

Audit and Risk Panel

Tuesday, 10th March, 2026

MEETING OF AUDIT AND RISK PANEL

- Members present: Councillor R. McLaughlin (Chairperson);
Alderman Rodgers,
Councillors Groogan, Hanvey and Verner; and
Mr. D. Wilson (External Member).
- In attendance: Ms. S. McNicholl, Deputy Chief Executive/Strategic Director
of Corporate Services;
Ms. N. Largey, City Solicitor/Director of Legal and
Civic Services;
Mr. T. Wallace, Director of Finance;
Ms. H. Lyons, Corporate Finance Manager;
Ms. C. O'Prey, Head of Audit, Governance and Risk
Services;
Mr. M. Whitmore, Audit, Governance and Risk
Services Manager;
Ms. E. Eaton, Corporate Health and Safety Manager;
Mr. J. Martin, Principal Auditor; and
Ms. E. McGoldrick, Democratic Services and Governance
Coordinator.
- Also attended: Mr. C. McGeown, Northern Ireland Audit Office;
Ms. S. McKeivitt, Northern Ireland Audit Office; and
Mr. D. Campbell, Northern Ireland Audit Office.

Pre-Meeting

The Audit and Risk Panel met privately with the Northern Ireland Audit Office prior to the meeting commencing, to enable the Panel members to raise any concerns around the Council's risk, control and governance arrangements.

Apologies

No apologies for inability to attend were reported.

Minutes

The minutes of the meeting of 2nd December, 2025, were approved by the Panel.

Declarations of Interest

No Declarations of Interest were reported.

**Audit and Risk Panel,
Tuesday, 10th March, 2026**

Absence Rates Q/E December 2025

(Ms. C. Sheridan, Director of Human Resources attended in connection with this item.)

The Director of Human Resources provided the Panel with an overview of the following report:

“1.0 Purpose of Report or Summary of Main Issues

1.1 The purpose of this report is to inform the Audit Panel of the Council’s performance in managing absence at the end of quarter three, April to December 2025.

2.0 Recommendations

2.1 The Audit Panel is asked to note the contents of this report.

3.0 Main report

3.1 Key corporate indicators:

At the end of quarter three:

- **The Council’s average sickness absence rate stands at 11.37 days, an increase of 0.38 days compared to absence for the same period last year (10.99 days).**
- **A total of 26044.21 working days were lost due to sickness absence. This accounted for 6.74% of the total working days available.**
- **The table below provides a summary of how departments performed against the target. Three departments did not meet the corporate target of 10.94 days for quarter three.**

End of year target	14.58					
Q3 target	10.94					
Department	Total days lost (FTE)	Number of Employees (FTE)	Actual absence per FTE	Variance	% of workforce	% of absence
City and Neighbourhood Services	17726.54	1313.15	13.50	2.56	57.31%	68.06%
City and Organisational Strategy	767.02	97.13	7.90	-3.04	4.24%	2.95%
Corporate Services	812.32	134.31	6.05	-4.89	5.86%	3.12%
External Affairs, Marketing and Comms	77.28	26.53	2.91	-8.03	1.16%	0.30%
Finance	118.12	48.27	2.45	-8.49	2.11%	0.45%
Human Resources	56.41	34.11	1.65	-9.29	1.49%	0.22%
Legal and Civic Services	1921.68	165.13	11.64	0.70	7.21%	7.38%
Place and Economy	3192.73	355.5	8.98	-1.96	15.51%	12.26%
Property and Projects	1372.11	117.34	11.69	0.75	5.12%	5.27%
Totals	26044.21	2291.46	11.37	0.43		

