the organisation's website. (5.26)		
4.6	The Terms of Reference allow for ARAC to sit privately without any non-members present for all or part of a meeting if they wish. (3.4)		

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 Reference)	Yes/No	Actions/Comments
4.7	details of ARAC membership.		
4.8	the reporting requirements to the Board.		
4.9	the key areas of responsibility on which ARAC will advise the Accounting Officer and Board.		
4.10	rights of ARAC over co-opting additional members or procuring specialist advice.		
4.11	the head of Internal Audit and a representative from External Audit will have free and confidential access to the Chair of ARAC.		
4.12	meeting information, including the number per year, the number of members required for the meeting to be quorate, and expected invitees.		
4.13	information requirements, including what information will be provided for each meeting, and what will be provided on request.		

Other Good Practice Arrangements

Reference	Good Practice	Yes/No	Actions/Comments
4.14	Benchmarking - ARAC has compared its Terms of Reference against those of similar profile organisations.		
4.15	Expectations - In addition to core requirements, the Terms of Reference contain information which allows ARAC to function more effectively – for instance, expectations about how far in advance of meetings papers will be provided.		
4.16	Proportionality - The Terms of Reference properly reflect the role and scope of ARAC, and are proportionate to the way ARAC actually operates.		
4.17	Standing Item - The Terms of Reference are included as a standing agenda item at every ARAC for reference purposes.		
Additional comments and key takeaways			

Internal Audit

Reference	Essential Requirements (including Audit and Risk Assurance Committee Handbook Reference)	Yes/No	Actions/Comments
4.18	ARAC performs a risk-based review of Internal Audit's strategy and annual programme of work. (5.16)		
4.19	ARAC assesses the adequacy of the budget and resources available to Internal Audit. (5.16)		
4.20	ARAC reviews the Internal Audit charter or terms of reference. (5.16)		
4.21	ARAC assesses the results of Internal Audit's work, and management's responses to the issues raised. (5.16)		
4.22	ARAC reviews the annual Internal Audit Opinion and associated annual report. (5.16)		
4.23	ARAC assesses the performance of Internal Audit against applicable standards, expected performance measures and the results of any internal or external quality assurance assessments. (5.16)		
4.24	ARAC reviews progress made by management in addressing Internal Audit recommendations and is proactive in obtaining confirmation that the recommendations are actually implemented (5.16)		

Other Good Practice Arrangements

Reference	Good Practice	Yes/No	Actions/Comments
4.25	Other assurance activity - ARAC frames the work of Internal Audit in the context of other assurance activity that takes place in the first and second lines of defence		
4.26	Support - ARAC plays a role in providing support for, and acceptance of, the work of Internal Audit.		
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		
4.28	Overall opinion - ARAC considers how the individual components of the annual Internal Audit plan provide reasonable assurance on governance, risk and control for the organisation in totality		
Additional comments and key takeaways			

External Audit

Reference	Essential Requirements (including Audit and Risk Assurance Committee Handbook Reference)	Yes/No	Actions/Comments
4.29	ARAC considers and makes relevant enquiries about the External Auditor's planned audit approach. (5.17)		
4.30	ARAC considers the impact of the results of External Audit work. (5.17)		
4.31	ARAC promotes cooperation between External Audit and Internal Audit to maximise overall audit efficiency, capture opportunities to derive a greater level of assurance and minimise unnecessary duplication of work. (5.17)		
4.32	Recommendations Tracking - NIAO Public Reports - Where relevant, ARAC has an effective system for monitoring management's progress with recommendations from NIAO Public Reports. Management responses to recommendations should be included in a Memorandum of Reply (MOR) as set out in DAO 03/24 - <u>Guidance on Responding to Northern Ireland Audit Office Public Reports</u>		
4.33	NIAO Good Practice Guides - ARAC has an effective system for monitoring management's progress with any relevant recommendations arising from NIAO Good Practice Guides.		
4.34	External Audit's findings and recommendations - ARAC reviews and monitors management's responses to any findings set out in External Audit's RTTCWG.		

Other Good Practice Arrangements

Reference	Good Practice	Yes/No	Actions/Comments
4.35	Objectives of External Audit - ARAC has a clear understanding of the objectives, scope and remit of External Audit work.		
4.36	Review of adequacy of scope - ARAC has the opportunity to review the scope of External Audit work and – if not satisfied as to its adequacy – challenge whether additional work should be undertaken by the External Auditor.		
4.37	Level of fees - ARAC satisfies itself that the level of fees payable in respect of the audit services provided is appropriate and that an effective, high-quality audit could be conducted for such a fee.		
4.38	Materiality - ARAC is satisfied that it has a good understanding of materiality, including the benchmarks used and the calculation of materiality and performance materiality, as set out in <u>FRC ISA 320 - Materiality in Planning and Performing an Audit</u> .		
4.39	Audit quality - ARAC considers factors that could affect the quality of the audit during the year and discusses these with the auditor, as set out in <u>FRC's paper on Audit Quality Indicators</u> .		
4.40	Expert advice - ARAC is satisfied that the External Auditor has access to relevant expertise, for instance around pensions liabilities or property valuation.		
4.41	Quality of review - ARAC focuses on priority issues when undertaking its review of the results of External Audit work.		
4.42	Review of audit representation letters - ARAC reviews the audit representation letters before they are signed by the Accounting Officer and considers matters where representation has been requested that relates to non-standard issues.		
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.		
4.44	Support for External Audit - ARAC is supportive of External Audit's challenge of management and does not act as management's advocate.		
4.45	Uncorrected Misstatements - ARAC should provide written endorsement of management's reasons for not correcting any uncorrected misstatements identified by External Audit.		
Additional comments and key takeaways			

Section 5: Communications and Reporting

Reference	Essential Requirements (including Audit and Risk Assurance Committee Handbook Reference)	Yes/No	Actions/Comments
5.1	ARAC produces a report after each meeting for the Accounting Officer and Board (with a copy to the head of Internal Audit and the External Auditor) covering: <ul style="list-style-type: none"> the key business taken by ARAC; and ARAC's views and advice on any issues they believe the Accounting Officer or Board should take action on. (6.1) 		
5.2	ARAC has effective communications with those it seeks briefings from (the executive and Internal and External Audit) and those it provides assurance to (the Board). (6.3)		
5.3	ARAC provides an Annual Report timed to support the preparation of the Annual Governance Statement. (6.4)		
5.4	ARAC's Annual Report is open and honest in presenting the ARAC's views. (6.4)		
5.5	ARAC's Annual Report summarises ARAC's work for the past year and how it discharges its responsibilities in accordance with HM Treasury's Audit and Risk Assurance Committee Handbook (July 2024) (1.5, 6.5)		
5.6	There are mutual rights of access 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. (6.7)		
5.7	There are periodic discussions with key attendees outside of the formal meetings to help ensure that expectations are managed and there is mutual understanding of current risks and issues. (6.7)		

Other Good Practice Arrangements

Reference	Good Practice	Yes/No	Actions/Comments
5.8	Transparency - ARAC reports its work as transparently as possible within the limits of what is confidential and commercially sensitive.		
5.9	Working with the Board - ARAC has a robust mechanism for working with the Board, so expectations and accountability are clear.		
5.10	Technology - ARAC uses technology to its advantage and communicates as a group in a way which is effective, efficient and secure.		
5.11	Reports from ARAC to the Board - Reports produced by ARAC are proportionate: there is enough information to provide the Board with the assurance it requires, but not too much that key information is diluted.		
5.12	Visibility of risks across departments - (For government departments only) the departmental ARAC has an effective way of gaining visibility over key risks and issues arising from ARACs within the departmental group.		
5.13	Attendance at ARAC meetings by Departmental officials - (For ALBs of government departments only) a departmental official is invited to and attends all ARAC meetings.		
Additional comments and key takeaways			



Section 6: Continuous Improvement

Reference	Essential Requirements (including Audit and Risk Assurance Committee Handbook Reference)	Yes/No	Actions/Comments
6.1	Chair's performance - The Chair seeks appraisal of his or her performance from the Accounting Officer or Chair of the Board, as appropriate. (Annex A, A2)		
6.2	ARAC members' performance - The Chair assesses the performance of the individual members of ARAC, discusses their training and development needs and agrees a training and development plan. (Annex A, A2)		
6.3	Periodic reviews - The Chair ensures a periodic review of the overall effectiveness of ARAC. (Annex A, A3)		
6.4	Assessment of outcomes - After completing an effectiveness review, there is sufficient time and effort devoted to discussing results and agreeing an action plan based on the outcomes.		
6.5	Monitoring of trends - Evaluation of performance is not done in isolation, and year-on-year trends in different areas of performance are measured.		
6.6	Feedback from key stakeholders - The Chair considers ways in which to obtain feedback from the executive and other key stakeholders – for example, Internal and External Audit – on the performance of ARAC.		

Other Good Practice Arrangements

Reference	Good Practice	Yes/No	Actions/Comments
6.7	Succession planning - The results of the performance evaluation are used to inform and influence succession planning – for instance in highlighting skills gaps or a lack of diversity, similar to the process set out for succession planning in the <u>NIAO Report Board Effectiveness Good Practice Guide 2022</u> (Paras 1.23 to 1.25).		
6.8	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 <u>NIAO Report Board Effectiveness Good Practice Guide 2022</u> .		
6.9	Objectivity and rigour - The evaluation of performance is objective and rigorous enough for meaningful conclusions to be drawn.		
Additional comments and key takeaways			



Section 7: Council Specific

Reference	Good Practice	Yes/No	Actions/Comments
7.1	Does ARAC report directly to full Council?		
7.2	Do the Terms of Reference clearly set out the purpose of ARAC?		
7.3	Do ARAC's terms of reference explicitly address all the core areas including: <ul style="list-style-type: none"> • Maintenance of governance, risk and control arrangements • Financial and governance reporting • Establishing appropriate and effective arrangements for audit and assurance 		
7.4	Is an annual evaluation undertaken to assess whether ARAC is fulfilling its terms of reference and that adequate consideration has been given to all core areas?		
7.5	Where coverage of core areas has been found to be limited, are plans in place to address this?		
7.6	Is ARAC independent of executive decision-making and able to provide objective oversight?		
7.7	Does ARAC have sufficient importance in the local council so that its recommendations and opinions carry weight and have influence with the leadership team and those charged with governance?		
7.8	Has an effective ARAC structure and composition of ARAC been selected? This should include: <ul style="list-style-type: none"> • separation from the executive • an appropriate mix of knowledge and skills among the membership • a size of ARAC that is not unwieldy • consideration as to the inclusion of at least one independent member • consideration as to the independent member chairing ARAC 		
7.9	Have independent members appointed to ARAC been recruited in an open and transparent way and approved by the full Council?		
7.10	Does ARAC review progress from recommendations arising from NIAO's: <ul style="list-style-type: none"> • annual audit of the accounts; and • performance improvement audit and assessment annual exercise. 		
Additional comments and key takeaways			

Appendix 2: Example of Annual ARAC core work programme (for bodies with a March year-end)

Items	Spring	Summer	Autumn	Winter
Standing Items				
Apologies	✓	✓	✓	✓
Conflicts of Interest	✓	✓	✓	✓
Review and approve the draft minutes from the previous meeting	✓	✓	✓	✓
Update on matters arising from the previous meeting	✓	✓	✓	✓
Review the organisation's strategic risk register and risk management processes put in place by the executive team and consider undertaking deep dives into specific risks and how evolving risks are reported.	✓	✓	✓	✓
Consider Internal Audit update and any individual reports	✓	✓	✓	✓
Consider External Audit update and any individual reports	✓	✓	✓	✓
Report tracking the implementation of both Internal and External Audit recommendations.	✓	✓	✓	✓
Consider any Fraud/Raising Concerns reports	✓	✓	✓	✓
Review of Single Tender Action/Direct Award Contracts	✓	✓	✓	✓
AOB	✓	✓	✓	✓
Confidential meeting with Internal and External Auditors	✓	✓	✓	✓
Other Items				
Review and consider the annual report and accounts, including any changes to accounting estimates and judgements.	✓ Draft	✓ Final		
Consider/advise on the contents of the (draft) Governance Statement for the financial year just ended.	✓	✓		
Agree ARAC's annual report to the Accounting Officer and Board/Chief Executive and Council.	✓ Draft	✓ Final		
Review the Internal Audit mandate, charter, terms of reference, strategy and the periodic work plan for the coming financial year.	✓			
Consider counter fraud work plans for the coming year, including ensuring a review of the counter fraud strategy and policy.	✓			
Consider the External Audit strategy proposed in respect of current year's annual report and accounts.	✓			
Consider the (emerging) External Audit opinion and findings on the annual report and accounts.		✓		
Consider Head of Internal Audit annual report and opinion.		✓		
Discuss the implications of the result of the Accounting Officer's review of effectiveness of the system of control in relation to the Annual Governance Statement.		✓		
Consider annual reports on counter fraud, raising concerns, conflicts of interest, cyber security and any other sources of annual assurance.		✓		
Review/Update Self-Assessment Assurance Checklist (See Appendix 1)			✓	
Review the overall Assurance Framework.				✓
Review ARAC's Terms of Reference				✓
Consider any recommendations arising from External Audit's performance improvement audit and assessment annual exercise (councils only).				✓

Appendix 3: Example of ARAC Annual Report Structure

Introduction

The introduction should provide a summary of the role and activities of ARAC within the organisation, including the reporting structure, its independence and the steps taken to obtain the necessary assurance around the year-end process, culminating in the Annual Report and Accounts, including the Governance Statement.

Membership

All ARAC members should be listed (including dates of appointment), highlighting who the Chairperson is, Non-Executive Board Members (NEBMs) and if there were any new appointments or resignations in the year.

Meetings

It is important that members are in regular attendance. The attendance statistics for each meeting during the year should be published. This ensures that the quorum is being met. See below a suggested table which should be tailored to each organisation.

	Spring	Summer	Autumn	Winter
ARAC Members				
Chair	✓ / x	✓ / x	✓ / x	✓ / x
Non-Executive Board Member 1	✓ / x	✓ / x	✓ / x	✓ / x
Non-Executive Board Member 2	✓ / x	✓ / x	✓ / x	✓ / x
Non-Executive Board Member 3	✓ / x	✓ / x	✓ / x	✓ / x
Other attendees				
Internal Auditors	✓ / x	✓ / x	✓ / x	✓ / x
External Auditors	✓ / x	✓ / x	✓ / x	✓ / x
Accounting Officer	✓ / x	✓ / x	✓ / x	✓ / x
Executive Members	✓ / x	✓ / x	✓ / x	✓ / x

In addition, commentary should be included as to how:

- an agenda, together with relevant documentation, was circulated to Committee members in advance of each meeting;
- conflicts of interest were handled;
- minutes of each meeting were approved; and
- at the end of each meeting, Committee members met privately with Internal Audit and External Audit.

Risk Management

There should be an update on the arrangements for risk management and the ongoing monitoring and oversight of the corporate risk register.

Internal Control Assurances

There should also be a section highlighting the internal control mechanisms, policies and additional assurance statements considered and discussed by the Committee during the year, examples such as:

- Annual IT Assurance Statement;
- Annual Report on complaints, fraud and raising concerns;
- Annual Report on cyber-security;
- Annual Report on procurement; and
- Annual Report on ESG.

Internal Audit

This section provides an overview of the work performed by Internal Audit and their approach to their responsibilities during the year, including their Annual Report. See below a suggested table for providing details of Internal Audit reports.

Area	Recommendations	Status at Reporting Date	Assurance Rating
Title of Internal Audit report	X high priority X medium priority X low priority	Ongoing/Completed Implementation date:	Satisfactory/Limited/ Unacceptable

External Audit

This section provides an overview of the work performed by External Audit and their approach to their responsibilities during the year, including their reports. There is also the opportunity to include the findings of other public reports published by External Audit and any impact on the organisation.

Governance

This section provides an opportunity for ARAC to comment on any issues in relation to the Governance Statement or to bring to the attention of the Accounting Officer or Board.

Conclusion - ARAC Effectiveness

ARAC should conclude:

- its view on its own effectiveness;
- as to whether it is satisfied that it has fulfilled its duties as guided by its Terms of Reference;
- that by reviewing the work of Internal and External Audit and other assurances provided to the Committee, every effort has been made to review and oversee internal control and risk management arrangements; and
- if sufficient assurance has been provided to the Accounting Officer in the discharge of his/her accountability obligations.

Appendix 4: The role of the Chair of the Audit and Risk Assurance Committee

The role of the Chair of ARAC goes beyond chairing meetings. It is key to the effectiveness of the Committee. Their role includes a number of additional responsibilities beyond Committee meetings themselves, including:

- Before each meeting the Chair and the Committee Secretary should meet to discuss and agree the scheduled business for the meeting. The Chair should take ownership of, and have final say in, the decisions about what business will be conducted at any particular meeting.
- ARAC meeting time should be optimised by ensuring that all agenda papers are issued in good time. Each paper should be summarised with an outline provided of the key points, which are then cross referenced to the organisational business and risk agenda. In addition a brief comment should be included to clarify what Committee action is required.
- Ensuring that after each meeting appropriate reports are prepared from ARAC to the Accounting Officer and Board. They should also provide an annual report to the Accounting Officer and Board.
- The Chair should have bilateral meetings at least annually with the Accounting Officer, the Head of Internal Audit and the External Auditor. Where any person is appointed to these positions the Chair should meet them as soon as practicable after their appointment.
- The Chair should ensure that all ARAC members have an appropriate programme of engagement with the organisation and its activities to help them understand the organisation, its objectives, business needs and priorities.
- The Chair should establish a mechanism to enable key stakeholders to consider the overall risk and assurance needs.
- The Chair should encourage good, open relationships between ARAC, Accounting Officer, Finance Director and Internal and External Auditors.
- The profile of ARAC can be raised to support and add weight to audit work by:
 - promoting audit issues with the Board and other directors to make sure they appreciate the purpose and value of audit;
 - holding managers within the organisation to account for the implementation of all audit recommendations; and
 - when appropriate calling business heads to meetings, for example, to clarify issues and explain how they are delivering agreed actions for risks for which they are responsible;
 - arranging separate meetings for the Chair, NEBMs and Internal and External Auditors to help establish good open working relationships;
 - arranging meetings with Internal Auditors and the Finance Director etc in the weeks leading up to ARAC meetings to discuss potential agenda items and papers that should be provided;
 - arranging pre-meetings with the Internal Auditors (and possibly External Audit) immediately before ARAC meeting to help focus discussions; and
 - the Chair should ensure that there is an appropriate process between meetings for action points arising from Committee business to be appropriately pursued. The Chair should also ensure that members who have missed a meeting are appropriately briefed on the business conducted in their absence. Chairs may choose to rely on the Secretariat to take responsibility for these actions.

