



<b>Subject:</b>	<b>Audit and Risk Panel Annual Report, including Annual Governance Statement</b>
<b>Date:</b>	26th June, 2023
<b>Reporting Officer:</b>	Claire O'Prey, Head of Audit, Governance and Risk Services (AGRS)
<b>Contact Officer:</b>	Claire O'Prey, Head of Audit, Governance and Risk Services (AGRS)

<b>Restricted Reports</b>	
<b>Is this report restricted?</b>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
<b>If Yes, when will the report become unrestricted?</b>	
<b>After Committee Decision</b>	<input type="checkbox"/>
<b>After Council Decision</b>	<input type="checkbox"/>
<b>Sometime in the future</b>	<input type="checkbox"/>
<b>Never</b>	<input type="checkbox"/>

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

<b>1.0</b>	<b>Purpose of Report or Summary of Main Issues</b>
1.1	The Audit and Risk Panel is constituted as a working group of the Strategic Policy and Resources Committee. The purpose of the Panel is to provide an independent assurance on the adequacy of the Council's risk management framework and associated control environment. The Panel also oversees the Council's financial reporting process.
1.2	The purpose of this report is twofold: <ul style="list-style-type: none"><li>• to provide a summary to Committee of the key issues that have been considered and discussed by the Panel during the 2022/23 financial year, the assurances received and the areas requiring attention; and</li><li>• to present the Annual Governance Statement for 22/23 for consideration and inclusion in the unaudited statement of accounts which will be certified by the Chief</li></ul>

	Finance Officer by 30 <sup>th</sup> June 2023 and then subject to NIAO audit. The Statement has been considered by the Audit and Risk Panel but must be approved by the Committee Chair and the Chief Executive.
<b>2.0</b>	<b>Recommendation</b>
2.1	<p>The Committee is asked to:</p> <ul style="list-style-type: none"> <li>i. note the summary of the work of the Panel during 2022/23 as set out in Section 3;</li> <li>ii. review and approve the Annual Governance Statement for 2022/23 in Appendix 1 and, in particular, the disclosure of the significant governance issues contained in the statement; and</li> <li>iii. approve and adopt the minutes of the meeting of the Audit and Risk Panel of 13th June 2023 at Appendix 2.</li> </ul>
<b>3.0</b>	<b>Main Report</b>
	<p><u>Key Issues</u></p> <p><b>Summary of the work of the Audit and Risk Panel in 2022/23</b></p>
3.1	<p>In March 2022, the Panel approved the internal audit strategy and plan for the 2022/23 year. The plan was designed to allow AGRS to provide independent assurance over the councils changed risk, control and governance frameworks, which is of particular importance during the pandemic response and recovery. The plan covered:</p> <ul style="list-style-type: none"> <li>▪ Key financial systems / income generating activity</li> <li>▪ Key programmes / projects</li> <li>▪ Management of key corporate risks</li> <li>▪ Meeting external grant funding requirements</li> <li>▪ Governance arrangements</li> </ul>
3.2	<p>During 2022/23, the Panel met four times on a hybrid basis. At these meetings the Panel considered progress reports on delivery of audit plans and issues arising from audit activity, including the findings, assurance levels and recommendations arising from audit work and the progress being made to implement audit recommendations. It also received regular updates on:</p> <ul style="list-style-type: none"> <li>▪ the Council's financial position, as set out in its financial statements</li> <li>▪ reports from the Council's external auditors</li> <li>▪ risk management</li> <li>▪ business continuity</li> </ul>

- fraud, financial irregularity and whistleblowing / raising concerns investigations
- governance related matters
- financial control
- health and safety
- performance management
- staff attendance.

3.3 The key assurances which the Panel received are as follows:

- the Council's **financial statements and annual governance statement**, as prepared by the then Deputy Chief Executive and Director of Finance and Resources and their team; this provided a management assurance on the Council's financial position;
- the audited accounts and the associated **external audit annual letters for 2021/22** (providing an opinion on the accounts) **and report to those charged with governance** (setting out control issues arising from the annual external audit), as prepared and presented by the Northern Ireland Audit Office. This provided an external assurance on the Council's financial position for 2021/22. (The accounts for 2022/23 are to be prepared by the end of June 2023); and
- the **Head of Audit, Governance and Risk Service's annual assurance statement** on the adequacy and effectiveness of the Council's risk management, control and governance arrangements, based on the findings of audit work completed throughout the year.

3.4 The Panel received assurance from the NIAO regarding their performance improvement audit and assessment for the Council which resulted in a standard, unqualified opinion. The Panel also received regular reports on the development of the Improvement Plan in line with Part 12 of the Local Government (NI) Act.

3.5 Where areas for improvement have been identified, these have been reported and implementation of agreed recommendations is actively monitored and reported back to the Panel. The Panel has, on occasions, raised issues where either audit reports have identified significant issues or progress against recommendations has not been satisfactory, with Directors asked, where necessary, to attend the Panel and provide further explanation. The key areas considered during 2022/23 include:

- **internal audits** of key areas such as Treasury Management, Payroll, City Regeneration and Development, Absence Management, Capital Programme, PCSP's, Waste Management, Continuous Improvement, Food Safety, Pest Control, Fuel, Stores, Belfast Waterfront and Ulster Hall Ltd and Visit Belfast;
- **audits of the management of corporate risks** such as City and Community Recovery, Information Governance, the Financial Position of the Council, Digital Information Security, H&S Work Related Violence and the Strategic Use of Data; and
- **assurance and advisory work over key programmes** including the project to replace the Accounting System, the Belfast Region City Deal programme, the new HR system and the Planning Portal.

3.6 The Audit and Risk Panel has also received updates during the year on the Council's risk management arrangements, including reports on the management of the Council's key corporate risks.

#### **Annual Governance Statement**

3.7 The Panel, at its meeting on 13<sup>th</sup> June, considered the draft Annual Governance Statement for the Council for 2022/23 and, in particular, the five significant governance issues contained in the statement.

3.8 The Annual Governance Statement is an important document, and it is important that the Committee is fully aware of its contents. The disclosures in the statement are based upon the Council's corporate risk register and take into consideration the disclosures made by Chief Officers in their individual annual assurance statements. The Annual Governance Statement also incorporates a summary of the Head of Audit, Governance and Risk Service's annual assurance statement.

#### **Minutes of the Audit and Risk Panel meeting of 13<sup>th</sup> June**

3.9 In line with usual protocol, the minutes of the Audit and Risk Panel meeting are presented to Strategic Policy and Resources Committee for approval and adoption.

3.10	<p><b><u>Financial and Resource Implications</u></b></p> <p>None</p>
3.11	<p><b><u>Equality or Good Relations Implications/Rural Needs Assessment</u></b></p> <p>None</p>
<b>4.0</b>	<b>Documents Attached</b>
	<p>Appendix 1 – Annual Governance Statement for 2022/23</p> <p>Appendix 2 – Minutes of the meeting of the Audit and Risk Panel on 13<sup>th</sup> June 2023</p>