3.2 Additional Absence information:

- There has been a slight increase (1.68%) in the number of staff with no recorded absence this period (51.12%) compared to the same time last year (49.44%).
- There has been an increase of 4.53% or 817.41 days in absence classified as long term (20+ days) this year (18057.51days) compared to the same time last year (17240.10 days).
- There was a slight increase in the number of days lost per FTE in quarter three (3.81 days) when compared to quarter two (3.79 days), see figure 1.
- Depression/anxiety/stress (34.57% of total days lost) and Musculo-skeletal (24.98% of total days lost) continue to be the top two reasons for absence. Refer to figure 2 for further information.
- From 1 October to 31 December 2025, 730 employees (846 spells) were off due to sickness absence (accounting for 8850.39 days). Of the cases where the use of discretion was recorded, it was applied to 100 employees (13.7%) and their absence accounted for 2040.96 (approximately 23.1% of the total absence for quarter three).
- Issues were identified in how absences were being managed in 174 cases. These were discussed in detail with departments during quarter three. Refer to figure 4 for further information.
- Approximately 12.7% of absence (3306.57) is recorded as disability related. Over two thirds (70.95%) of disability related absence were managed as long term. The use of discretion and reasonable adjustments is considered in such cases. Employees who reported absence with Depression / Anxiety / Mental Health (44.34%), accounted for almost half of all disability related absence. Refer to figure 5 for further information.
- A review of the number of employees who had reached a Stage four/final absence hearing (FAH) between October 2025 and December 2025 has been undertaken. in summary:
 - 17 employees met the trigger for a Stage four/FAH in quarter three.
 - Discretion was applied to five of these cases not to progress to a Stage four/FAH.
 - One employee was off due to cancer / treatment.
 - Two employee's required additional medical information.
 - One employee was off due to work related stressors.

**Audit and Risk Panel,
Tuesday, 10th March, 2026**

- One employee did not progress due to their absence being disability related.
- Three employees were dismissed via the Ill Health Retirement process.
- Five employees did not progress due to non-compliance reasons.
- Four employees progressed to a final stage meeting
 - Two employees were dismissed.
 - One employee was given a final opportunity to improve their attendance.
 - One employee required additional medical information before a decision could be reached.

3.3 Departmental improvement plans and Absence reporting to DMT:

CHR has reviewed all of the departmental improvement plans for quarter three. All departments provided a progress report for quarter three. In general, meaningful information and updates were provided by the departments.

CNS have advised of an issue with training new staff members to carry out an analysis of absences as required for the improvement plan.

3.4 Health and Wellbeing Strategy and initiatives:

CHR continue to focus on delivering the actions as set out in the Health & Wellbeing (H&WB) Strategy. Between 1 October 2025 – 31 December 2025, the H&WB programme delivered 16 events attended by 213 staff.

CHR was supported by the Internal Communications team to help promote and increase awareness to all staff including those at frontline locations. A quarterly Wellbeing and Development email is sent to all staff directly and a 'Wellbeing Wednesday' Interlink article promotes topics and events each week, which are also displayed on "big screens" across various council locations. Activities are also promoted via a team of Wellbeing Champions. The programme and wellbeing hub "Staywell" is also promoted via posters on staff noticeboards. Activities included:

Course Event

- Neurodiversity Awareness
- Healthier You - Mental Health Matters. Practical Tools for Busy People
- Mental Health and Menopause

**Audit and Risk Panel,
Tuesday, 10th March, 2026**

- 15 Minute Desk Yoga
- Alcohol, Drugs and Gambling Awareness for Managers
- Healthier You - Taking Charge: Empowering Men with Tools for Better Health
- Cancer Focus Keeping Well Van - Grove Park
- Breast Cancer Awareness
- Testicular and Prostate Cancer Awareness
- Grief and Loss
- Managing Staff Stress - The Line Managers Role

The Stop Smoking Awareness event supported by Cancer Focus in September 2025 had ten people sign up to a 12 week stop smoking programme. Cancer Focus reported in December 2025 that five employees had successfully quit on completion of the programme and two others were still working their way through the programme.

November 2025 was Men's Health Awareness Month and various awareness sessions to promote Men's Health were delivered both online and in person.

Our new EAP provider, Lena by Inspire promote a monthly webinar for employees concentrating on recognised Awareness Days/Weeks/Months. For example, National Grief Awareness week falls in December and staff were invited to attend a webinar on Grief and Loss.

CHR have continued to focus on addiction support and mental health in quarter three and promote Belfast Leading the Way and Active Travel events as we continue to work with Sustrans and partners to introduce active travel initiatives.