- **Committee Appraisal:** The Chair should take the lead in ensuring that Committee members are provided with appropriate appraisal of their performance as a Committee member and that training needs are identified and addressed. They should seek appraisal of their own performance from the Accounting Officer (or Chair of the Board, as appropriate). In addition, they should ensure that there is a periodic review of the overall effectiveness of ARAC and of its terms of reference.
- **Committee Appointments (Central Government only):** The Chair should be involved in the appointment of new Committee members. Their advice should be sought in relation to the skills and experience being sought by the Committee when a new member is appointed.



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Section 1: Membership, Independence, Objectivity and Understanding

Reference	Essential Requirements (including Audit and Risk Assurance Committee Handbook Reference)	Yes/No	Actions/Comments
1.1	The Chair is a non-executive Board member and possesses an appropriate level of relevant experience. (3.2)		
1.2	Membership of ARAC has sufficient numbers to discharge its responsibilities. (3.1)		
1.3	ARAC explores the option of bringing in additional independent, non-executive members from sources other than the Board to ensure an appropriate level of skills and experience. (3.2)		
1.4	The Accounting Officer and the Finance Director routinely attend meetings. (3.4)		
1.5	The heads of Internal Audit and External Audit routinely attend meetings. (3.4)		
1.6	The Chair separately meets the Accounting Officer, Financial Director, Internal Audit and External Audit outside the formal committee structure on a regular basis and at least once per year. (3.5)		
1.7	ARAC members understand their responsibilities regarding identifying, declaring and resolving conflicts of interest. (3.9)		
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)		
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 NIAO Conflicts of Interest - Good Practice Guide		
1.10	Conflicts of interest policy - The conflict of interest policy is reviewed on an annual basis - see para 4.9 and 4.13 of NIAO Conflicts of Interest - Good Practice Guide		
1.11	Terms of Reference are reviewed and approved annually by the Accounting Officer and Board Chair and are tabled at each ARAC meeting. (5.26)		
1.12	ARAC has access to sufficient funding to cover the costs incurred in fulfilling its role. (5.31) This should be sufficient to: <ul style="list-style-type: none"> - meet the remuneration and working expenses of its members; - meet the relevant training needs of its members; - provide specialist (external) advice or opinions when required; and - provide external review of the effectiveness of ARAC. 		
1.13	ARAC meets at least four times during the year. (5.30)		
1.14	The number of meetings held during the year is sufficient to allow ARAC to perform as effectively as possible. (5.30)		
1.15	Meetings are well-aligned with the audit and assurance cycle. (5.30 and Annex E)		
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)		
1.17	Meetings of ARAC are long enough to ensure that all agenda items are covered in sufficient detail. (Annex F)		

Other Good Practice Arrangements

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Reference	Good Practice	Yes/No	Actions/Comments
1.18	Contribution to meetings - All members and attendees make valuable contributions to meetings.		
1.19	Deep dives - Deep dives are undertaken in core and emerging risk areas, and these are sufficiently detailed so ARAC can understand the risk and challenge management.		
1.20	Private meetings - ARAC has the opportunity to meet Internal Auditors and External Auditors in private - without the presence of management - when necessary and this time is used effectively.		
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 involved in the appointment process. (Annex A, A.3)		
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.		
1.23	Culture and Behaviour - ARAC acts in an inclusive and respectful manner, avoids 'group think', and provides an appropriate balance between challenge and support.		
1.24	Preparation - ARAC receives information and papers far enough in advance for members to fully consider before the meeting.		
1.25	Resources - ARAC is provided with sufficient administrative and secretarial support to undertake its duties to the required standard.		
1.26	Balance of Agenda - Sufficient time is afforded to the different providers of assurance to ARAC across the various lines of defence, notably risk management, Internal Audit and External Audit.		
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.		
1.28	Minute taker - There is a designated minute taker present at each meeting.		
1.29	Record of reports presented - All papers presented at ARAC meetings are at the right level of detail and presented in a manner which makes it easy for members to review and challenge. All papers should include a cover page outlining the main issues arising and should be tabled for either information, discussion, noting or for approval.		
1.30	Hybrid meetings - Where ARAC meetings are hosted online, a secure link to join the meeting on-line should be provided in advance. Appropriate technology should be in place prior to the meeting, ensuring all participants can be seen and heard clearly.		
Additional comments and key takeaways			



Section 2: Skills and Experience

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Reference	Essential Requirements (including Audit and Risk Assurance Committee Handbook Reference)	Yes/No	Actions/Comments
2.1	ARAC possesses a good range of skills and experience in relation to governance, risk and control. (4.1)		
2.2	At least one member of ARAC has recent and relevant financial experience sufficient to allow them to analyse the financial statements and understand good financial management disciplines. (4.1)		
2.3	ARAC proactively identifies which skills it requires to discharge its responsibilities most effectively. (4.2)		
2.4	The required skill sets for ARAC are reviewed at regular intervals. (4.2)		
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. (4.5)		
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 G)		

Other Good Practice Arrangements

Reference	Good Practice	Yes/No	Actions/Comments
2.7	Diversity - ARAC draws on a sufficiently diverse membership, containing a variety of demographic attributes and characteristics.		
2.8	Relevance of financial reporting experience - The financial reporting expertise held by members is relevant and appropriate to the significant financial reporting risks of the organisation - particularly in respect of any complex estimates or judgements.		
2.9	Non-Technical Skills - ARAC benefits from a good mix of non-technical skills - for example, communication, influencing, negotiating, leadership and facilitation skills.		
Additional comments and key takeaways			

Training and Development

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 and the organisation. (4.6)		
2.11	Members of ARAC who are unfamiliar with corporate governance and wider practice in government are specifically upskilled in this area. (4.6)		
2.12	Members keep their skills and knowledge up-to-date through networking and conferences to allow them to focus on key issues facing the organisation. (4.3)		
2.13	ARAC Chair ensures that members have an appropriate programme of engagement with the organisation and its activities to help them understand the organisation, its objectives, business needs, priorities and risk profile. (4.7)		

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.		
2.15	Emerging developments - ARAC's training and development programme takes account of developments in corporate governance and emerging risk areas.		
2.16	Public sector context - For ARAC members unfamiliar with the operations of the public sector, special focus is given to this as part of their induction, focusing in particular on regularity.		
2.17	Cross-government networking - ARAC Chair attends cross-governmental (if a government department) or cross-departmental (if an arm's-length body) ARAC Chair meetings.		
Additional comments and key takeaways			

Cyber and Digital

Reference	Good Practice	Yes/No	Actions/Comments
2.18	ARAC understands how cyber and digital risks impact on the organisation.		
2.19	ARAC has 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.		

Information Security

Reference	Good Practice	Yes/No	Actions/Comments
2.20	ARAC understands the organisation's approach to managing information risks, and how it manages its GDPR requirements.		

Climate Change and ESG

Reference	Good Practice	Yes/No	Actions/Comments
2.21	ARAC is satisfied the organisation's approach to managing ESG risks, and making appropriate disclosures, is in line with relevant standards such as the Greening Government Commitments and Sustainability Reporting Guidance.		
2.22	ARAC is provided with the appropriate means to effectively assess the organisation's approach to managing climate-related risks.		
2.23	ARAC assesses the organisation's net zero strategy with sufficient detail, and at regular intervals.		

Projects and Programmes

Reference	Good Practice	Yes/No	Actions/Comments
2.24	ARAC is appropriately briefed on significant projects and programmes throughout their lifecycle e.g. provision of gateway reviews at each stage of the project.		
2.25	ARAC has the skills and expertise to provide effective critical challenge on the financial management, delivery risks and overall progress of projects or programmes.		

Procurement

Reference	Good Practice	Yes/No	Actions/Comments
2.26	ARAC has an appreciation of the risks associated with procurement in the public sector context.		
2.27	ARAC has the skills and expertise to challenge commercial activities and the procurement of goods and services.		
2.28	ARAC is informed of all Single Tender Action/Direct Award Contracts with supporting detail.		
2.29	ARAC is provided with regular updates of any significant legislative changes in procurement practices and how management is preparing for these.		

Additional comments and key takeaways



Section 3: Roles and Responsibilities - Assurance

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Reference	Essential Requirements (including Audit and Risk Assurance Committee Handbook Reference)	Yes/No	Actions/Comments
3.1	ARAC helps the Accounting Officer and Board to formulate their assurance needs. (5.3)		
3.2	ARAC assesses whether the assurance received is of sufficient quality to meet the assurance needs outlined in 3.1. (5.3)		
3.3	ARAC understands the key sources of assurance in the organisation, and how and why each of these sources provides assurance to them. (5.5)		
3.4	ARAC understands the three lines of defence model, as set out in the <u>Orange Book 2023, Annex 2</u> , and how this applies in practice to the organisation. (5.6)		
3.5	ARAC is proactive in commissioning assurance work from appropriate sources where it identifies any significant governance, risk and control issues which have not been subject to sufficient review. (5.9)		
3.6	ARAC ensures the organisation operates appropriate and effective whistleblowing practices, in keeping with NIAO's good practice guide on <u>Raising Concerns</u> (June 2020), and has completed the associated self-assessment checklist.		

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.		
3.8	Recommendation Tracking Department of Finance (DoF) Letters and other relevant guidance - ARAC has an effective system for monitoring management's progress with recommendations from DoF Letters and other relevant guidance.		
Additional comments and key takeaways			

Governance

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

Reference	Essential Requirements (including Audit and Risk Assurance Committee Handbook Reference)	Yes/No	Actions/Comments
3.9	the Board's operating framework, including the organisation's vision and purpose;		
3.10	mechanisms which ensure effective organisational accountability, performance and risk management;		
3.11	role definitions, committees and other structures which support the effective discharge of responsibilities; decision-making and reporting;		
3.12	the development, operation and monitoring of the system of internal controls and whether these will provide timely warnings of any failings;		
3.13	how appropriate ethics and values are promoted within the organisation;		
3.14	how management information is communicated to the Board and other appropriate areas of the organisation; and		
3.15	the nature of relationships with arm's-length bodies, if applicable.		

Other Good Practice Arrangements

Reference	Good Practice	Yes/No	Actions/Comments
3.16	Future assurance requirements - ARAC monitors developments in corporate governance so it can proactively advise the Accounting Officer and Board on any changes to assurance requirements.		
3.17	Annual governance statement - ARAC reconciles assurance from Internal Audit, External Audit and other sources of assurance with conclusions drawn in the organisation's annual governance statement.		
3.18	Corporate governance policy - Without duplicating the work of the Board, ARAC advises on - and scrutinises the implementation of - its organisation's corporate governance policy.		
Additional comments and key takeaways			

Risk Management and internal controls

Reference	Essential Requirements (including Audit and Risk Assurance Committee Handbook Reference)	Yes/No	Actions/Comments
3.19	ARAC understands the organisation's business strategy, operating environment and the associated risks to executing the strategy. (5.20)		
3.20	ARAC is satisfied that management takes an enterprise-wide view of the organisation's risks, including those that cross organisational boundaries. (5.20)		
3.21	There is a clear understanding of the role and activities of the Board in relation to managing risk. (5.20)		
3.22	ARAC discusses with the Board how its policies, attitude to, and appetite for risk are defined and communicated across the organisation. (5.20)		
3.23	ARAC understands and challenges the risk management framework and the assignment of responsibilities. (5.20)		
3.24	Adequate assurance has been obtained on the risk and control environment encompassing services outsourced to external providers, including shared service arrangements, and the wider supply chain. (5.12)		
3.25	(For government departments and groups only) assurance has been obtained on risks from across the group – and there is timely communication and visibility of these risks. (5.11)		

Other Good Practice Arrangements

Reference	Good Practice	Yes/No	Actions/Comments
3.26	Risk Culture - ARAC promotes the importance of a positive risk culture in the organisation as set out in NIAO's good practice guide on Innovation and Risk Management.		
3.27	Managing Innovation - ARAC is aware of how the organisation encourages best practice in innovation and risk management as set out in NIAO's good practice guide on Innovation and Risk Management - Self Assessment Checklist.		
3.28	Risk Tolerance - ARAC challenges management on whether there is a comprehensive process for identifying and evaluating risk, and for deciding what levels of risk are tolerable.		
3.29	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.		
3.30	Resources - ARAC can assess whether there are sufficient resources to manage risk effectively across the organisation.		
3.31	Emerging Risks - ARAC challenges whether management's approach to identifying risks is broad enough to effectively identify new and emerging risks.		

3.32	Risk Evaluation - ARAC challenges management on its approach to evaluating risks, including the effectiveness of scenario planning and stress testing		
3.33	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.		
3.34	Fraud and Error - ARAC understands the main fraud and error risks as set out in <u>NIAO's various Fraud Risk guides</u> and challenges management to consider timely options for tackling fraud and error risks.		
3.35	Resilience - ARAC considers the cumulative impact of risks and how these could impact on the ongoing resilience of the organisation.		
3.36	ARAC critically challenges and reviews the adequacy and effectiveness of control processes in responding to risks. (5.20)		
3.37	ARAC challenges whether the extent of the controls in place to mitigate risks is excessive, and whether any action is needed to address this. (5.10)		
3.38	Understanding of internal control - ARAC has a good understanding of how the organisation develops, operates and monitors the system of internal control.		
3.39	Controls over material or significant risks ARAC seeks assurance on how any material or significant risks are managed through strategic, operational and compliance controls.		
3.40	Timely indicators - ARAC assesses whether the system of internal control would provide timely indicators of weaknesses and failings.		
3.41	Root cause analysis of significant failings or weaknesses in internal control - When any significant failings or weaknesses in internal control arise, ARAC reviews management's analysis of the root cause and subsequent action plan.		
3.42	Financial control - ARAC is satisfied that the organisation has a sound system of financial control - including the structure of delegations - which enables the organisation to achieve its objectives with good value for money.		
3.43	IT controls - ARAC has sufficient assurance over the quality of IT controls.		
3.44	Design of fraud controls - ARAC is satisfied that the organisation's controls are designed to effectively prevent and detect known fraud and error risks as set out in <u>NIAO's fraud risk guides</u> .		
3.45	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.		
Additional comments and key takeaways			

Training and Development

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Reference	Essential Requirements (including Audit and Risk Assurance Committee Handbook Reference)	Yes/No	Actions/Comments
3.46	ARAC receives reports on major incidents as well as details of special investigations, including any whistleblowing cases. (5.22)		

Other Good Practice Arrangements

Reference	Good Practice	Yes/No	Actions/Comments
3.47	Counter fraud arrangements – ARAC is satisfied that the organisation has adopted appropriate arrangements to identify and respond to the risk of fraud, including reporting losses and investigating fraud incidents as set out in <u>NIAO's good practice guide on Managing Fraud Risk in a Changing Environment</u> .		

Additional comments and key takeaways

Financial Reporting

Reference	Essential Requirements (including Audit and Risk Assurance Committee Handbook Reference)	Yes/No	Actions/Comments
3.48	ARAC reviews the clarity and completeness of disclosures in the year-end financial statements. (5.23)		
3.49	ARAC considers significant accounting policies, any changes to them, and any significant estimates and judgements, if possible, before the start of the financial year. (5.23)		
3.50	ARAC uses its understanding of the organisation to assess whether disclosures in the financial statements are set properly in context. (5.23)		
3.51	In reviewing the Annual Accounts, ARAC specifically considers the following: <ul style="list-style-type: none"> accounting policies comply with relevant requirements, particularly <u>HM Treasury's Financial Reporting Manual</u>; assurances about the financial systems which provide the figures for the accounts; the quality of the control arrangements for preparing the accounts; key 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 reports, advice and findings from External Audit – especially the Report to those charged with governance (RTTCWG). 		

Other Good Practice Arrangements

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Reference	Good Practice	Yes/No	Actions/Comments
3.52	Annual Report - ARAC reviews the Annual Report to ensure that it is fair and balanced and is easily understandable.		
3.53	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 specialist advice or enlisted expertise.		
3.54	Continual 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.		
3.55	Reports from third parties - In reaching a view on the accounts, ARAC considers the implications of reports from third parties – for example, on legal matters, valuations or reports from regulators.		
3.56	Key Matters - ARAC considers key matters on its own initiative rather than relying solely on the work of the External Auditor.		
3.57	Understanding of the Organisation - ARAC has a detailed understanding of the organisation and its context and can successfully challenge whether the accounts provide a fair representation of activity.		
3.58	Going Concern - ARAC sufficiently challenges the going concern assessment in the context of its review of the financial statements and understanding of the business.		
3.59	Use of financial models - ARAC offers appropriate challenge to any information which is generated through financial modelling.		
3.60	Financial reporting developments - ARAC is familiar with developments in financial reporting standards and can challenge their application in financial statements.		
3.61	Group Reporting - (For government groups only) ARAC has sufficient oversight of significant financial reporting risks from across the department or group.		
3.62	Submission of unsigned Annual Report and Accounts (ARA) to the C&AG - (For central 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 <ul style="list-style-type: none"> • reviewed the ARA to ensure they have been properly prepared in accordance with the guidance; • enquired of staff to ensure adequate working papers are available to support the figures in the ARA; and • enquired of staff to ensure that it is not anticipated that the ARA will be subject to significant adjustment as a result of the audit procedures. ARAC should be provided with confirmation that the above has happened.		



Section 4: Scope - Terms of Reference

Reference	Essential Requirements (Including Audit and Risk Assurance Committee Handbook Reference)	Yes/No	Actions/Comments
4.1	ARAC's Terms of Reference are agreed by the Accounting Officer and the Board. (5.26)		
4.2	The Terms of Reference are reviewed on an annual basis. (5.26)		
4.3	The Terms of Reference do not conflict with guidance in the HM Treasury's Audit and Risk Assurance Committee Handbook. (5.27)		
4.4	The Terms of Reference make clear ARAC's Independence as a committee. (5.27)		
4.5	ARAC's Terms of Reference are made publicly available, including on the organisation's website. (5.26)		
4.6	The Terms of Reference allow for ARAC to sit privately without any non-members present for all or part of a meeting if they wish. (3.4)		

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 Reference)	Yes/No	Actions/Comments
4.7	details of ARAC membership.		
4.8	the reporting requirements to the Board.		
4.9	the key areas of responsibility on which ARAC will advise the Accounting Officer and Board.		
4.10	rights of ARAC over co-opting additional members or procuring specialist advice.		
4.11	the head of Internal Audit and a representative from External Audit will have free and confidential access to the Chair of ARAC.		
4.12	meeting information, including the number per year, the number of members required for the meeting to be quorate, and expected invitees.		
4.13	information requirements, including what information will be provided for each meeting, and what will be provided on request.		