4.0 Resource Implications

4.1 Directors are asked to ensure that:

- Resources are in place to ensure that adequate monitoring and review is in place at department level.

5.0 Equality and Good Relations Implications

5.1 Approximately 12.7% of absence (3306.57) is recorded as disability related. Approximately two thirds (65.15%) of disability related absence were managed as long term. The use of discretion and reasonable adjustments is considered in such cases.

**Audit and Risk Panel,
Tuesday, 10th March, 2026**

Figure 1:

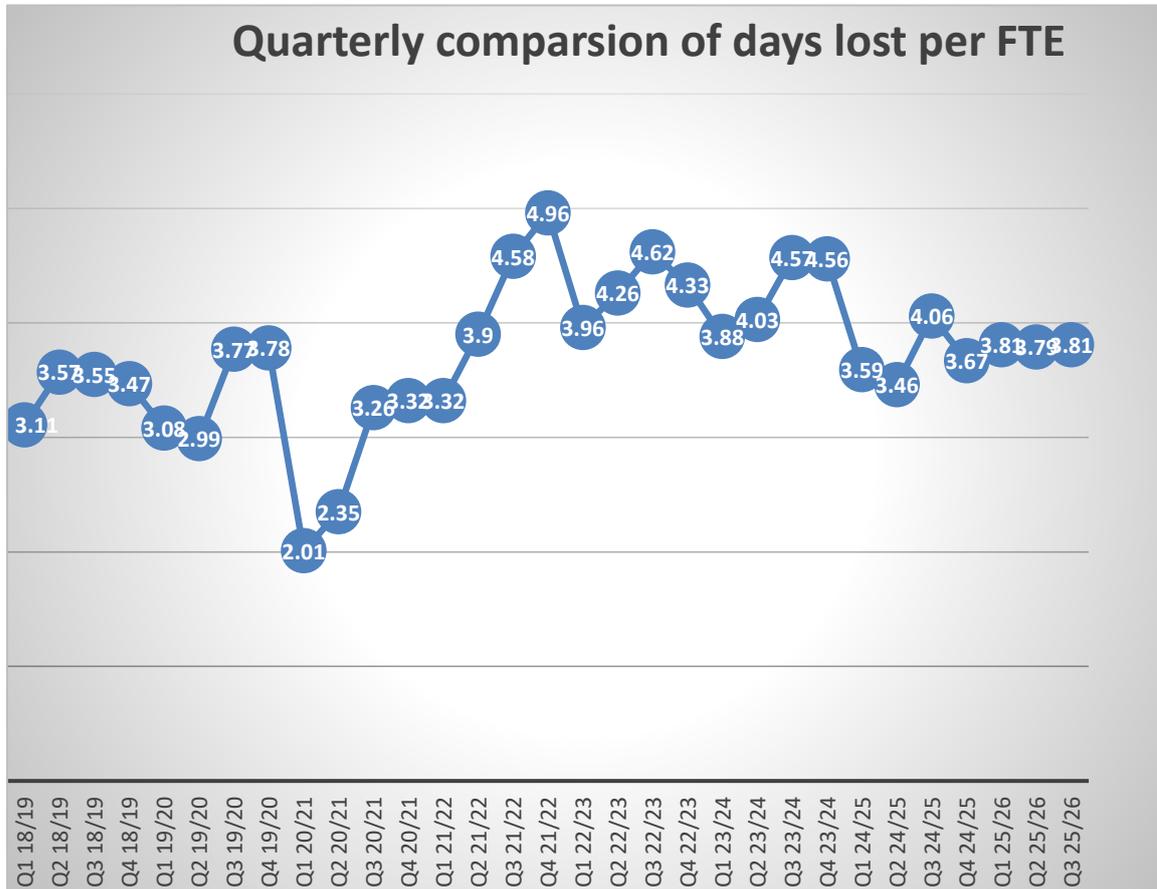


Figure 2:

Reason for Absence	Total Days	% of total days
Stress, depression, anxiety	9004.1	34.57%
Musculo-skeletal	6504.83	24.98%
Stomach, digestive, etc	2761.44	10.60%
Infections, inc colds & flu	2567.85	9.86%
Heart, blood press, circ, etc	969.69	3.72%
Chest and respiratory	965.44	3.71%
Neurological, inc headaches	944.97	3.63%
Other	745.73	2.86%
Genito-urinary, inc menstrual	694.34	2.67%
Eye, ear, nose & mouth/dental	597.74	2.30%
Infections, Covid19	180.87	0.69%
Pregnancy related	55.68	0.21%
Indust/Other	51.53	0.20%
Grand Total	26044.21	

**Audit and Risk Panel,
Tuesday, 10th March, 2026**

Figure 3:

Reason for Discretion	Total Days	% of Total
Underlying medical condition/disability	543.69	26.64%
Mental health cases	327.1	16.03%
Planned surgery	220.88	10.82%
Deferred pending OH report	202.71	9.93%
Hospitalisation	156.1	7.65%
Unresolved ER issues	99.32	4.87%
Bereavement	87.95	4.31%
Industrial injury	80.54	3.95%
Return to work agreed	71	3.48%
Previous long service and clear record	55	2.69%
Ill Health retired	38.99	1.91%
Prescribed medication, allowing time for this to take effect	35.07	1.72%
Emergency domestic responsibilities	32.63	1.60%
Perceived work-related stress	28.96	1.42%
Awaiting additional medical information	27.84	1.36%
Persistent absence: after a period of long-term absence where an underlying condition has been identified	25.95	1.27%
Infectious disease	7.23	0.35%
Total	2040.96	
total days lost in Q3	8850.39	
% of total days lost where discretion applied in Q3	23.1%	
average days off per occurrence in Q3	20.4	

Figure 4:

Department	Total
City and Neighbourhood Services	84
City and Organisational Strategy	3
Corporate Services	1
External Affairs Comms & Marketing	0
Human Resources	0
Finance	0
Legal and Civic Services	59
Place and Economy	4
Property and Projects	23
Totals	174

**Audit and Risk Panel,
Tuesday, 10th March, 2026**

Figure 5:

Actual disability	Total days	% of total disability related absence
Depression / Anxiety / Mental health conditions	1465.99	44.34%
Fibromyalgia	416	12.58%
Chronic back condition	406.7	12.30%
Chronic Heart Condition	218.68	6.61%
Cancer	192.85	5.83%
Polymyalgia rheumatic	85	2.57%
Parkinsons	82.77	2.50%
Osteoarthritis	82.68	2.50%
Chronic respiratory condition	59.58	1.80%
Chronic hip condition	56.96	1.72%
Epilepsy	49.5	1.50%
Chronic neurological condition	38	1.15%
Arthritis	33.78	1.02%
Other*	118.08	3.57%
Total disability related absence end of Q3	3306.57	
Total absence end of quarter three	26044.01	
% If absence lost due to disability	12.7%	
% of disability related absence managed as LTA	65.15%	

Other* includes thirteen other disabilities where each reason accounted for less than 1% of the total days lost due to disability related absence.”

The Panel noted the contents of the report and that the Directors were focused on managing absence.

Corporate Health and Safety Performance Report

The Corporate Health and Safety Manager provided the Panel with an update on the corporate health and safety performance and activities for the quarter ending 31st December, 2025.

She updated the Panel on progress against key performance indicators, agreed health and safety and fire safety recommendations implemented, employee and non-employee accidents and health and safety statutory agency enquiries and correspondence, she summarised the following health and safety data:

- Percentage compliance rates by department; and
- Employee and non-employee accidents.

**Audit and Risk Panel,
Tuesday, 10th March, 2026**

She reported that there had been six enquiries from the Health and Safety Executive Northern Ireland (HSENI) and none from the Northern Ireland Fire and Rescue Services (NIFRS) during quarter three 2025/26 and she summarised the content of the correspondence.

She outlined the outstanding health and safety and fire safety actions and confirmed all outstanding high priority actions had been completed since the end of quarter.

In response to a Member's question in relation to the reporting and movement of priority levels of the outstanding actions, the Corporate Health and Safety Manager explained that Departments were regularly reminded of any open actions and that overall compliance in emergency lighting was being met.