Other Good Practice Arrangements

Reference	Good Practice	Yes/No	Actions/Comments
4.14	Benchmarking - ARAC has compared its Terms of Reference against those of similar profile organisations.		
4.15	Expectations - In addition to core requirements, the Terms of Reference contain information which allows ARAC to function more effectively - for instance, expectations about how far in advance of meetings papers will be provided.		
4.16	Proportionality - The Terms of Reference properly reflect the role and scope of ARAC and are proportionate to the way ARAC actually operates.		
4.17	Standing Item - The Terms of Reference are included as a standing agenda item at every ARAC for reference purposes.		
Additional comments and key takeaways			

Internal Audit

Reference	Essential Requirements (including Audit and Risk Assurance Committee Handbook Reference)	Yes/No	Actions/Comments
4.18	ARAC performs a risk-based review of Internal Audit's strategy and annual programme of work. (5.16)		
4.19	ARAC assesses the adequacy of the budget and resources available to Internal Audit. (5.16)		
4.20	ARAC reviews the Internal Audit charter or terms of reference. (5.16)		
4.21	ARAC assesses the results of Internal Audit's work, and management's responses to the issues raised. (5.16)		
4.22	ARAC reviews the annual Internal Audit Opinion and associated annual report. (5.16)		
4.23	ARAC assesses the performance of Internal Audit against applicable standards, expected performance measures and the results of any internal or external quality assurance assessments (5.16)		
4.24	ARAC reviews progress made by management in addressing Internal Audit recommendations and is proactive in obtaining confirmation that the recommendations are actually implemented. (5.16)		

Other Good Practice Arrangements

Reference	Good Practice	Yes/No	Actions/Comments
4.25	Other assurance activity - ARAC frames the work of Internal Audit in the context of other assurance activity that takes place in the first and second lines of defence.		
4.26	Support - ARAC plays a role in providing support for, and acceptance of, the work of Internal Audit.		
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.		
4.28	Overall opinion - ARAC considers how the individual components of the annual Internal Audit plan provide reasonable assurance on governance, risk and control for the organisation in totality.		
Additional comments and key takeaways			

External Audit

Reference	Essential Requirements (including Audit and Risk Assurance Committee Handbook Reference)	Yes/No	Actions/Comments
4.29	ARAC considers and makes relevant enquiries about the External Auditor's planned audit approach. (5.17)		
4.30	ARAC considers the impact of the results of External Audit work. (5.17)		
4.31	ARAC promotes cooperation between External Audit and Internal Audit to maximise overall audit efficiency, capture opportunities to derive a greater level of assurance and minimise unnecessary duplication of work. (5.17)		
4.32	Recommendations Tracking - NIAO Public Reports - Where relevant, ARAC has an effective system for monitoring management's progress with recommendations from NIAO Public Reports. Management responses to recommendations should be included in a Memorandum of Reply (MoR) as set out in DAO 03/24 - <u>Guidance on Responding to Northern Ireland Audit Office Public Reports</u>		
4.33	NIAO Good Practice Guides - ARAC has an effective system for monitoring management's progress with any relevant recommendations arising from NIAO Good Practice Guides.		
4.34	External Audit's findings and recommendations - ARAC reviews and monitors management's responses to any findings set out in External Audit's RTTCWG.		

Other Good Practice Arrangements

Reference	Good Practice	Yes/No	Actions/Comments
4.35	Objectives of External Audit - ARAC has a clear understanding of the objectives, scope and remit of External Audit work.		
4.36	Review of adequacy of scope - ARAC has the opportunity to review the scope of External Audit work and – if not satisfied as to its adequacy – challenge whether additional work should be undertaken by the External Auditor.		
4.37	Level of fees - ARAC satisfies itself that the level of fees payable in respect of the audit services provided is appropriate and that an effective, high-quality audit could be conducted for such a fee.		
4.38	Materiality - ARAC is satisfied that it has a good understanding of materiality, including the benchmarks used and the calculation of materiality and performance materiality, as set out in FRC ISA 320 - <u>Materiality in Planning and Performing an Audit</u> .		
4.39	Audit quality - ARAC considers factors that could affect the quality of the audit during the year and discusses these with the auditor, as set out in FRC's paper on <u>Audit Quality Indicators</u> .		
4.40	Expert advice - ARAC is satisfied that the External Auditor has access to relevant expertise, for instance around pensions liabilities or property valuation.		
4.41	Quality of review - ARAC focuses on priority issues when undertaking its review of the results of External Audit work.		
4.42	Review of audit representation letters - ARAC reviews the audit representation letters before they are signed by the Accounting Officer and considers matters where representation has been requested that relates to non-standard issues.		
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.		
4.44	Support for External Audit - ARAC is supportive of External Audit's challenge of management and does not act as management's advocate.		
4.45	Uncorrected Misstatements - ARAC should provide written endorsement of management's reasons for not correcting any uncorrected misstatements identified by External Audit.		
Additional comments and key takeaways			



Section 5: Communications and Reporting

Reference	Essential Requirements (including Audit and Risk Assurance Committee Handbook Reference)	Yes/No	Actions/Comments
5.1	ARAC produces a report after each meeting for the Accounting Officer and Board (with a copy to the head of Internal Audit and the External Auditor) covering: <ul style="list-style-type: none"> the key business taken by ARAC; and ARAC's views and advice on any issues they believe the Accounting Officer or Board should take action on. (6.1) 		
5.2	ARAC has effective communications with those it seeks briefings from (the executive and Internal and External Audit) and those it provides assurance to (the Board). (6.3)		
5.3	ARAC provides an Annual Report timed to support the preparation of the Annual Governance Statement. (6.4)		
5.4	ARAC's Annual Report is open and honest in presenting the ARAC's views. (6.4)		
5.5	ARAC's Annual Report summarises ARAC's work for the past year and how it discharges its responsibilities in accordance with HM Treasury's Audit and Risk Assurance Committee Handbook (July 2024) (1.5, 6.5)		
5.6	There are mutual rights of access 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. (6.7)		
5.7	There are periodic discussions with key attendees outside of the formal meetings to help ensure that expectations are managed and there is mutual understanding of current risks and issues. (6.7)		

Other Good Practice Arrangements

Reference	Good Practice	Yes/No	Actions/Comments
5.8	Transparency - ARAC reports its work as transparently as possible within the limits of what is confidential and commercially sensitive.		
5.9	Working with the Board - ARAC has a robust mechanism for working with the Board, so expectations and accountability are clear.		
5.10	Technology - ARAC uses technology to its advantage and communicates as a group in a way which is effective, efficient and secure.		
5.11	Reports from ARAC to the Board - Reports produced by ARAC are proportionate: there is enough information to provide the Board with the assurance it requires, but not too much that key information is diluted.		
5.12	Visibility of risks across departments - (For government departments only) the departmental ARAC has an effective way of gaining visibility over key risks and issues arising from ARACs within the departmental group.		
5.13	Attendance at ARAC meetings by Departmental officials - (For ALBs of government departments only) a departmental official is invited to and attends all ARAC meetings.		

Additional comments and key takeaways



Section 6: Continuous Improvement

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Reference	Essential Requirements (including Audit and Risk Assurance Committee Handbook Reference)	Yes/No	Actions/Comments
6.1	Chair's performance - The Chair seeks appraisal of his or her performance from the Accounting Officer or Chair of the Board, as appropriate. (Annex A, A2)		
6.2	ARAC members' performance - The Chair assesses the performance of the individual members of ARAC, discusses their training and development needs and agrees a training and development plan. (Annex A, A2)		
6.3	Periodic reviews - The Chair ensures a periodic review of the overall effectiveness of ARAC. (Annex A, A3)		
6.4	Assessment of outcomes - After completing an effectiveness review, there is sufficient time and effort devoted to discussing results and agreeing an action plan based on the outcomes.		
6.5	Monitoring of trends - Evaluation of performance is not done in isolation, and year-on-year trends in different areas of performance are measured.		
6.6	Feedback from key stakeholders - The Chair considers ways in which to obtain feedback from the executive and other key stakeholders - for example, Internal and External Audit - on the performance of ARAC.		

Other Good Practice Arrangements

Reference	Good Practice	Yes/No	Actions/Comments
6.7	Succession planning - The results of the performance evaluation are used to inform and influence succession planning - for instance in highlighting skills gaps or a lack of diversity, similar to the process set out for succession planning in the <u>NIAO Report Board Effectiveness Good Practice Guide 2022</u> (Paras 1.23 to 1.25).		
6.8	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 <u>NIAO Report Board Effectiveness Good Practice Guide 2022</u> .		
6.9	Objectivity and rigour - The evaluation of performance is objective and rigorous enough for meaningful conclusions to be drawn.		
Additional comments and key takeaways			



Section 7: Council Specific

Reference	Good Practice	Yes/No	Actions/Comments
7.1	Does ARAC report directly to full Council?		
7.2	Do the Terms of Reference clearly set out the purpose of ARAC?		
7.3	Do ARAC's terms of reference explicitly address all the core areas including: <ul style="list-style-type: none"> • Maintenance of governance, risk and control arrangements • Financial and governance reporting • Establishing appropriate and effective arrangements for audit and assurance 		
7.4	Is an annual evaluation undertaken to assess whether ARAC is fulfilling its terms of reference and that adequate consideration has been given to all core areas?		
7.5	Where coverage of core areas has been found to be limited, are plans in place to address this?		
7.6	Is ARAC independent of executive decision-making and able to provide objective oversight?		
7.7	Does ARAC have sufficient importance in the local council so that its recommendations and opinions carry weight and have influence with the leadership team and those charged with governance?		
7.8	Has an effective ARAC structure and composition of ARAC been selected? This should include: <ul style="list-style-type: none"> • separation from the executive • an appropriate mix of knowledge and skills among the membership • a size of ARAC that is not unwieldy • consideration as to the inclusion of at least one independent member • consideration as to the independent member chairing ARAC 		
7.9	Have independent members appointed to ARAC been recruited in an open and transparent way and approved by the full Council?		
7.10	Does ARAC review progress from recommendations arising from NIAC's: <ul style="list-style-type: none"> • annual audit of the accounts; and • performance improvement audit and assessment annual exercise. 		
Additional comments and key takeaways			

Report to:	Audit Committee Meeting
Date of Meeting:	8 th May 2025
Subject:	Update of Members' Interests
Reporting Officer (Including Job Title):	Josephine Kelly, Director of Corporate Services
Contact Officer (Including Job Title):	Sarah Taggart, Democratic Services Manager

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	For Elected Members it is likely that from time-to-time private matters will impinge upon public duties. In such circumstances, Members should be aware that it is not appropriate to use public position or resources to deal with private matters or to pursue private interest. The Council has established a Register of Interests and by recording interests openly, any actual or potential conflicts of interest can be identified more easily.
2.0	Key issues
2.1	Councillors have a responsibility to regularly review their circumstances and determine if any change has occurred which should rightly result in a change to their declaration or facilitate the need for a new declaration. If this is the case, they should contact Democratic Services to have their form updated.
2.2	At the Audit Committee meeting in January 2021, it was agreed that Members should regularly review their Register of Interest Forms and that a six-monthly report be brought forward to the Audit Committee to ensure compliance.
2.3	An email was sent to Members on 29 th April 2025 asking them to review and, if required, update their Register of Interest forms via Democratic Services. To date there have been 5 Members that have updated their forms.
2.4	The online register has been adapted to reflect the changes and is up to date for all Members.
3.0	Recommendations
3.1	That Members: <ul style="list-style-type: none"> Note the six-month review report.
4.0	Resource implications
4.1	None identified

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>
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 checked="" type="checkbox"/> No <input 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 checked="" type="checkbox"/></p>
7.0	Appendices
	None
8.0	Background Documents
	None



Northern Ireland
Audit Office

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Local Government Auditor Report 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

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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

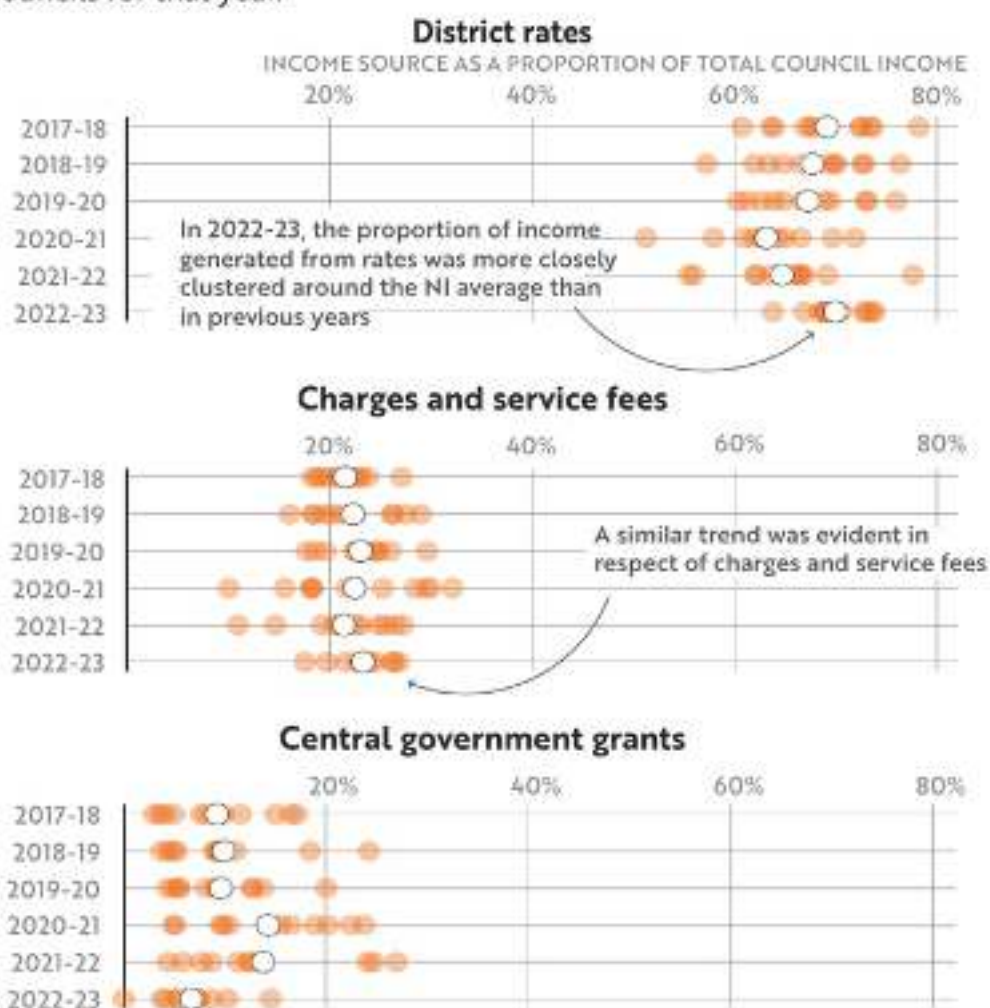
Income by Type

- 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

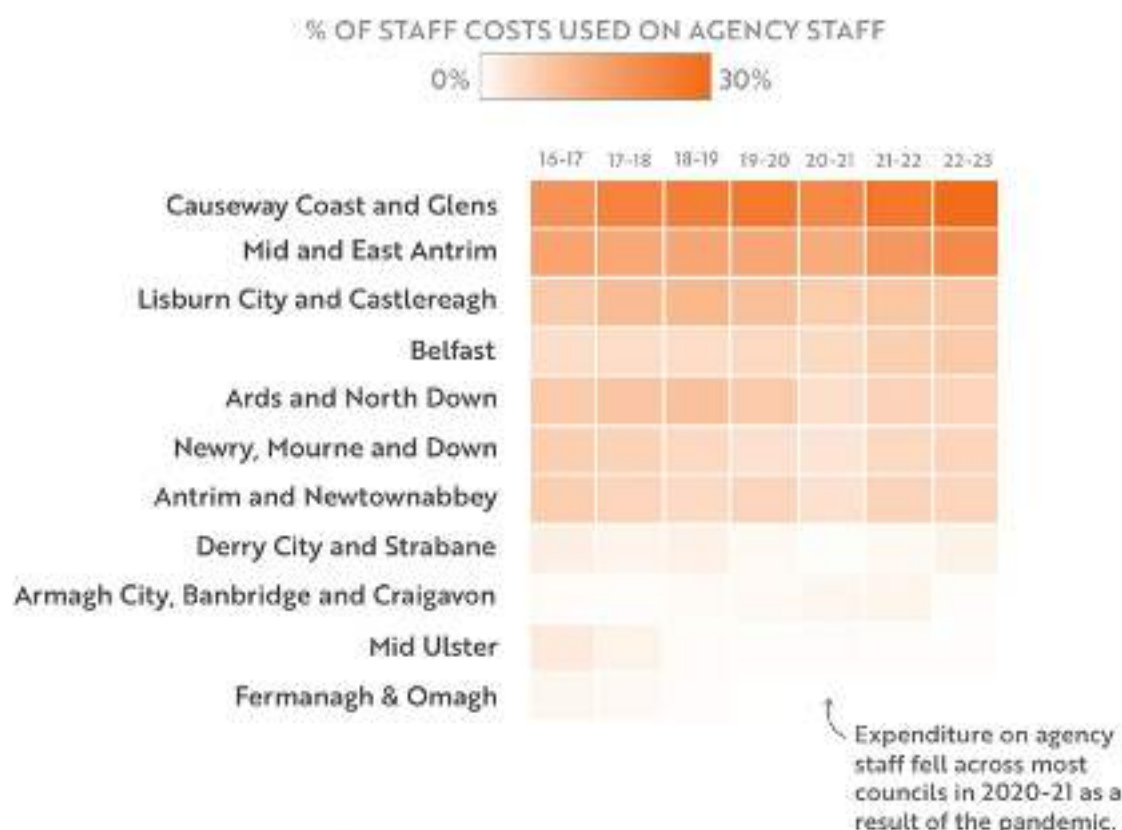
Previous years' figures restated using HMT deflators at December 2023. Expenditure figures exclude depreciation costs. Percentage change figures based on actual figures and not rounded figures presented in table.