After discussion, the Panel noted the report and asked the Corporate Health and Safety Manager to record the reasons for the difference between the priority assessment by Corporate Health and Safety Unit and that by the Property Maintenance Unit.

AGRS Progress Report February 2026

The Audit, Governance and Risk Manager provided an overview of the Service's activity for the period from December 2025 to February 2026 and reported that the following six assurance assignments had been finalised and provided the Panel with a summary of each:

- Belfast Agenda
- Belfast 2024
- PEACEPLUS
- Internal Audit of the Corporate Risk on the Physical Investment Programme
- AGRS Review of the Health and Safety Actions Process
- Belfast Waterfront and Ulster Hall (tranche 1)

He explained that 63% of the planned activity within the delivery of the 2025/26 audit plan was either underway or completed and that the unit was continuing to provide advice and consultancy services to management and summarised work which had been undertaken by AGRS from December 2025 to February 2026. – The Panel noted the lessons learned from Belfast 2024 and highlighted the importance of these lessons being shared to prevent reoccurrence, in particular that the lessons learned are shared with Fleadh Cheoil

He provided the Panel with an update on ongoing fraud cases. He stated that all three concerns reported last quarter had been closed; two were not substantiated. He highlighted that two new concerns had been raised this quarter; both were not substantiated.

He advised that the investigation into matches arising from the 24/25 National Fraud Initiative (NFI) exercise was now complete. AGRS were liaising with departments to ensure that several declarations had been adequately captured and reported, as appropriate. He highlighted that the exercise identified seven errors and explained the recovery process.

**Audit and Risk Panel,
Tuesday, 10th March, 2026**

The Audit, Governance and Risk Manager reported that management had requested the deferral of two audits which were in the 2025/26 Audit Plan: Port Health – Review of the management of the corporate risk; and Residential Waste Collection. He highlighted that, since the report had been published, the Port Health Review would now be rolled into the 2026/27 plan.

He stated that AGRS proposed to defer the internal audits of:

- Accounts Receivable
- Travel and Subsistence
- Electronic Document and Records Management System

Following discussion, the Panel agreed to the requests by management to defer the aforementioned audits.

Recommendations Monitor Report

The Audit, Governance and Risk Services Manager presented the Audit and Risk Panel with an update on the implementation of agreed audit actions following the recent Recommendations Monitoring exercise.

A full validation exercise was completed recently and included a review of all audit recommendations that were open as at the end of February 2026.

At the start of the exercise, there were 250 open audit actions across the Council. As a result of the exercise, it was reported that 97 of the actions could be closed, namely fully implemented (81) or were no longer applicable (16). This represented an implementation rate of 39 per cent. The Audit, Governance and Risk Services Manager highlighted that this represented an increase on the previous exercise (implementation rate of 24 per cent) and was above average based on the implementation rates seen over previous years. At the conclusion of this exercise, 153 actions remained open, as compared to 188 at the same point in the last reporting period.

The Panel also received an update on the full implementation of actions in a number of areas across the Council, together with the implementation rates for each department.

During discussion, the Panel requested further detail on the outstanding actions and raised concern in relation to the period from which some of the actions had commenced. In response, the Deputy Chief Executive explained that the importance of expediting delivery was well-recognised amongst management and should form part of Departmental monthly discussions and that a programme of work was required. She also highlighted that digital transformation had an impact on many of the actions.

In response to a Member's request to receive assurance that the level of risk associated with priority of actions levels was not increasing and that action was being taken by management, the Head of Audit, Governance and Risk Services stated that this could be included in the next progress report.

After discussion, the Panel noted the update on the progress made by management to implement audit recommendations, the areas where further action was

**Audit and Risk Panel,
Tuesday, 10th March, 2026**

required and agreed that future recommendations monitor exercises would take place annually, reporting to the March meeting of the Audit and Risk Panel.

Corporate Risk Management

The Head of Audit, Governance and Risk Services submitted for the Panel's consideration the Corporate Risk Dashboard which summarised the key updates from the risk review for the quarter-ending December, 2025.

She advised that, in light of the new corporate plan 2025 – 28 that was launched in June 2025 and bearing in mind the majority of corporate risks (15 of the 23) had been on the corporate risk register since at least 2019, CMT reviewed the corporate risks to ensure that they reflected the principal risks that the Council was exposed to and was willing to take to achieve its objectives. Following this refresh exercise CMT were proposing that the following eight risks be removed from the corporate risk register and instead managed as part of the departmental risk registers and where appropriate, programme risk registers: People Strategy; Customer Focus Programme; Climate - Climate action plan; Belfast Agenda; Physical Investment Programme; Port Health; Failure to deliver Residential Waste Collection; and Failure to deliver Street Cleansing function of OSS.

She highlighted that, given the scale and proximity of the Fleadh Cheoil, it was proposed that this should be added to the register as a new corporate risk.

She reported that, in addition CMT had asked that consideration was given to combining the current two corporate risks on Information Governance and Strategic Approach to the Use of Data and links with the Electronic Data and Records Management project and that management were currently considering how these risks should be combined.

The Head of Audit, Governance and Risk Services updated the Panel also on compliance with the Risk Strategy, based on the assurance statements for the quarter ending December 2025 which had been completed by senior management.

The Panel was also provided with an update on business continuity management arrangements.

After discussion, the Panel:

- a) Noted the corporate risk management dashboard and agreed the updates for QE December 2025, including the proposal that eight risks would be removed from the corporate risk register and managed at departmental / programme level instead;
- b) Noted the assurances from senior management regarding compliance with the Risk Strategy, based on the assurance statements for QE December 2025; and
- c) Noted the current position regarding review and update of business continuity plans for the critical services.

**Audit and Risk Panel,
Tuesday, 10th March, 2026**

Draft Internal Audit Strategy and Plan

The Head of Audit, Governance and Risk Services submitted for the Panel's approval the Internal Audit Strategy and Plan for 2026/2027 including the Quality Assurance and Improvement Programme and Performance Indicators. The Plan set out the role of Audit, Governance and Risk Services as an assurance provider and advisory service which directly assisted the Council in meeting relevant statutory obligations in relation to internal control, risk management and good governance.

The detailed Plan listed the areas which Audit, Governance and Risk Services was planning to audit during 2026/2027 and was based on an assessment of audit need, taking into account a number of risk factors, with the aim being to audit key areas on a cyclical basis. The Plan had been discussed with each Department at quarterly risk and audit meetings.

In addition to specific assignments, it also provided for support to the Council in terms of advisory work, project assurance, fraud prevention, detection and investigation, including a continued focus on the corporate fraud risk assessment and participation in the National Fraud Initiative, as well as raising concerns, risk management, business continuity management and corporate governance.

The Panel was advised that the Plan was aligned to the draft Corporate Plan and priorities and would be flexible to meet the assurance and advisory needs of Members and management as required.

In relation to the Global Internal Audit Standards, Standard 8.2 – Resources, she confirmed that the internal audit resources were sufficient to fulfil the internal audit mandate and achieve the internal audit plan. She reported that AGRS had a support, coordination and oversight role in regard to the Council policies on Fraud and Bribery, Raising Concerns, Business Continuity Management and the Risk Management Strategy. To ensure that the Council was receiving assurance over those areas, the section undertook regular self-assessments against best practice for each area and commissioned periodic external reviews of them to provide management with independent assurance.

The Panel was advised that the completion of the periodic external reviews was subject to budget availability. She outlined that she planned to seek approval to commission an external review of the arrangements in place for Raising Concerns during 2026/27.

Furthermore, regarding Standard 8.3 - Quality, she drew the Panels attention to the AGRS Quality Assurance and Improvement Programme, including their Performance Indicators for 2026/27, and sought approval for those.

The Panel noted and approved the draft Internal Audit Strategy and Plan (including the Quality Assurance and Improvement Programme and Performance Indicators) for 2026/27.