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

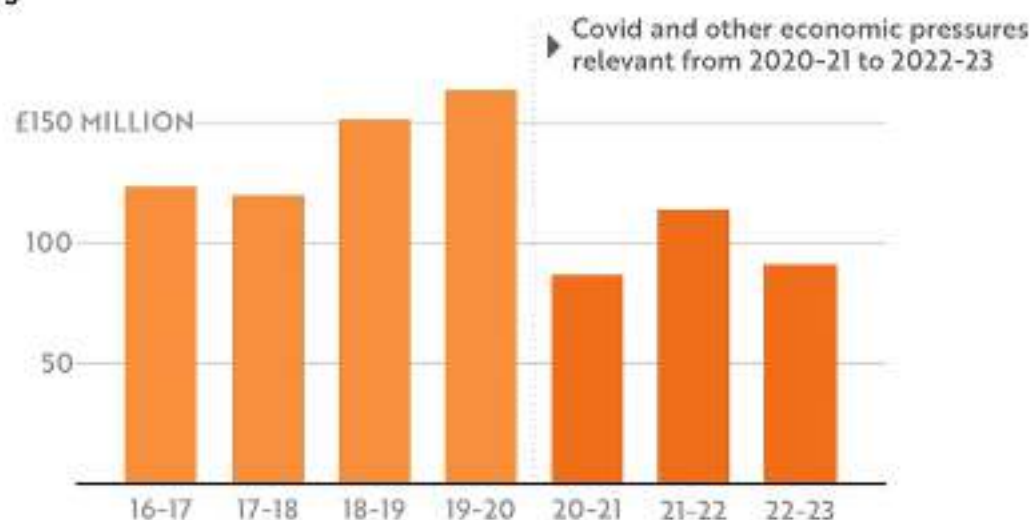


Source: Councils' audited financial statements

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

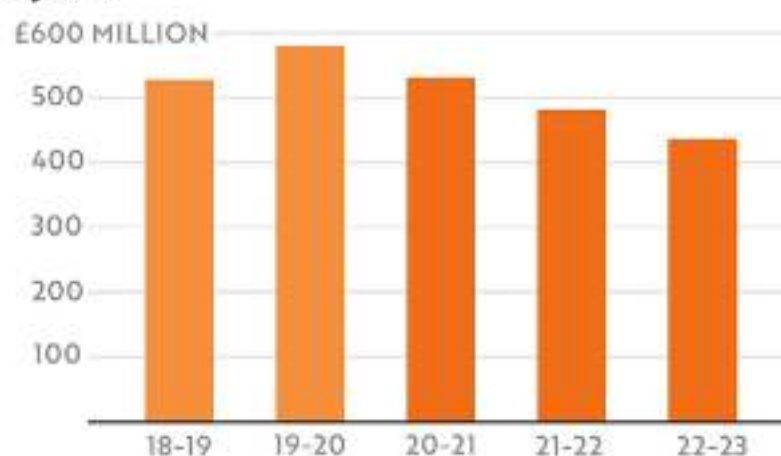
Previous years' figures restated using HMT deflators at December 2023

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

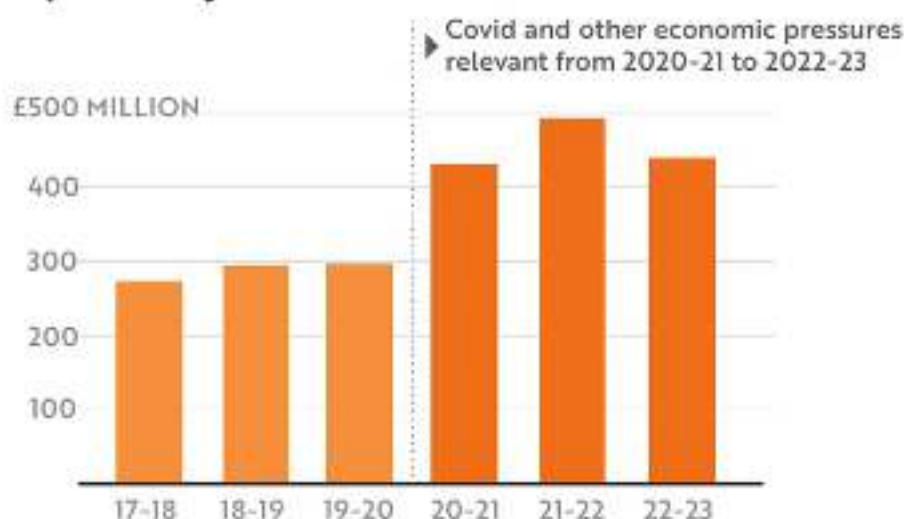
Reserves

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



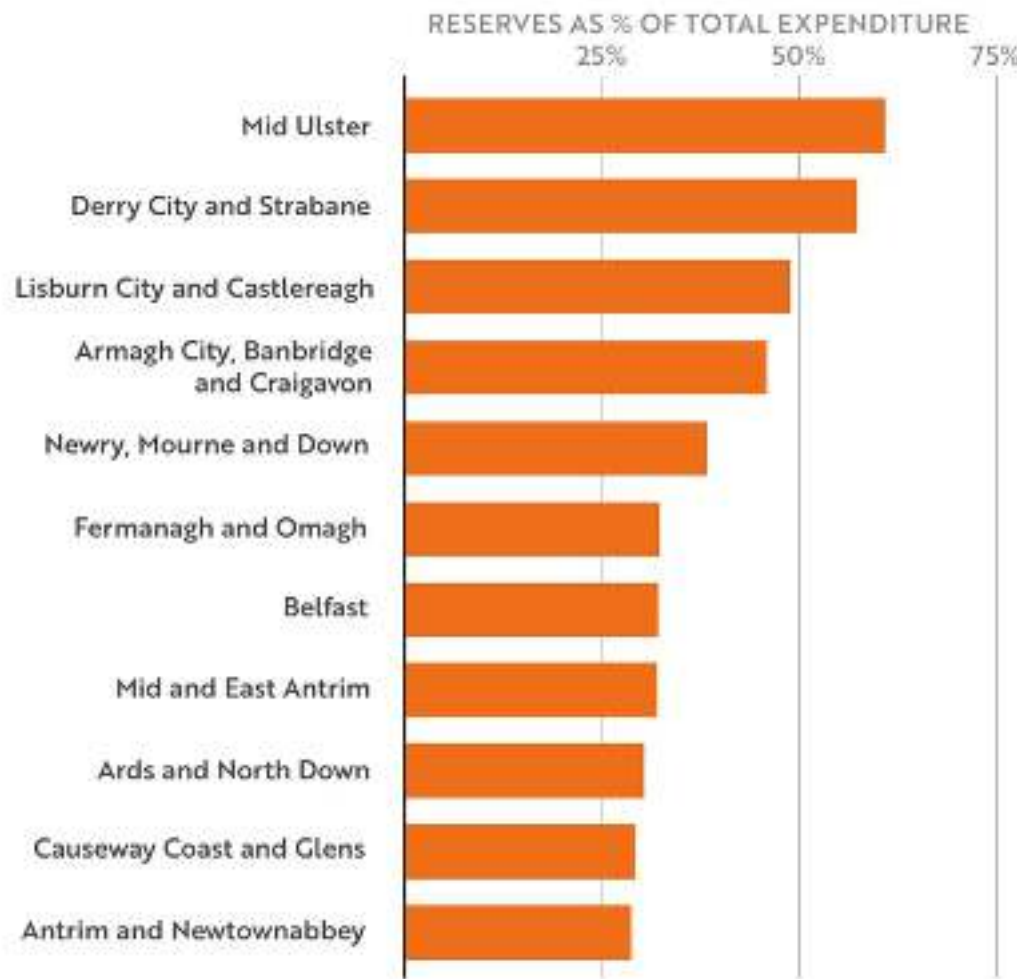
NOTE

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

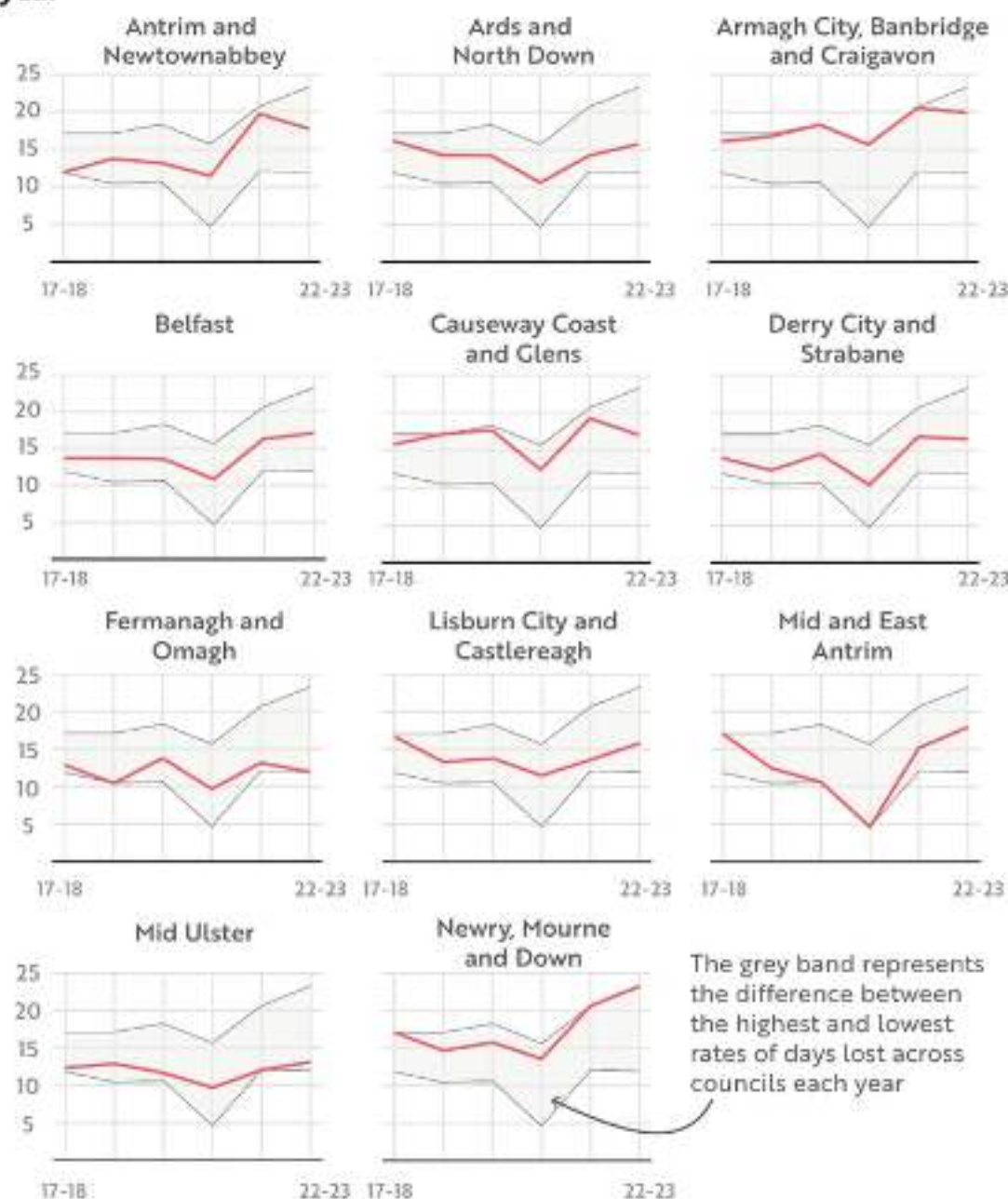
I recommend that all councils review how well their fraud notification procedures are operating in practice and, if necessary, take further steps to ensure that I am informed of all suspected and actual fraud cases on a timely basis.

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

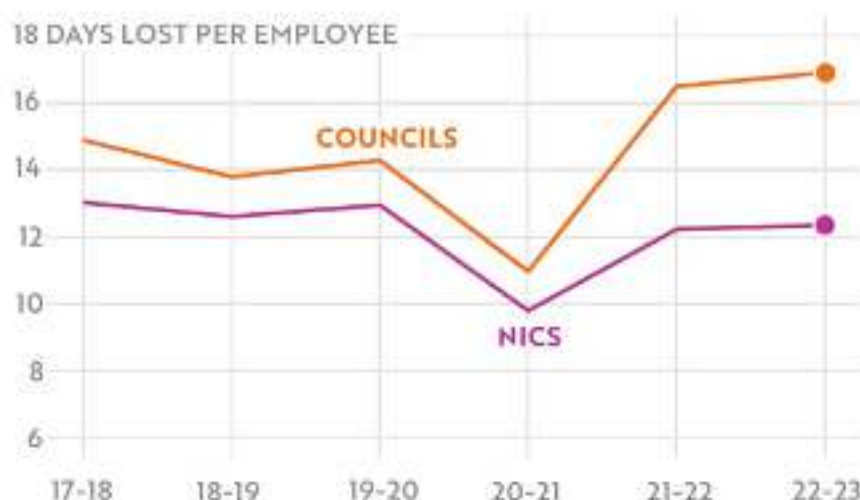


Source: Councils' Annual Audit Letter

- 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

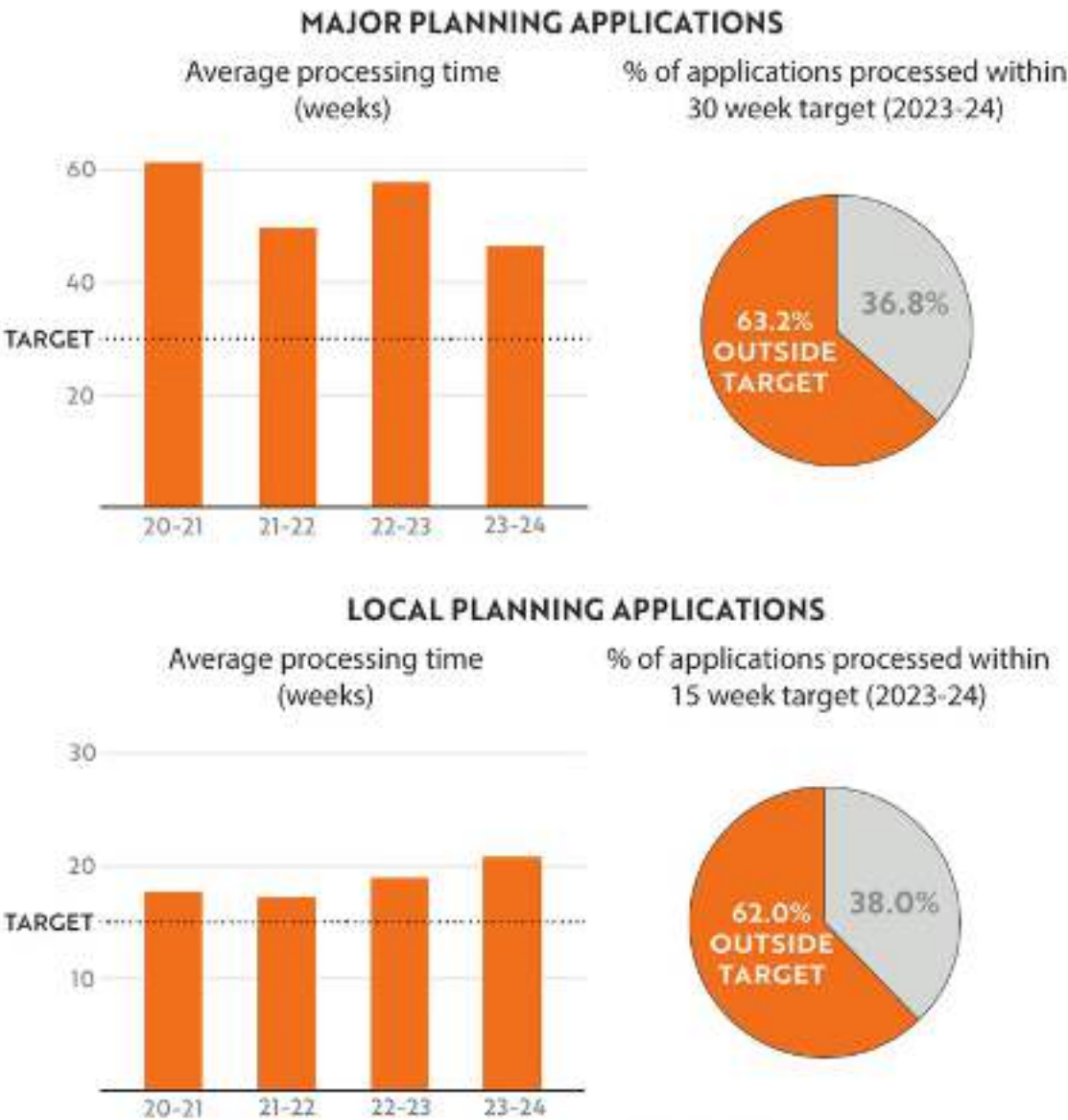
- 2.44** In addition to Major applications, most planning applications submitted annually (around 99 per cent) are classified as 'local' applications (mostly related to residential and minor commercial works). The statutory target is for councils to process these within an average of 15 weeks from the 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
Ard's and North Down	73.0	0.0	6.2	66.9	0.0	3.1
Armagh City, Banbridge and Craigavon	76.6	0.0	11.5	65.0	0.0	8.2
Belfast	57.0	0.0	8.0	49.0	0.0	5.2
Causeway Coast and Glens	66.7	0.0	5.3	61.3	0.0	4.9
Derry City and Strabane	43.5	0.0	3.2	40.3	0.0	3.3
Fermanagh and Omagh	5.3	0.0	0.7	4.5	0.0	0.7
Lisburn City and Castlereagh	24.2	0.0	1.9	22.4	0.0	1.2
Mid and East Antrim	60.7	0.0	5.9	54.7	0.0	4.1
Mid Ulster	5.5	0.0	0.7	4.8	0.0	0.7
Newry, Mourne and Down	74.1	0.0	4.4	69.7	0.0	10.3
Total	531.6	0.0	50.4	481.3	0.0	44.0

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
Water Quality in Northern Ireland's Rivers and Lakes	25 March 2024
Funding water infrastructure in Northern Ireland	27 March 2024
Budgeting and Accountability	24 May 2024
Review of Waste Management in Northern Ireland	05 July 2024
Continuous Improvement Arrangements in Policing	05 July 2024
Public Bodies' Response to Misrepresented Soil Analysis	05 July 2024
NFI Instructions 2024 - 2025	15 August 2024
Developing the skills for Northern Ireland's future	18 September 2024
Northern Ireland Non-Domestic RHI Scheme: Progressing implementation of the Public Inquiry recommendations - 2nd Report	15 October 2024



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Report to:	Audit Committee
Date of Meeting:	08 May 2025
Subject:	Draft Performance Improvement Objectives 2025-26
Reporting Officer (Including Job Title):	Gerard Byrne – Assistant Director of Finance and Performance
Contact Officer (Including Job Title):	Catherine Hughes – Head of Performance and Improvement (Acting)

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

	For decision	For noting only	X
1.0	Purpose and Background		
1.1	Part 12 of the Local Government (NI) Act 2014 sets out a General Duty of Improvement for local government, whereby all District Councils are required to put in place arrangements to secure continuous improvement in the exercise of their functions. Each financial year, Councils are required to set performance improvement objectives for the services they provide. These objectives can span more than one year, with intermediary milestones, which must be reviewed annually. The performance improvement objectives form part of the annual Performance Audit and Assessment which is carried out by the Northern Ireland Audit Office.		
2.0	Key issues		
	Draft performance improvement objectives 2025-26		
2.1	<p>It is proposed that the Council carries forward all five performance improvement objectives from 2024-25, which were developed within the context of the Corporate Plan 2024-27. These objectives are outlined in Appendix 1, and the 'supporting actions', 'measures of success' and targets have been developed and updated where appropriate and relevant.</p> <ol style="list-style-type: none"> 1. We will support the health and wellbeing of local people by improving our leisure facilities and services 2. We will contribute to growing the economy by supporting local businesses and job creation 3. We will improve the cleanliness of our District by continuing to promote recycling and addressing littering, fly tipping and dog fouling incidents 4. We will improve our sustainability and reduce our impacts in relation to climate change 5. We will improve the processing times of planning applications and enforcement cases by implementing the Planning Service Improvement Programme <p>As part of the Performance Improvement Audit and Assessment 2024-25, the Northern Ireland Audit Office has confirmed that the Council has demonstrated that the 2024-25 improvement objectives are legitimate, clear, robust, deliverable and demonstrable. The improvement objectives cover a wide range of Council services, and they relate to both improving Council functions and improving services for communities and citizens.</p>		
	Legislative context		
2.2	The guidance issued by the Department for Communities states that performance improvement is more than just quantifiable gains in service output or efficiency, or in the		

	<p>internal effectiveness of an organisation. Improvement should focus on activity that enhances the sustainable quality of life and environment for communities.</p> <p>Councils should therefore frame improvement objectives so as to bring about improvement in at least one of the following specified aspects of improvement:</p> <ul style="list-style-type: none"> • Strategic effectiveness • Service quality • Service availability • Fairness • Sustainability • Efficiency • Innovation
2.3	<p>Councils should also determine their objectives for improvement based on critical self analysis, taking account of a wide range of evidence. All improvement objectives should relate to improving the functions and services to citizens, and be:</p> <ul style="list-style-type: none"> • Legitimate • Clear • Robust • Deliverable • Demonstrable
2.4	<p>Councils are required to consult and engage a range of stakeholders, including citizens, businesses and partner organisations on the performance improvement objectives. The proposed eight week consultation programme will run from 14 March-09 May 2025 and will consist of the following elements:</p> <ul style="list-style-type: none"> • Council website - On the consultations section of the Council's website an electronic survey in relation to the draft performance improvement objectives 2025-26 will be published. The overall consultation and engagement process will be further promoted through the Council's website and social media channels and circulated to key internal and external stakeholders. • Public advertisements in local newspapers • Engagement with DEA Forums and Section 75 groups through Youth Voice and Older People's Forums <p>Consultation feedback will inform the final objectives which will form part of the Performance Improvement Plan 2025-26. An overview of the overall approach to develop and publish the Performance Improvement Plan by 30 June 2025, in line with statutory requirements, is outlined in Appendix 2.</p>
3.0	Recommendations
3.1	<p>To note:</p> <ul style="list-style-type: none"> • The five draft performance improvement objectives 2025-26, as outlined in Appendix 1

	<ul style="list-style-type: none"> The proposed approach and timetable for publishing the Performance Improvement Plan 2025-26, as outlined in Appendix 2, including approval to commence the consultation and engagement process on 14 March 2025
4.0	Resource implications
4.1	There are no financial resource implications within this report.
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 checked="" 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 checked="" 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 checked="" type="checkbox"/></p> <p><i>Rationale:</i> The draft performance improvement objectives 2025-26 have been equality screened and it is recommended that they are not subject to an equality impact assessment (with no mitigating measures required). In relation to the proposed eight-week consultation process, whilst the Council's Equality Scheme commits to holding consultation exercises relevant to the statutory duties for a minimum of twelve weeks, it also sets out exceptional circumstances where the twelve weeks may not apply. In this instance, it is proposed that the Council implements an eight-week consultation process in order to ensure the deadline for publishing the Performance Improvement Plan 2025-26 by 30 June 2025 is met.</p>

	It should also be noted that the performance improvement objectives 2025-26 have been developed based on the content of existing strategies, including the Corporate Plan 2024-27, which have been informed by a robust and reliable quantitative and qualitative evidence base, including Residents Survey 2022.
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 checked="" type="checkbox"/> No <input type="checkbox"/></p> <p>If yes, please complete the following:</p> <p>Rural Needs Impact Assessment completed <input checked="" type="checkbox"/></p>
7.0	Appendices
	<ul style="list-style-type: none">• Appendix 1 – Draft Performance Improvement Objectives 2025-26• Appendix 2 – Approach and timetable for publishing the Performance Improvement Plan 2025-26
8.0	Background Documents
	Performance Improvement Plan 2024-25

Newry, Mourne and Down District Council

Consultation on the
draft Performance Improvement
Objectives 2025-26



Our Duty of Improvement

Part 12 of The Local Government Act (NI) 2014 sets out a General Duty of Improvement for local government, whereby all District Councils are required to put in place arrangements to secure continuous improvement in the exercise of their functions.

The Council is required to set performance improvement objectives for the services it provides on an annual basis, and to have in place arrangements to achieve these objectives. Each performance improvement objective must bring about improvement in at least one of the following aspects of improvement:

- Strategic effectiveness
- Service quality
- Service availability
- Fairness
- Sustainability
- Efficiency
- Innovation

Improvement for Councils should focus on enhancing the sustainable quality of life for ratepayers and local communities, and each objective should be clearly linked to the community planning outcomes for the District.

The draft performance improvement objectives 2025-26 for Newry, Mourne and Down District Council have been carried forward from 2024-25. They have been developed based on extensive consultation and engagement with key stakeholders and are aligned to the following regional and local plans which influence the overall direction of travel of the organisation.

- Draft Programme for Government
- Newry, Mourne and Down Community Plan
- Newry, Mourne and Down District Council Corporate Plan 2024-27
- Thematic Plans and Strategies, including the Regeneration and Economic Development Strategy

Once agreed, the performance improvement objectives 2025-26 will be published in the annual Performance Improvement Plan. This plan will provide more detail about what we want to improve, how we will deliver improvements, how our performance will be measured and what outcomes stakeholders will experience as a result of our improvement activity.







Our Draft Performance Improvement Objectives 2025-26

- 1. We will support the health and wellbeing of local people by improving our leisure facilities and services**
- 2. We will contribute to growing the economy by supporting local businesses and job creation**
- 3. We will improve the cleanliness of our District by continuing to promote recycling and addressing littering, fly tipping and dog fouling incidents**
- 4. We will improve our sustainability and reduce our impacts in relation to climate change**
- 5. We will improve the processing times of planning applications and enforcement cases by implementing the Planning Service Improvement Programme**

These objectives have been selected based on the following criteria:

- Does the objective support the delivery of the Programme for Government, Community Plan and Corporate Plan 2024-27?
- Do the objectives demonstrate improvement in at least one of the seven aspects of improvement? (strategic effectiveness, service delivery, service availability, fairness, sustainability, efficiency, innovation)
- Are the objectives SMART? (specific, measurable, achievable, realistic, timebound)
- Are the resources in place to deliver the objective? (financial, human, leadership, skills, knowledge, governance, risk)
- Are the objectives based on robust and reliable evidence, and will they make a visible difference in the local area?
- How well are we performing?

Legend:

Status		Trend	
	Target or objective achieved / on track to be achieved		Performance has improved
	Target or objective partially achieved / likely to be achieved / subject to delay		Performance is similar to the previous year
	Target or objective not achieved / unlikely to be achieved		Performance has declined

*It should be noted that the performance information contained in the 'Looking Back' section of this report may be subject to change when the results are verified and reported through the Assessment of Performance 2024-25 in September 2025.

Community Plan for Newry, Mourne and Down

The Community Plan has been developed and agreed by the Community Planning Partnership Board. Entitled 'Living Well Together', the Community Plan provides a framework for collaborative working to deliver positive change for our communities, and sets out the following long term overarching vision for the District:

'Newry, Mourne and Down is a place with strong, safe and vibrant communities where everyone has a good quality of life and access to opportunities, choices and high quality services which are sustainable, accessible and meet people's needs'.

Through the Community Plan, the following five positive outcomes have been identified:

Our Outcomes

These are the positive outcomes we all wish to see in our community:



Newry, Mourne and Down District Council Corporate Plan 2024-27

The Corporate Plan 2024-27 sets out the strategic direction of the organisation and ties together a number of plans and strategies that will enable the Council to achieve the following mission and eight strategic objectives. The Corporate Plan will also contribute the achievement of the overarching vision and outcomes within the Community Plan.

Council Mission Statement

‘To deliver sustainable services and empower our communities through transparent governance and collaboration.’

Council Strategic Objectives

 Support the continued growth and development of our local economy	 Improve the health and wellbeing of everyone in the district
 Protect and enhance our environment to secure a sustainable future	 Support regenerative tourism opportunities which promote our culture, heritage and environment
 Empowering communities to play an active part in civic life	 Develop and revitalise our district
 Deliver sustainable services	 Represent the voice of the district with our partners

Your voice, your choice!

Newry, Mourne and Down District Council is inviting you to put forward your views on the draft performance improvement objectives 2025-26. We are keen to ensure that our performance improvement objectives have a positive impact on the quality of life of all stakeholders across the District, including citizens, local businesses, partner organisations in the statutory, voluntary and community sectors, employees and Elected Members.

A questionnaire has been included on page 21 of this document for all stakeholders to complete and return to:

Email: performance@nmandd.org
Address: Performance and Improvement
Newry, Mourne and Down District Council
O'Hagan House, Monaghan Row
Newry, Co Down
N. Ireland, BT35 8DJ

The questionnaire is also available on the Council's website and social media channels, as well as the Speak NMD website, through the following link:







www.newrymournedown.org/consultations













Alternatively, if you prefer to provide comments in person, please contact us on:

Tel: 0330 137 4000
Email: performance@nmandd.org

The closing date for responses is: 09 May 2025.






Performance Improvement Objective 1














We will support the health and wellbeing of local people by improving leisure facilities and services		
Why this matters	<p>You told us that:</p> <ul style="list-style-type: none"> One of the top priorities for improving your local area was 'Improving people's health and wellbeing (and reducing health inequalities) 17% of our residents are not active for a single day each week. The third most important health and wellbeing opportunity you would like to see more of was 'physical activity opportunities such as leisure centres, gyms and sports facilities' Between 2018 and 2022 there has been an increase in the number of residents satisfied with the leisure centres across the District, however residents did comment on issues such as the need for modernisation and improving cleanliness 76% of respondents to our 2024-25 survey agreed with this objective <p>We know that keeping fit and active can help improve a person's health and wellbeing both physically and mentally and the provision of leisure facilities is key to achieving this. Newry, Mourne and Down District Council plays a key role in helping local communities to live long and healthy lives. The Council remains committed to promoting physical, mental and emotional well-being and encouraging residents to make healthy and informed lifestyle choices and as part of this we need to always be striving to improve our leisure facilities and offerings.</p>	
Looking Back: What we did between April - September 2024		334,564 paid attendances across the 6 leisure facilities
		Recorded 155,659 recorded visits across a total of 10 community trails.
		9,608 memberships across the indoor leisure facilities
		8 Projects being progressed at different stages for Donard Park, Dundrum, Kilkeel Leisure Centre, Jennings Park & Dunleath
		9,388 attendances recorded of people taking part in targeted health programmes
		9,153 attendances recorded of young people participating in youth health and wellbeing initiatives
Looking Forward: What we will do in 2025-26	<ul style="list-style-type: none"> Increase the number of paid attendances at indoor leisure facilities. Continue to deliver a range of targeted, sustainable health programmes to encourage participation in physical activity. Progress the leisure projects agreed within the Capital Programme Provide funding through financial assistance for capital projects for sports clubs. 	

	<ul style="list-style-type: none"> Work towards Leisure-Safe Accreditation for all indoor leisure facilities 					
How we will measure success	2021-22 Actual	2022-23 Actual	2023-24 Actual	Status Trend	Q1/Q2 2024-25	2025-26 Target
Number of paid attendances recorded at:		698,864	768,842	 	334,564	724,000
Newry Leisure Centre	183,224	307,153	331,546		104,412	335,000
Down Leisure Centre	177,496	246,978	259,473		126,234	260,000
Kilkeel Leisure Centre	66,987	69,797	63,811		39,785	15,000
St. Colmans Sports Complex	36,717	54,024	58,491		25,625	58,500
Newcastle Centre & Tropicana Outdoor Swimming Complex	33,801	25,517	27,765		24,392	27,800
Ballymote Sports and Wellbeing Centre	10,309	15,365	27,756		14,116	27,800
Number of people participating in targeted health programmes	322	9,309	10,805	 	9,388	16,000
Value of Financial Assistance funding allocated to sports clubs	New measure			-	-	£225,000
Number of leisure centre memberships	-	9,534	9,923	 	9,608	10,000
Number of play parks upgraded	New measure			-	-	2
Number of capital leisure projects progressed	New measure		3	-	-	2
What you will see by March 2026	<ul style="list-style-type: none"> 724,000 paid attendances at our six leisure centres by the end of 2025-26 Increase in the number of people participating in targeted health programmes to 16,000. Increase in the number of memberships being taken out to 10,000. 2 play parks upgraded 2 new build and/or upgraded capital leisure projects progressed. Works to be commenced on Kilkeel centre upgrade. Planning permission and contract tender agreed for Jennings park upgrade Financial assistance allocated for sports clubs to the value of £225,000 for capital projects. Leisure-Safe Accreditation being worked towards for all indoor leisure facilities. 					
Alignment						
Corporate Plan 2024-27	<ul style="list-style-type: none"> Improve the health and wellbeing of everyone in the District. 					
Community Plan	<ul style="list-style-type: none"> All people in Newry, Mourne and Down enjoy good health and wellbeing All people in Newry, Mourne and Down benefit from prosperous communities 					

Draft Programme for Government	• Cut Health Waiting Times			
7 aspects of improvement	Strategic effectiveness	Service quality	Service availability	Fairness
Responsible Officer	Director: Active and Healthy Communities			

Performance Improvement Objective 2






We will contribute to growing the economy by supporting local businesses and job creation		
Why this matters	<p>You told us that:</p> <ul style="list-style-type: none"> • 'Improving skills, employability and job prospects' was your top priority for improving the local area in the 2022 residents survey • 'Supporting local businesses, attracting investment and jobs' is in your top three priorities for improvement • Investment to grow the economy, create jobs and attract tourists is the most important form of investment • 71% of respondents to our 2024-25 survey agreed with this objective 	
	<p>Continuing to support and grow the economy of Newry, Mourne and Down remains a key priority for the Council. Council continues to support the growth of both new business start-ups and the growth of existing businesses through the collaborative delivery of the Go Succeed Programme. 'Go Succeed' is the new go-to source for free expert business advice focusing on the three pillars of starting, growing and scaling your business or business idea.</p>	
	<p>The NMD Labour Market partnership (LMP) is vital for delivery against skills and employability, addressing economic inactivity, and supporting the up-skilling and re-skilling of residents in line with the demand for skills. The LMP has delivered a range of employment academies, careers fairs and jobs fairs, working closely with key stakeholders across the private and public sector.</p>	
	<p>Delivery against the Belfast Regional City Deal investment areas continues, with ambitions for job creation and the stimulation of private sector investment across the district.</p> <p>Council is leading on the implementation of a new DfE initiative for the establishment of Local Economic Partnership's which will deliver £4.5 Million of investment over a 3-year period, into initiatives that drive the creation of good jobs, productivity growth, sustainability and decarbonisation.</p>	
Looking Back: What we did between April-September 2024		135 new enterprises created as a result of support and 69 new jobs promoted through business start activity
		
		8 new social enterprise start-ups supported, and 8 new social enterprise jobs created
		
		179 existing businesses supported to progress growth and scaling ambitions

		Delivered a Make it Local campaign in Newcastle to support the business community during Eats and Beats and the Amgen Irish Open.				
Looking Forward: What we will do in 2025-26	<ul style="list-style-type: none">Invest in the social economy through the Social Enterprise programmeSupport the establishment of new businesses through the 'Go Succeed' ProgrammeSupport the growth of existing businesses and creation of new jobs through the 'Go Succeed' ProgrammeInvest in employability and skills through the implementation of the LMP Action Plan.Invest in the creation of good jobs, productivity growth, decarbonization and regional balance through the implementation of a Local Economic Partnership action plan					
How we will measure success	2021-22 Actual	2022-23 Actual	2023-24 Actual	Status Trend	Q1/Q2 2024-25	2025-26 Target
Number of social enterprise start-ups supported	12	12	12	 	8	12
Number of social enterprise jobs created	13	12	16	 	8	12
Number of participants engaged across all 'Go Succeed' activity	New measure		Data not available	-	460	712
Number of business plans created for start-up businesses and employer enterprises	358	361	151	 	115	289
Number of jobs promoted via business start-up activity	404	187	90	 	69	173
Number of new enterprises created as a result of support	215	187	90	 	135	119
Number of existing businesses supported to progress growth and scaling ambitions.	373	220	351	 	179	220
What you will see by March 2026	<ul style="list-style-type: none">289 business plans created for Start-Up businesses and employer enterprisesOver 700 participants engaged across all Go Succeed activitySupport provided to 220 existing businesses to progress growth and scaling ambitions173 new jobs promoted via business start-up activity.12 social enterprise start-ups supported and 12 social enterprise jobs createdContinued support for new and established local businessesContinued support for the growth of new employment opportunitiesContinued support to grow a labour market that is economically active and prosperous					

Alignment				
Corporate Plan 2024-27	<ul style="list-style-type: none"> Support the continued growth and development of our local economy 			
Community Plan	<ul style="list-style-type: none"> All people from Newry, Mourne and Down benefit from prosperous communities 			
Draft Programme for Government	<ul style="list-style-type: none"> Grow a Globally Competitive and Sustainable Economy 			
7 aspects of improvement	Strategic effectiveness	Service quality	Service availability	Innovation
Responsible Officer	Director: Economy, Regeneration and Tourism			

*Updated 'Go Succeed' programme target for the number of jobs promoted in Newry Mourne and Down: 173. An amendment to the standard set out in the Local Government (Performance Indicators and Standards) Order (Northern Ireland) 2015 is awaiting legislative passage and approval.

Performance Improvement Objective 3






We will improve the cleanliness of our District by continuing to promote recycling and addressing littering, fly tipping and dog fouling incidents		
Why this matters	<p>You told us that:</p> <ul style="list-style-type: none"> • Dog mess and dog fouling and rubbish or litter lying around are your top two perceived problems in your local area • 6% of the residents surveyed were dissatisfied with the cleansing service provided by the Council. • 91% of residents said recycling is important to them, an increase of 5% on the 2018 residents survey figure. • 80% of respondents to our 2024-25 survey agreed with this objective <p>Issues around street cleanliness continue to escalate largely as a result of the increased number of illicit dumping, littering and dog fouling incidents reported to the Council.</p> <p>To improve the overall cleanliness of the District, the Council is currently reviewing cleansing operations to design a more effective model of service provision. The Council also remains committed to collaborating with partner organisations and local communities to promote responsible dog ownership, address issues around littering and illicit dumping and generate local pride in having a cleaner, greener District for everyone to enjoy.</p>	
Looking Back: What we did between April-September 2024		Issued 12 fixed penalty notices, 10 of which were paid
		Supported 100% of all 12 community clean up requests received
		15 environmental projects funded through the NI 'Live Here Love Here' Scheme
		Decrease in the amount of municipal waste sent to landfill
		Increase in the rate of recycling, to 52.5%
Looking Forward: What we will do in 2025-26	<p>Address issues around recycling, littering, illicit dumping and dog fouling by:</p> <ul style="list-style-type: none"> • Continuing to implement the Enforcement Improvement Plan • Promoting responsible dog ownership through publicity and social media campaigns • Encouraging residents to bring properly sorted surplus recyclable waste to our Household Recycling Centres • Supporting local community clean ups • Continued implementation of a Paint Re-Use Scheme at a further 2 Household Recycling Centres • Exploring options to determine levels of street cleanliness and identify emerging issues and hotspots • Rollout an environmental awareness campaign displayed on Council fleet highlighting simple messages on recycling, littering and dog fouling <p>Work in partnership with Keep Northern Ireland Beautiful to:</p>	





	<ul style="list-style-type: none">• Promote the 'Live Here Love Here' campaigns• Encourage community groups to 'Adopt a Spot'• Highlight the impact of littering on the marine environment					
How we will measure success	2021-22 Actual	2022-23 Actual	2023-24 Actual	Status Trend	Q1/Q2 2024-25 Actual	2025-26 Target
Number of fixed penalty notices issued	118	110	25	▽	12	100
Number of fixed penalty notices paid	100	91	19	▽	10	80
Percentage of issued fixed penalty notices that are paid	New measure			-	-	80%
Percentage of community clean up requests supported	New measure			-	100%	90%
Number of 'Live Here Love Here' environmental projects	18	10	9	▶	15	No target
The percentage of household waste collected by District Councils that is sent for recycling	49.1%	49.6%	50.0%	😊 △	52.5%	50% by 2020
The amount of biodegradable Local Authority Collected Municipal Waste that is landfilled	2,685t	2,319t	937t	😊 △	85t	<20,954 tonnes (2019-20)
The amount of Local Authority Collected Municipal Waste arisings	87,336t	82,842t	84,684t	▶	45,263	No target
What you will see by March 2026	<ul style="list-style-type: none">• Increase in the number of fixed penalty notices issued and paid• Responsible dog ownership and reduced levels of dog fouling, littering and illicit dumping• Improved opportunities to report littering, dog fouling and illicit dumping• Reduction in the disposal of paint from our Household Recycling Centre sites• Opportunities to engage in community clean ups• Increased awareness of environmental messaging on issues including recycling, dog fouling and littering• A cleaner, greener District, with improved civic and community pride					
Alignment						
Corporate Plan 2024-27	<ul style="list-style-type: none">• Protect and enhance our environment to secure a sustainable future					
Community Plan	<ul style="list-style-type: none">• All people from Newry, Mourne and Down benefit from a clean, quality and sustainable environment					
Draft Programme for Government	<ul style="list-style-type: none">• Protecting Lough Neagh and the Environment					
7 aspects of improvement	Strategic effectiveness	Service availability	Innovation		Sustainability	
Responsible Officer	Director: Sustainability and Environment					

*The Q1/Q2 2024-25 data for the statutory waste management performance indicators remains provisional and will be finalised when the year-end data is validated and published by DAERA.

***The 2019-20 NI Landfill Allowance Scheme (NILAS) target has been included as the Council awaits more up to date targets from DAERA.





Performance Improvement Objective 4










We will improve our sustainability and reduce our impacts in relation to climate change.		
Why this matters	<p>You told us that:</p> <ul style="list-style-type: none"> Managing waste, reducing climate change, investing in renewable energy etc. was important to you. Green technology skills were the second most important training support needed to improve the growth of resident employability. 91% of residents said recycling is important to them, an increase of 5% on the 2018 residents survey figure. 81% of respondents to our 2024-25 survey agreed with this objective <p>Our climate is changing, and we need to prepare. Greenhouse gas emissions cause the Earth's atmosphere to hold more radiation from the sun which increases the overall temperature of the planet. This change in temperature is altering our climate and causing one of the greatest threats of our time. In October 2019 Newry, Mourne and Down District Council declared a 'Climate Emergency'.</p> <p>NMDDC is acutely aware of how intrinsic sustainability and care of our district is to its future. Within our new Council structure, a Sustainability Department has been created. This is led by a dedicated Assistant Director with responsibility for issues such as Energy, Council Fleet, Facilities Maintenance and Biodiversity.</p> <p>Environmental sustainability has become a key objective in the development of our capital projects, providing economic growth for the region in an inclusive and sustainable way. Newry, Mourne and Down District Council aims to embed the ethos of sustainability throughout its operations and to provide leadership for the community.</p> <p>The Council also forms part of the Local Government Climate Action Network which is helping to deliver the NI Climate Change Adaptation Programme. This network will enable us to collaborate with other Councils and relevant statutory partners to develop a strategic approach for climate action.</p>	
		Continued to implement the Fleet Replacement Programme
		Planted 34 trees across the District
		Progressed the development of a Climate Change and Sustainable Development Strategy
		Progressed the development of a Biodiversity Strategy
		Continued the development of a Climate Change Adaptation Plan
Looking Forward: What	<p>Address issues around climate change and sustainability by:</p> <ul style="list-style-type: none"> Completing the draft Sustainability and Climate Change strategy ready for consultation, review, approval and then publication. 	

we will do in 2025-26	<ul style="list-style-type: none">• Publishing the Council's Climate Change Adaptation Plan• Implementing the newly published biodiversity strategy 2024-30• Complete and implement the Council's Tree Strategy• Supporting the continued implementation of new Electric Vehicle (EV) charging points• Undertaking a baseline assessment of the Council's carbon footprint and renewable energy output• Continuing to implement the Council's fleet replacement programme• Preparing the Climate Change Mitigation Report in accordance with The Climate Change (Reporting Bodies) Regulations (Northern Ireland) 2024					
How we will measure success	2021-22 Actual	2022-23 Actual	2023-24 Actual	Status Trend	Q1/Q2 2024-25 Actual	2025-26 Target
Carbon footprint of Council estate	To Be Established					Not set - baselines to be established
Renewable energy generation	New measure – To Be Established					
Energy Consumption baseline	New measure – To Be Established					
Percentage of Council fleet younger than 8 years	New measure	75%		70%	85%	
Number of vehicles within the Council fleet that have an alternative fuel source	New measure	1		1	10	
Number of trees planted on Council managed estate	New measure	2,800		34	2,800	
Number of Council supported EV charging points	New measure	20		0	18	
What you will see by March 2026	<ul style="list-style-type: none">• Publication of the Council's Climate Change and Sustainable Development strategy• Publication of the Council's Climate Change Adaptation Plan• Implementation of the new Newry, Mourne and Down Biodiversity Strategy (2024-2030)• Publication of Council's Tree Strategy• 2,800 new trees planted• Carbon baseline established for Council estate• Renewable energy baseline established for Council estate• Energy consumption baseline established for Council estate• Increase in the percentage of younger, less polluting vehicles within the Council fleet• New electric vehicles operating within Council fleet.• Publication of the Climate Change Mitigation Report in accordance with The Climate Change (Reporting Bodies) Regulations (Northern Ireland) 2024					
Alignment						
Corporate Plan 2024-27	<ul style="list-style-type: none">• Protect and enhance our environment to secure a sustainable future					
Community Plan	<ul style="list-style-type: none">• All people from Newry, Mourne and Down benefit from a clean, quality and sustainable environment					

Draft Programme for Government	<ul style="list-style-type: none"> Protecting Lough Neagh and the Environment 			
7 aspects of improvement	Strategic Effectiveness	Efficiency	Innovation	Sustainability
Responsible Officer	Director: Sustainability and Environment			

Performance Improvement Objective 5

We will improve the processing times of planning applications and enforcement cases by implementing the Planning Service Improvement Programme		
Why this matters	<p>Delivering a more efficient and effective Planning Service for customers is a key priority for improvement for the Council. Planning plays a significant role in promoting sustainable development, regeneration, economic prosperity, investment and job creation for present and future generations of our District. 88% of respondents to our 2024-25 survey also agreed with this objective.</p> <p>The new portal, which launched in December 2022, allowing customers to submit applications online and track live planning applications, is now fully operational and amendments and changes remain ongoing as per agreed structures.</p> <p>Work continues on the Planning Improvement Programme and following discussions with SOLACE and DFI, the programme will be reviewed and updated during 2025-26 to be more reflective of the challenges currently facing planning across NI.</p> <p>Staff retention and recruitment remains challenging with vacancies remaining in the planning team across all functions as per agreed structures. Recruitment remains ongoing. This has had, and continues to have, a significant impact on targets and performance. This remains a priority for Council and Senior Management with ongoing review and monitoring.</p> <p>The Council has not yet achieved the statutory standards for 2024-25 but remain committed to delivering further improvements and providing a high-quality service to all customers.</p>	
		Opened 144 enforcement cases which was the second highest across all the Councils
		Average processing time of 44.2 weeks for local planning applications, which is above the regional average of 18.8 weeks
		Average processing time of 73.5 weeks for major planning applications, which is less than the regional average of 42.0 weeks. This signifies an improvement of 393.5 weeks since the same period last year
		Received 561 local planning applications, which is the third highest across Northern Ireland and accounts for 12% of all the applications received regionally.
Looking Forward: What we will do in 2025-26	<ul style="list-style-type: none"> • Reduce the number of live planning applications and enforcement cases which have been in the system for over 12 months. • Ongoing work with agents and architects to improve the standard of planning applications submitted. • Support employees to deliver service improvements through ongoing training, capacity building and 'planning surgeries'. • Launch the Draft plan Strategy by Q2 2025-26 	

How we will measure success		2021-22 Actual	2022-23 Actual	2023-24 Actual	Status Trend	Q1/Q2 2024-25 Actual	2025-26 Target
Average processing time for local planning applications (weeks)		18.8	21.6	33.7	 	44.2	<15 weeks
Average processing time of major planning applications (weeks)		44.3	89.0	154.8	 	73.5	<30 weeks
Percentage of planning enforcement cases progressed within 39 weeks		48.5%	58.6%	60.0%	 	37.2%	70%
Number of planning applications in the system for 12 months or more**		187	228	352		424	150
Number of planning applications in the system for 12 months or less**		871	934	1,154		1,042	700
Number of enforcement cases in the system 12 months or more**		472	503	599		580	450
What you will see by March 2026	<ul style="list-style-type: none">• A more efficient and effective planning service• Improved processing times for local and major planning applications• Improved processing times for planning enforcement cases• Reduction in the number of live planning applications and enforcement cases in the system• An empowered and motivated workforce• Increased confidence in the Planning system• Sustainable development and regeneration of the District• Commencement of public representation on the Draft Plan Strategy						
Alignment							
Corporate Plan 2024-27	<ul style="list-style-type: none">• Deliver sustainable services						
Community Plan	<ul style="list-style-type: none">• All people in Newry, Mourne and Down benefit from prosperous communities						
Programme for Government	<ul style="list-style-type: none">• Provide More Social, Affordable and Sustainable Housing• Reform and Transformation of Public Services						
7 aspects of improvement	Strategic effectiveness	Service availability	Sustainability	Efficiency			
Responsible Officer	Director: Economy, Regeneration and Tourism						

*Annual planning figures will be validated by the Department for Infrastructure and published through the Annual Report 2024-25.

**The 2025-26 targets have been carried forward from 2024-25 and will be reviewed prior to the publication of the Performance Improvement Plan 2025-26, in June 2025.

Strategic Alignment

Performance Improvement Objective	Corporate Objective(s)	Community Planning Outcome(s)	Duty of Improvement
We will support the health and wellbeing of local people by improving our leisure facilities and services	Improve the health and wellbeing of everyone in the District	All people in Newry, Mourne and Down enjoy good health and wellbeing All people in Newry, Mourne and Down benefit from prosperous communities	Strategic effectiveness Service quality Service availability Fairness
We will contribute to growing the economy by supporting local businesses and job creation	Support the continued growth and development of our local economy	All people from Newry, Mourne and Down benefit from prosperous communities	Strategic effectiveness Service quality Service availability Innovation
We will improve the cleanliness of our District by continuing to promote recycling and addressing littering, fly tipping and dog fouling incidents	Protect and enhance our environment to secure a sustainable future	All people from Newry, Mourne and Down benefit from a clean, quality and sustainable environment	Strategic effectiveness Service availability Innovation Sustainability
We will improve our sustainability and reduce our impacts in relation to climate change	Protect and enhance our environment to secure a sustainable future	All people from Newry, Mourne and Down benefit from a clean, quality and sustainable environment	Strategic Effectiveness Efficiency Innovation Sustainability
We will improve the processing times of planning applications and enforcement cases by implementing the Planning Service Improvement Programme	Deliver sustainable services	All people in Newry, Mourne and Down benefit from prosperous communities	Strategic effectiveness Service availability Sustainability Efficiency

Consultation on the draft Performance Improvement Objectives 2025-26

I am responding:	as an individual	
	on behalf of an organisation (please state)	

Question 1

Which consultation group do you belong to? *Please tick all that apply.*

Resident	<input type="checkbox"/>
Elected Member	<input type="checkbox"/>
Local Business	<input type="checkbox"/>
Local Community Organisation	<input type="checkbox"/>
Local Voluntary Organisation	<input type="checkbox"/>
Statutory Organisation	<input type="checkbox"/>
Other	<input type="checkbox"/>

If other, please provide further information below.

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Question 2

Do you agree that the draft Performance Improvement Objectives are appropriate for our District?

Performance Improvement Objective 1	Agree	Disagree
We will support the health and wellbeing of local people by improving our leisure facilities and services		
Comments:		
Performance Improvement Objective 2	Agree	Disagree
We will contribute to growing the economy by supporting local businesses and job creation		
Comments:		
Performance Improvement Objective 3	Agree	Disagree
We will improve the cleanliness of our District by continuing to promote recycling and addressing littering, fly tipping and dog fouling incidents		

Comments:		
Performance Improvement Objective 4	Agree	Disagree
We will improve our sustainability and reduce our impacts in relation to climate change		
Comments:		
Performance Improvement Objective 5	Agree	Disagree
We will improve the processing times of planning applications and enforcement cases by implementing the Planning Service Improvement Programme		
Comments:		

Question 3

Would you suggest any alternative Performance Improvement Objective(s), 'supporting actions' and 'measures of success'?

Question 4

Which of the areas outlined below would you like to see Newry, Mourne and Down District Council make improvements to in the future? (please tick 3 areas)

Area	
Arts Centres and Museums	
Building Control	
Car Parking	
Cemeteries	
Cleansing Service	
Community Services/Centres	
Council Parks and Open Spaces	
Council Website	
Economic Development (Programmes to support the economy)	
Environmental Health	
Grants, Procurement and Finance	

Harbours and Marinas	
Leisure Centres	
Licensing (dogs, gaming, entertainment etc)	
Planning	
Play Parks	
Recycling	
Bin Collection	
Registration Services (Births, Deaths, Marriages and Civil Partnerships)	
Tourism Events	
Visitor Attractions	
Visitor Information Centres	
Other Services (please specify)	

What specific improvements would you like Newry, Mourne and Down District Council to make in future years?

Completed questionnaires or comments should be submitted by **09 May 2025** to:

Email: performance@nmandd.org

In Writing: Performance and Improvement
Newry, Mourne and Down District Council
O'Hagan House
Monaghan Row
Newry
Co Down
BT35 8DJ

Telephone: 0330 137 4000

Thank you for taking the time to respond to this questionnaire.

We look forward to hearing from you.

Overall approach and timetable to develop and publish the Performance Improvement Plan 2025-26

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1 Development of the Performance Improvement Plan 2025-26		Timetable
1.1	Review baseline evidence to support the development of the Performance Improvement Plan, including a review of existing performance management arrangements across the organisation	Jan 2025
1.2	Develop and update the performance improvement objectives, supporting actions and measures of success, ensuring alignment to the seven criteria outlined in the legislation, as well as the Community Plan, Corporate Plan and other key strategies. Prepare Delivery Plans for each objective.	Jan-Feb 2025
1.3	Consider and agree the: <ul style="list-style-type: none"> Draft performance improvement objectives 2024-25, supporting actions, measures of success Overall approach and timetable for developing and publishing the Performance Improvement Plan 2025-26, ensuring compliance with the statutory Duty to Improve 	CMT: Mar 2025 SMT: Mar 2025 SPR: Mar 2025 Council: Apr 2025 AC: May 2025
1.4	Carry out an equality screening and rural needs impact assessment of the draft performance improvement objectives 2025-26	Feb 2025
2 Consultation on the draft Performance Improvement Objectives 2025-26		Timetable
2.1	The proposed 8 week consultation timetable with key stakeholders will consist of the following elements:	
2.2	Speak NMD – Electronic survey and ideas board published through Speak NMD website, promoted through the Council website and social media channels, and circulated to internal and external stakeholders	14 Mar-09 May 2025
2.3	Public Advertisements in local newspapers	W/B 17 Mar 2025
2.4	Consultation and engagement on the draft performance improvement objectives 2025-26 with: <ul style="list-style-type: none"> Section 75 groups, including Youth Councils, Older People's Forum, Cedar Foundation and District Electoral Area Fora 	14 Mar-09 May 2025
2.5	Analyse feedback from consultation and engagement activity, and propose amendments to the performance improvement objectives, supporting actions and measures of success where appropriate	May 2025
3 Design, approval and publication of the Performance Improvement Plan 2025-26		Timetable
3.1	Finalise the Performance Improvement Plan 2025-26	May 2025
3.2	Carry out an equality screening and rural needs impact assessment of the Performance Improvement Plan 2025-26	May 2025
3.3	Consider the Performance Improvement Plan 2025-26, with proposed amendments following the consultation process	SMT: June 2025 CMT: June 2025

Overall approach and timetable to develop and publish the Performance Improvement Plan 2025-26

			SPR: June 2025 (including request to publish the Performance Improvement Plan by 30 June 2025) Council: Jul 2025 AC: Jul 2025
33.4	Publish the Performance Improvement Plan on the Council's website and social media channels		Jun 2025 (before statutory deadline of 30 June) Sep 2025
3.5	Develop, translate into Irish (in line with Bilingualism Policy) and publish the summary performance document – 'Our Performance: Looking Back, Going Forward'		
4	Implementation of the Performance Improvement Plan 2025-26		Timetable
4.1	Publish the annual Assessment of Performance 2024-25, in line with statutory requirements		SMT: Sep 2025 SPR: Sep 2025 Council: Oct 2025 AC: Oct 2025
4.2	Monitor and report progress in implementing the Performance Improvement Plan 2025-26 through the Mid Year Assessment		SMT: Nov 2025 SPR: Nov 2025 Council: Dec 2025 AC: Jan 2026
5	Improvement Audit and Assessment 2025-26		Timetable
5.1	NI Audit Office carry out the annual Improvement Audit and Assessment to ascertain if the Council has fulfilled its statutory duty of performance improvement. This will include: <ul style="list-style-type: none"> • A forward looking assessment of the Councils likelihood to comply with its duty to make arrangements to secure continuous improvement • A retrospective assessment of whether the Council has achieved its planned improvements to inform a view regarding the Councils track record of improvement 		Jul-Oct 2025

Overall approach and timetable to develop and publish the Performance Improvement Plan 2025-26

5.2	The NI Audit Office issue the S95 report, outlining the findings from the Improvement Audit and Assessment, which includes proposals for improvement to assist the Council in fulfilling its performance responsibilities in future years	Final report: 30 Nov 2025 Publication of report: Feb 2026
5.3	Consider the s95 Improvement Audit and Assessment Report	SMT: Dec 2025 SPR: Dec 2025 Council: Jan 2026 AC: Jan 2026

Report to:	Audit Committee
Date of Meeting:	8 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			The Corporate Risk Register was reviewed and updated by SMT on 28 April 2025. Quarter 3 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.
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>Other Risk factors which were considered</p> <p>No other factors were considered for the Corporate Risk Register</p>
2.2			<p>Directorate Risk Register – Corporate Services (CS)</p> <p>The Risk Reporting section of the Risk Strategy states that Directorate Risk Registers will be presented to the Audit Committee on a rotational basis. The Risk Register summary for the CS Directorate is attached at <u>Appendix 3</u>. The Risk Register was reviewed and updated with the Assistant Directors and Director of CS on 1 May 2025.</p>
2.3			Within the CS Directorate Risk Register, 5 risks have been identified, 1 is red, 3 of which are amber and 1 is yellow. These risks cover a range of service areas and functions.

	The CS Risk Register will be updated on a quarterly by the Directorate Management Team and considered by the Audit Committee annually.
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. To note the revised CS Directorate Risk Register summary at Appendix 3 and detailed CS Directorate Risk Register at appendix 4.
4.0	Resource implications
4.1	There are no resource implications.
5.0	Due regard to equality of opportunity and regard to good relations (complete the relevant sections)
5.1	<i>General proposal with no clearly defined impact upon, or connection to, specific equality and good relations outcomes</i> It is not anticipated the proposal will have an adverse impact upon equality of opportunity or good relations <input checked="" type="checkbox"/>
5.2	<i>Proposal relates to the introduction of a strategy, policy initiative or practice and / or sensitive or contentious decision</i> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If yes, please complete the following: The policy (strategy, policy initiative or practice and / or decision) has been equality screened <input type="checkbox"/> The policy (strategy, policy initiative or practice and / or decision) will be subject to equality screening prior to implementation <input type="checkbox"/>
5.3	<i>Proposal initiating consultation</i> 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"/> Consultation period will be 12 weeks <input type="checkbox"/> Consultation period will be less than 12 weeks (rationale to be provided) <input type="checkbox"/> <i>Rationale:</i> Consultation not required.

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> <p>Appendix 3: Summary Sheet – CS Directorate Risk Register – May 2025</p> <p>Appendix 4: CS Directorate Risk Register – May 2025</p>
8.0	Background Documents
	None

NMDC Corporate Risk Register Cover Sheet - May 2025

Feb-25 May-25

Risk	Description	Risk Owner(s)	Gross Risk Score	Feb-25 Residual Risk Score	May-25 Residual Risk Score	Comments
CR01	Failure to deliver the capital investment programme for the District	SMT Cathain Boyd	25	20	20	Residual risk score remains unchanged. Procurement action has been updated, the Procurement Policy has been updated and SIB have been engaged to provide Procurement Advice. Action updated in relation to BRCD funding and urgent meetings are now being organised with key stakeholders.
CR02	Non-compliance with legislative requirements, including the Procurement Act 2023	Josephine Kelly Sinead Murphy	25	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	Residual risk remains unchanged - actions have been updated.
CR04	Failure to provide robust and timely planning decisions	Conor Mallon	25	16	20	Residual risk score has increased due 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	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 ITAG 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	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	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	Residual risk score remains unchanged and actions have been updated. Work has commenced on delivery a HRWB 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	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	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	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	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. Monthly review of spend against budget
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. 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. Strategic Finance Working Group scrutinises each Capital Project
3. Gateway Reviews
3. Internal Audit of Project Governance received SA 2022/23.

Action Plans

Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
BRCD funding going forward	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. 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.
Capital Plan Cash Flow forecasting	In Progress	Gerard Byrne	5/31/2025	The estimates for MRP/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.
Procurement Act 2023	In Progress	Josephine Kelly	3/31/2026	The guidance notes and templates have been released by Central Government. The Procurement Policy has 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.

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)	
		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
<p>Actions from Fire Risk Assessment Audits</p> <p>The actions from the Fire Risk Assessments which have been completed need to be actioned as soon as possible for all Council properties by the Facilities Management and Maintenance Department</p>	In Progress	Conor Saige	7/31/2025	<p>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.</p> <p>The Council has appointed a Council wide Contractor 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.</p> <p>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.</p>

Advisory Internal Audit Review - Health and Safety	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	Implementation of Asbestos Policies and Management Plans	In Progress	Conor Sage	7/31/2025	
E-Learning Training	E-Learning training to be promoted throughout the organisation as take up is low - this is particularly relevant to mandatory training sessions.	In Progress	Marina Hughes	7/31/2025	
Internal Audit - Compliance checking – facilities review (considering fire risk, asbestos and legionella checking)	Implement recommendations outlined in the limited assurance internal audit which was finalised in May 2024	In Progress	Conor Sage Senior Management Team	7/31/2025	
Internal Audit - Contract management	Implement recommendations from the limit assurance Internal Audit which was finalised in May 2024	In Progress	Caolain Boyd Senior Management Team	7/31/2025	<p>Procurement Policy has been updated in line with the new legislation. Directors bring procurement actions plans to the Audit Committee Quarterly. STAs also reported to Audit Committee quarterly.</p> <p>The current level of risk for legionella is considered Medium.</p> <p>A new contract for Water Hygiene services has been awarded. Water monitoring programme is in place in accordance with L8/HSG 274. A prioritised programme of risk assessments is underway. Legionella Policy has been updated and approved at Council. The Legionella Management Plan has been updated and approved at CMT/SMT. Business Case for a mechanical works contractor was approved at SE committee in Dec 24 to address legionella risk assessment remedial works, procurement to be progressed.</p> <p>Procurement Policy has been updated and social value has been included. The supporting procedures are being updated and staff training is scheduled.</p>
Legionella Policy and Management Plan	Implementation of Legionella Policies and Management Plans	In Progress	Conor Sage	7/31/2025	
Social Procurement Policy	Council to consider bringing in a social procurement policy following the guidance issued by the Minister of Finance in June 2021.	In Progress	Caolain Boyd Josephine Kelly	7/31/2025	

Risk CR. 03 - Failure to effectively manage waste

Risk	Consequence					Probability		Risk Categories	Risk Description	Potential Root Cause	Consequence
	5	4	3	2	1	1	2				
									Buildings / Engineering / Environment Quality of Service Statutory Duty (Legal/Regulatory) Failure to effectively manage waste	Industrial dispute lodged by the Trade Unions Insufficient resources (particularly availability of HGV drivers) Market forces enable commercial operators to increase prices (MDR) Failure to plan effectively for the future (including financial planning) Historic contract arrangements which may not be providing the Council with VFM Future changes to waste management arrangements Structure of new contracts to process & dispose of our waste to reflect changes in legislation Operation of the ARC21 Corporate Body going forward	Failure to meet recycling Targets Reputational Issues Lower levels of customer satisfaction Impact on service delivery and lost productivity

Risk Owners	Sinead Murphy
Gross/inherent Risk	Red 25
Residual Risk	Red 20
Target Risk Level	Yellow 9
Last Review	7/28/2025
Next Review	5/2/2025
Risk Appetite	Risk Cautious

Objectives

- 2. Improve the health and wellbeing of everyone in the district
- 7. Deliver sustainable services

Key Controls Identified

- 1. Contingency Plans in place
- 1. Long term Waste Strategic Plan in place
- 1. Partnership working with key stakeholders
- 3. Internal Audit carried out for Fleet Management in February 2025
- 3. Internal Audit Scheduled for Waste Management contracts for 2025-26
- 3. Internal Audit carried out for Fleet and Asset Management in February 2025

Action Plans

Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
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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.

Action Plans				
Action Plans	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date
Backlog cases	Implement action plan to reduce backlog in line with timeframe set	In Progress	Jonathan McGilly	7/31/2025
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
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
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

Comments

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.

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.

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.

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

Risk		Risk Categories		Business operational/regulatory Financial Impact on individuals (staff or public) Quality of Service	
Consequence	5				
	4			R	G
	3			T	
	2				
	1				
		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)	
		Consequence		A lack of corporate capacity currently exists to support transformational activity The overall affordability of the Council's 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	
		Risk Owners		Josephine Kelly; Marie Ward	
		Gross/inherent Risk		Red 20	
		Residual Risk		Amber 16	
		Target Risk Level		Yellow 9	
				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 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

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

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.
Northern Ireland Emergency Planning Structures Risk Assessments	Officers will continue to attend and contribute to the NI Emergency Planning Structures.	In Progress	Senior Management Team	4/1/2026	A new cross border scenario planning event is being coordinated via SEPG. The scenario is scheduled for SMT and CMT for Q2 2025.
	A review of all Council Risk Assessments currently in place and a review of all Officers who have been trained in IOSH	In Progress	Sinead Trainor	12/1/2025	
Scenario Planning	A new scenario planning event to take place	In Progress	Sinead Trainor	7/31/2025	

Risk CR. 07 - Failure to implement an economic development programme to regenerate the district and attract inward investment

Consequence	Probability					Risk Categories	Risk Description	Potential Root Cause	Impact on individuals (staff or public) Quality of Service
	5	4	3	2	1				
5									
4									
3									
2									
1									

Impact on individuals (staff or public)
Quality of Service

Failure to implement an economic development programme to regenerate the district and attract inward investment.

Failure to engage stakeholders (public and private sector)

Inflationary pressures and higher interest rates.

FFNI/DFFF - NMDDC is lead Council with operations team - increased risk

Impact of the City Deal

The weakness in sterling driving inflation expectations higher

Issues around the Windsor Framework including:

- Loss of EU funding
- Disruption of food and medical supplies
- Changes in regulations, border controls, cross border trade and movement of goods and people
- Uncertainty amongst the business community in relation to food standards, trading standards and exports
- Lack of employees with the required expertise and experience, eg Environmental Health Officers
- Lease issues at Thomas Quarry - National Trust

Consequence

Lack of investment in the District and lower levels of economic activity

Lack of confidence from the private sector

Some services, which were funded externally, not being delivered

Lack of leadership and direction from the NI Executive and UK Government

Inadequate levels of service provision

Risk Owners

Conor Mallon, Marie Ward

Gross/inherent Risk

Red 20

Residual Risk

Amber 16

Target Risk Level

Yellow 9

Last Review

7/28/2025

Next Review

5/2/2025

Risk Appetite

Risk Hungry

Objectives

1. Support the continued growth and development of our local economy
4. Support regenerative tourism opportunities which promote our culture, heritage and environment
6. Develop and revitalise our district
7. Deliver sustainable services

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	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. 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.

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 Council's e-learning platform	In Progress	Marina Hughes	7/31/2025	

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	

Risk CR. 10 - Failure to effectively plan for and manage a Cyber Security Attack

Risk	Probability					Consequence
	5	4	3	2	1	
5						
4						
3			T			
2						
1						
Risk Categories						
Business operational/reputational Impact on individuals (staff or public) Quality of Service						
Risk of a cyber security event causing significant operational, financial and reputational damage to the Council						
Risk Description						
Potential Root Cause						
Cyber attack						
Lack of specialist/dedicated in-house resources						
Lack of staff compliance with IT training						
Accidental breach of security						
Breach of people, process, physical or technical controls						
Failure to respond to and recover from a cyber incident within, or impacting upon, Council						
Lack of skills and competencies						
System vulnerabilities						
Supply chain breach						
Threat to availability, integrity and confidentiality of Council information and systems						
Failure to deliver Council services (including statutory and regulatory services)						
Financial loss						
Reputational damage						
Extended period to recover services to Business as Usual (BAU)						
Destruction of systems and data						
Theft of data for criminal use						
Political impact						
Environmental impact						
Risk Owners						
Veronica Keegan; Josephine Kelly; Gavin Ringland						
Gross/inherent Risk						
Red 25						
Residual Risk						
Red 20						
Target Risk Level						
Yellow 9						
Last Review						
7/28/2025						
Next Review						
5/2/2025						
Risk Appetite						
Risk Averse						

Objectives

- 7. Deliver sustainable services

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 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. 11 - Risk of Industrial Action impacting on Service Delivery

		Probability					
	5	T	R	G			
Consequence	4						
	3						
	2						
	1						
		1	2	3	4	5	
Risk Categories	Business operational/reputational Impact on individuals (staff or public) Quality of Service						
Risk Description	Risk of Industrial Action impacting on Service Delivery						
Potential Root Cause	In common with many sectors and employers across the UK, Industrial unrest has become increasingly likely Unresolved Legacy employment issues Current economic climate						
Consequence	Creation of uncertainty and instability Negative impact on service delivery and lost productivity Negative PR for the Council Management & HR time lost to IR issues which impacts on operational and strategic matters being progressed Financial implications for Council where meeting the TU demands results in increased salary costs						
Risk Owners	Senior Management Team						
Gross/Inherent Risk	Red 25				Last Review		7/28/2025
Residual Risk	Amber 15				Next Review		5/2/2025
Target Risk Level	Yellow 10				Risk Appetite		Risk Averse

Risk CR. 12 - Insufficient staff resources to deliver Council services in an effective and efficient manner

Consequence							Probability				
5							1	2	3	4	5
4			T	R	G						
3											
2											
1											
Risk Categories											
Risk Description											
Potential Root Cause											
Consequence											
Risk Owners											
Gross/inherent Risk											
Residual Risk											
Target Risk Level											
Insufficient staff resources to deliver Council services in an effective and efficient manner							Josephine Kelly; Mane Ward				
There has been a difficulty in recruiting key positions in across Council. Another issue has been the retention of staff across all Directorates.							Red 20				
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							Amber 16				
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							Amber 12				
							Last Review		7/28/2025		
							Next Review		5/2/2025		
							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 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. NMDDC 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 reserve 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 NMDDC terms and conditions.</p> <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>	
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		

NHDDC Corporate Services Directorate Risk Register Cover Sheet - May 2025

May-24 May-25

Risk	Description	Risk Owner(s)	Gross Risk Score	Revised Risk Score	Revised Residual Score	
CS01	Risk of breaching Information Governance Rules and Regulations (eg. FOI / EIR / DPA / RM)	Veronica Keegan / Carol McClean	25	20	15	↑
CS02	The Council may not prevent or detect fraud, bribery &/or corruption leading to financial loss & reputational damage	Gerard Byrne	20	12	12	↔
CS03	Inappropriate communications on corporate media channels has a negative impact on service delivery and the reputation of the Council	Veronica Keegan	16	8	8	↔
CR04	Breach of legislation / legislative challenge in relation to the procurement of goods and services and works	Colleen Boyd	20	20	20	↔
CR05	Lack of formal talent management and succession planning arrangements across the organisation may have an impact on effective service provision and innovation	Marina Hughes	25	12	12	↔
						Risk score decreased and actions have been updated.
						Risk score remains unchanged. Actions have been updated.
						Residual risk remains unchanged - actions have been updated.
						Residual risk remains unchanged - actions have been updated.
						Residual risk remains unchanged - actions have been updated.

Corporate Services Directorate

5/2/2025 1:19:40 PM

Risk 01. Risk of breaching Information Governance Rules and Regulations (eg. FOI / EIR / DPA / RM)

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

Key Controls Identified

1. Compliance Team
2. Access to Information and Record Management Policies and Procedures
3. Access to Information and Records Management e-learning modules
4. Data Protection Impact Assessment and Data Sharing Agreement established, where appropriate
5. Breach review process
6. Data Cleanse project
7. Monitoring and evaluation systems created and reported to SP&R
8. IT Policy & Procedure
9. IT Cyber E Learning modules & tests

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Employee and Elected Member Training	Improve the completion rate of the e-learning module across all Directorates. In person training done and e-learning available.	In Progress	Carol McClean	3/31/2026	Training delivered to all staff during quarter 4 2022/23. Councillors training delivered June 2023. Monitoring of IT Phishing test results will inform training requirements. Further training will be delivered to all staff by 31st March 2025.
Implement SOC/SIEM/XDR service	Implement a Managed Security Operations Centre (SOC), supported by a SIEM (Security Information and Event Management) and XDR (Extended Detection and Response) service	In Progress	Gavin Ringland	9/30/2025	This will provide Council with a comprehensive Cyber Security Service to continuously protect, detect and respond to cyberattacks in order to minimise business impact and data loss.
IT Cyber E Learning modules & tests	Ongoing eLearning and testing campaigns are mandatory for all digital users with compliance reports issued to Line Managers and Corporate Management Team.	In Progress	Gavin Ringland	3/31/2026	Work is underway to provide Assistant Directors with live access to reporting data pertaining to compliance and risk.
IT Policy & Procedures	Council will develop a new suite of IT Policies aligned to Cyber Assessment Framework (CAF) and regularly review.	In Progress	Gavin Ringland	3/31/2026	The suite of policies will include an Information Security Policy.
Records Management	Continue the Corporate Data Cleanse	In Progress	Carol McClean	3/31/2026	The data cleanse continues to be implemented across the organisation, with the number of disposals reported at the year end.

Risk	02. The Council may not prevent or detect fraud, bribery &/or corruption leading to financial loss & reputational damage
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Objectives

Provide accessible, high-quality and integrated services through continuous improvement

Key Controls Identified

1. Governance arrangements in place including:-
 - Audit Committee
 - Code of Conduct
 - Declarations of Interest
 2. Dedicated staff member with responsibility for fraud and whistleblowing
 3. Elected Members Register of Interests
 4. Independent Internal Auditors
 5. National Fraud Initiative (NFI)
 6. National Fraud Initiative (NFI)
 7. Staff and Elected Member Codes of Conduct
 8. Fraud and Whistleblowing Updates -
- Fraud Response Plan - Updated Sept 2024
Raising Concern Policy - updated Feb 2025

Action Plans

Action Plans	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
E-Learning Training	E - Learning Training to be rolled out to relevant staff in relation to Raising Concerns and our Fraud Response Plan. Will be tailored to revised policies	In Progress	Gerard Byme	8/30/2025	Will be completed in Q2 2025/26
Fraud Risk Assessment	Corporate Fraud Risk Assessment to completed for Council	In Progress	Gerard Byme	7/31/2025	To be completed in Summer 2025 and presented to Audit Committee.
Gifts and Hospitality	Review and align Gifts & Hospitality Policy and Procedure (GHPP) with COIPP	In Progress	Carol McClean	3/31/2026	There was a delay and is due to be completed in 2025/26
National Fraud Initiative (NFI)	Complete the NFI Exercise 2025	Completed	Gerard Byme	8/30/2025	NFI Exercise 2022/23 now completed and NIAO have published report. NFI 2025 exercise has now commenced and Audit Committee have been updated in February 2025 as to the matches and timeline for completion.

Risk **03. Inappropriate communications on corporate media channels has a negative impact on service delivery and the reputation of the Council**

Consequence	Probability					Risk Categories	Impact on individuals (staff or public) Quality of Service
	5	4	3	2	1	Risk Description	Inappropriate communications on corporate media channels has a negative impact on service delivery and the reputation of the Council.
	4	R				Potential Root Cause	Failure to effectively engage the media Size of the organisation and District, as well as the geographical split (four main sites and mobile workers) Cultural change means not operating on corporate arrangements Not keeping abreast of growth and developments in communication and technologies
	3			T		Consequence	Negative PR Not providing a VFM service Ineffective channels of communication Residents and stakeholders are not kept informed about the work of the Council and delivery of essential and key services
	2					Risk Owners	Veronica Keegan
Gross/Inherent Risk							Amber 15
Residual Risk							Yellow 8
Target Risk Level							Green 4
Last Review							3/5/2025
Next Review							6/4/2025
Risk Appetite							Risk Open

Objectives

Provide accessible, high-quality and integrated services through continuous improvement

Key Controls Identified

- 1.Communications Team and professional staff
- 2. Regular liaison with the local press
- 3. Regular Chief Executive briefings
- 4. Media Policy & Procedure
- 5. NMD Social Media and Acceptable Use Policy and Procedure and social media presence
- 6. IT Strategy in place to improve IT systems
- 7. Media Monitoring Service contract in place
- 8. Monthly meetings with SMT and CMT to identify positive news opportunities.

Action Plans

Action Plan Description		Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Media Digest distributed to SMT	Weekly digest distributed to members providing update on media coverage.	In Progress	Veronica Keegan	8/30/2025	Awareness of coverage across NI in relation to NMDDC
Review of Corporate Communications Strategy 2022	Review and update of operating procedures will be undertaken.	In Progress	Veronica Keegan	3/31/2026	Ensures clear, coherent communications is conveyed both internally and externally, endeavouring to protect the Council's reputation.
-24 Review of Digital Communications Strategy 2022	Review and update of operating procedures will be undertaken.	In Progress	Veronica Keegan	3/31/2026	Ensures effective use of digital platforms to build awareness of Council business and drive engagement.

Risk 04. Breach of legislation / legislative challenge in relation to the procurement of goods and services and works

		Consequence					Probability					
		5	4	3	2	1		1	2	3	4	5
Risk Categories	Financial											
	Impact on individuals (staff or public)											
	Quality of Service											
	Statutory Duty (Legal/Regulatory)											
	Breach of legislation / legislative challenge in relation to the procurement of goods and services and works											
Risk Description												
Potential Root Cause												
Consequence												
	Negative PR											
	Financial loss to the Council											
	Litigation											
	Inadequate compliance with Procurement Policy											
Risk Owners	Caolain Boyd											
Gross/Inherent Risk	Red 20											
Residual Risk	Red 20											
Target Risk Level	Yellow 8											
	Last Review											3/5/2025
	Next Review											6/4/2025
	Risk Appetite											Risk Minimal

Objectives

Key Controls Identified

1. Procurement Team
2. Financial Regulations and Procurement Policy
3. Regional and national frameworks
4. Specialist legal advice
5. Single Tender Actions reported to Audit Committee and SMT
6. Procurement training for staff
8. Procurement is a standing agenda item at Audit Committee

Action Plans					
Action Plans	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Advertising Tenders	The team want to get the Council tenders communicated to as many suppliers as possible	In Progress	Caolain Boyd	3/31/2026	A punch out from the multi quote website to E - Tender NI / ROI equivalent Tenders to be advertised on Council Social Media sites Update: The plan is to move to E-Tenders NI during 2025/26
Business Case	Business case procedure and relevant templates to be updated in line with best practice.	In Progress	Caolain Boyd	3/31/2026	Once procedures and templates are revised, training will be rolled out for relevant staff.
Increase staff numbers	Approvals in place and interviews carried out. Offers made.	In Progress	Josephine Kelly	6/30/2025	Update: This will be looked at after the Procurement Act training has been undertaken Detailed workings with HR team to progress.
Procurement Policy	Procurement Policy and associated templates to be revised in line with best practice for new legislation. Procurement Act 2023	In Progress	Caolain Boyd	3/31/2026	Once policy and templates are revised, training will be rolled out for the relevant staff. Update: Procurement Act Training scheduled for May/June

Risk05. Lack of formal talent management and succession planning arrangements across the organisation may have an impact on effective service provision and innovation

					Risk Categories	Business operational/reputational Impact on individuals (staff or public) Quality of Service
					Risk Description	Unable to attract and retain suitably skilled and talented individuals to achieve the Council's strategic objectives and successfully shape the future of our organisation, district and communities.
					Potential Root Cause	Unable to attract and/or retain talented employees The post-Covid-19 labour market has an impact on recruitment and employee expectations No framework in place to identify high achievers and harness their talent No formal career development scheme and succession planning arrangements Reluctance to move away from historic practices and arrangements Organisational uncertainty (e.g., restructuring, which can lead to talented employees moving elsewhere for career progression and greater stability) Prevalence of short-term temporary contracts Long hours culture in senior roles Working relationship with Trade Unions Skills gaps identified in specific industry sectors
					Consequence	Unavailability/willingness of talented individuals to apply for positions Reduced applicant numbers Unable to recruit to posts / staff shortages Negative PR for the Council Skills gaps across departments Low staff morale and high turnover Negative impact on innovation, service delivery and productivity
					Risk Owners	Marina Hughes
					Gross/inherent Risk	Red 25
					Residual Risk	Amber 12
					Target Risk Level	Yellow 9
					Last Review	3/5/2025
					Next Review	6/4/2025
					Risk Appetite	Risk Open

Objectives

Key Controls Identified

- 1. Access to many and varied learning and development opportunities
- 2. People Perform Grow in place
- 3. Robust recruitment practices in place
- 4. Work experience / placement opportunities
- 5. Flexible working practices and approaches to work life balance
- 6. Programmes in place to create organisational stability





Action Plans					
Action Plans	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Talent Management	Talent management project is being undertaken by SOLACE which Council is participating in.	In Progress	Marina Hughes	3/31/2026	NMDDC is part of the regional Talent Management Project Group, being led by the LGSC

Report to:	Audit Committee
Date of Meeting:	8 May 2025
Subject:	Prompt Payment Statistics – Quarter 4 2024/25
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	<p>'Prompt payment' is the payment of valid supplier invoices by public bodies, as set in government targets.</p> <p>This dataset contains the:</p> <ul style="list-style-type: none">• Total amount paid by each Northern Ireland council to suppliers• Total number of invoices• Number of invoices paid within 10 working days• Number of invoices paid within 30 calendar days• Number of invoices paid outside 30 calendar days <p>Adherence to the policy is not mandatory for councils, but in a letter issued to council Chief Executives in October 2013, the Department of Environment's Local Government Policy Division said that: 'District councils are encouraged to pay suppliers as promptly as possible and to endeavour to meet the 10 day prompt payment commitment made by Northern Ireland Executive in response to the current economic position'.</p>																					
2.0	Key issues																					
2.1	<p>The table below provides a comparison of prompt payment statistics for the last five financial years.</p> <table><tr><th>Financial Year</th><th>Within 30 days (T&C's)</th><th>Within 10 days</th></tr><tr><td>2019/20</td><td>90%</td><td>18%</td></tr><tr><td>2020/21</td><td>86%</td><td>11%</td></tr><tr><td>2021/22</td><td>89%</td><td>17%</td></tr><tr><td>2022/23</td><td>86%</td><td>43%</td></tr><tr><td>2023/24</td><td>95%</td><td>50%</td></tr><tr><td>2024/25</td><td>94%</td><td>46%</td></tr></table>	Financial Year	Within 30 days (T&C's)	Within 10 days	2019/20	90%	18%	2020/21	86%	11%	2021/22	89%	17%	2022/23	86%	43%	2023/24	95%	50%	2024/25	94%	46%
Financial Year	Within 30 days (T&C's)	Within 10 days																				
2019/20	90%	18%																				
2020/21	86%	11%																				
2021/22	89%	17%																				
2022/23	86%	43%																				
2023/24	95%	50%																				
2024/25	94%	46%																				

2.2	Quarter 1 2024/25 - 1 April 2024 to 30 June 2024				
		Paid within 10 days	Paid within 30 days	Paid outside payment period	Total invoices
	Number of Invoices	2,058	4,421	232	4,653
	Percentage	44%	95%	5%	100%
	Value	£9,605,127	£19,431,462	£1,020,975	£20,452,437
	Average number of days to pay suppliers: 12.94			Performance trend: 	
2.3	Quarter 2 2024/25 - 1 July 2024 to 30 September 2024				
		Paid within 10 days	Paid within 30 days	Paid outside payment period	Total invoices
	Number of Invoices	2,201	4,029	238	4,267
	Percentage	52%	94%	6%	100%
	Value	£16,235,295	£22,374,404	£973,751	£ 23,348,155
	Average number of days to pay suppliers: 12.39			Performance trend: 	
2.4	Quarter 3 2024/25 - 1 October 2024 to 31 December 2024				
		Paid within 10 days	Paid within 30 days	Paid outside payment period	Total invoices
	Number of Invoices	1,909	3,538	180	3,718
	Percentage	51%	95%	5%	100%
	Value	£14,522,289	£19,892,507	£372,272	£20,264,779
	Average number of days to pay suppliers: 11.61			Performance trend: 	
2.5	Quarter 4 2024/25 - 1 January 2025 to 31 March 2025				
		Paid within 10 days	Paid within 30 days	Paid outside payment period	Total invoices
	Number of Invoices	1,391	3,392	267	3,659
	Percentage	38%	93%	7%	100%
	Value	£9,925,326	£18,274,780	£818,569	£19,093,349
	Average number of days to pay suppliers: 15.41			Performance trend: 	
3.0	Recommendations				

31	To note: <ul style="list-style-type: none"> The Q4 2024/25 Prompt Payment statistics.
4.0	Resource implications
4.1	The Purchase to Pay Team provide statistics to the Department for Communities on a quarterly basis. The prompt payment statistics are also published on our website.
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>

	<div>If yes, please complete the following:</div> <div>Rural Needs Impact Assessment completed <input type="checkbox"/></div>
7.0	Appendices
	None
8.0	Background Documents
	None



Department for
Communities
www.communities-ni.gov.uk

An Roinn
Pobal

Department for
Commonities

From: Gerard Murray

Chief Executive of each District Council
Finance Officer of each District Council
Other Interested Parties

Local Government and Housing
Regulation Division
Finance Branch
Causeway Exchange
1-7 Bedford Street
BELFAST
BT2 7EG
Phone: 028 9082 9307
email: Gerard.murray@communities-
ni.gov.uk

Our ref: CO1-25-3729

2 April 2025

Dear Sir/Madam

**CIRCULAR LG 12/2025 - CONSOLIDATED COUNCILLOR ALLOWANCES CIRCULAR
(Updated April 2025)**

This Local Government Circular provides a consolidated record of all councillor allowances and supersedes Local Government Circular LG 15/2024.

This consolidated circular is required to determine and reflect an increase of 5% in maximum rates for Basic Allowance from 1 April 2025 following the Minister's decision, with Executive agreement, on his consideration of the recommendations in the Report on the recent Review of the Role and Responsibilities of Councillors. You will be aware that the Department is seeking an amendment to the relevant legislation to transfer responsibility for setting the rate of this allowance paid to councillors to the Department. We will keep you informed as this progresses.

All determinations are made by the Department under section 31 of the Local Government Finance Act (Northern Ireland) 2011 and the Local Government (Payments to Councillors) Regulations (Northern Ireland) 2019.

If you have any queries on the content of this circular please contact Jeff Glass on 028 9082 3375 or Ian Lewis on 028 9082 3506 or by email jeff.glass@communities-ni.gov.uk or ian.lewis@communities-ni.gov.uk .

Yours sincerely,

GERARD MURRAY
Director of Local Government and Housing Regulation

1. Basic Allowance

- valid from 1 April 2024 – 31 March 2025

Basic Allowance
Maximum £17,456 per annum ≠

≠ (The basic allowance includes an element for incidental and consumable costs incurred by councillors in their official capacity. In 2015/16 this element was £1,000 and each year this amount is uplifted in line with the increase applied to the basic allowance, therefore this element within the basic allowance is £1,229 from 1 April 2024.)

- valid from 1 April 2025

Basic Allowance
Maximum £18,329 per annum ≠

≠ (The basic allowance includes an element for incidental and consumable costs incurred by councillors in their official capacity. In 2015/16 this element was £1,000 and each year this amount is uplifted in line with the increase applied to the basic allowance, therefore this element within the basic allowance is £1,290 from 1 April 2025.)

2. Dependants' Carers' Allowance

- valid from 1 April 2024 – 31 March 2025

The following table states the maximum rates for dependants' carers' allowance.

Dependants' Carers' Allowance	Hourly Rate	Maximum Monthly Amount
	£	£
Standard	11.44^	595
Specialist	22.88	1,190

^(Based on national living wage)

- valid from 1 April 2025 – 31 March 2026

The following table states the maximum rates for dependants' carers' allowance.

Dependants' Carers' Allowance	Hourly Rate	Maximum Monthly Amount
	£	£
Standard	12.21^	635
Specialist	24.42	1,270

^(Based on national living wage)

3. Travel Allowances**235**

– valid from 1 April 2017

The following table states the maximum rates for travel allowances.

Type of Vehicle	Rate per Mile Pence	Rate per Mile Above 8,500 miles Pence	Rate per Mile Above 10,000 miles Pence
A pedal cycle	20.0p	20.0p	20.0p
A motor cycle (all engine capacities)	24.0p	24.0p	24.0p
A motor car of cylinder capacity exceeding 450cc but not exceeding 999cc	46.9p	13.7p	13.7p
A motor car of cylinder capacity exceeding 999cc but not exceeding 1,199cc	52.2p	14.4p	14.4p
A motor car of cylinder capacity exceeding 1,199cc	65.0p	16.4p	16.4p
An electric car	45.0p	45.0p	25.0p
Passenger rate (per passenger)	5.0p	5.0p	5.0p

4. Special Responsibility Allowance

– valid from 1 April 2024

The following table states the maximum rate of Special Responsibility Allowance that a council may pay. The maximum rate is based on the size of the council population. Each council's population figures are updated each year by the Northern Ireland Statistics and Research Agency and it is the duty of each council to operate within the total maximum rate appropriate to its population band. For ease the maximum any councillor can receive, within each band, is also provided.

Population of council	Maximum Special Responsibility Allowance £	Maximum (1/5 th) for individual councillor £
Less than 120,000	61,459	12,292
120,000 to 199,000	86,043	17,209
200,000 +	132,751	26,550

5. Subsistence Allowances

– valid from 1 April 2015

The following table states the maximum rates for subsistence; however, where councils believe it is necessary there is flexibility for councils to increase these rates by applying a suitable measure of price inflation.

PERIOD/MEAL	British Isles Rates £	London Rates £
Accommodation allowance - An absence involving an overnight stay, away from the normal place of residence. This rate does not include any meal allowance.	100.70	122.45
Breakfast allowance - (more than 4 hours away from the normal place of residence or, where approved by the council, a lesser period before 11 am)	11.50	11.50
Lunch allowance - (more than 4 hours away from the normal place of residence or, where approved by the council, a lesser period including the period between 12 noon and 2pm)	13.50	13.50
Tea allowance - (more than 4 hours away from the normal place of residence or, where approved by the council, a lesser period including the period between 3pm and 6pm)	4.70	4.70
Evening meal allowance - (more than 4 hours away from the normal place of residence or, where approved by the council, a lesser period ending after 7pm)	20.95	20.95