Northern Ireland Audit Office - Report to Those Charged with Governance

The Head of Audit, Governance and Risk Services outlined the following report to the Panel:

“1.0 Purpose of Report or Summary of main Issues

- 1.1 The Local Government Auditor has issued the Report to those charged with Governance for 2024/25. This report summarises any system/control issues arising during the Northern Ireland Audit Office’s (NIAO) 2024/25 audit and includes recommendations for management action.**

The purpose of this report is to appraise the Audit and Risk Panel of any issues raised in the Local Government Auditor’s Report for 2024/25 in relation to the Accounts of Belfast City Council.

2.0 Recommendations

- 2.1 The Audit Panel is requested to note the Report to those charged with Governance Audit results for 2024/25 and agree the management responses.**

3.0 Main report

Key Issues

- 3.1 The Local Government Auditor has certified the 2024-25 statements for Belfast City Council with an unqualified opinion.**
- 3.2 The Local Government Auditor had identified in the Audit Strategy for 2024-25, the risk of financial resilience and management override of controls as having an impact on the audit approach.**

During audit fieldwork, no significant issues were identified in these areas.

- 3.3 The Local Government Auditor has identified ten areas and has made prioritised recommendations. The NIAO definition of the priority levels are:**

- i. significant issues for the attention of senior management which may have the potential to result in material weaknesses in internal control,**
- ii. important issues to be addressed by management in their areas of responsibility, and**
- iii. issues of a more minor nature which represents best practice.**

**Audit and Risk Panel,
Tuesday, 10th March, 2026**

In summarising the letter there are:

- **1 priority 1 areas,**
- **6 priority 2 areas, and**
- **3 priority 3 areas**

3.4 The 1 priority 1 area is:

- **Bank reconciliations -incomplete at year end, recommendation to ensure all bank reconciliation properly completed, reviewed and sign off each month**

3.5 The 6 priority 2 areas are:

- **Working papers – to be provided at an acceptable standard for NIAO to support the figures in financial statements**
- **Car loans – processes in place to recover monies owed on outstanding loan balances prior to employee's departure**
- **Reserves- monitoring and review of Goods Received Notes (GRNs) with regular and timely matching of accrued amounts to invoices**
- **Assets Held for Sale- valuation reports prepared by LPS relating to Council's land and buildings to be supplied to both the LPS team preparing the capital asset valuations and internal finance teams**
- **Capital accruals – special accruals meeting (to confirm all known accrual amounts) will be held in March 2026 and again in April 2026 to ensure all amounts are fully accrued / provided for at year-end**
- **Bad debt provision- further supporting working papers to be provided for the bad debt provision to reflect status of customer debts and reasons for inclusion of specific debts in the bad debt provision**

3.6 The 3 priority 3 areas are:

- **Councillor Allowances – figures published on the Council website did not agree to those audited within financial statements, recommend appropriate checks made to ensure accurate figures are published in a timely manner**

**Audit and Risk Panel,
Tuesday, 10th March, 2026**

- **Inventories – several non conformance issues in recording of items taken from stock, leading to variances between stock count and stock management system, recommend management reissue inventory instructions regarding recording of stock issued within stock management system**
- **Financial Instruments and Related Parties Notes - did not fully comply with the Financial Instruments disclosure provided with proforma and incomplete disclosure of related party transactions, recommend comply as fully as possible with proforma issued by the Department and ensure related parties note is subject to a thorough quality review when drafting the disclosure**

3.7 A detailed response to the management letter is attached, identifying timescales.

In accordance with the process adopted in previous years, management will monitor the progress made in implementing recommendations and will report back to the Audit Assurance Board and Audit and Risk Panel on the progress.

3.8 Financial & Resource Implications

None

3.9 Equality or Good relations/Implications/Rural Needs Assessment

None.”

Mr. Campbell, Northern Ireland Audit Office (NIAO), highlighted that the Council’s financial statements for the year ended 31st March, 2025 was now complete and the accounts were certified by the Local Government Auditor on 23rd January, 2026 with an unqualified audit opinion. He pointed out that the results of the audit were set out in the attached Report to those charged with Governance which included recommendations for action, together with management’s responses to those recommendations.

The Panel noted the report to those charged with Governance Audit results for 2024/25 and agreed the management responses.

Northern Ireland Audit Office - Annual Audit Letter

The Panel were reminded that, as an independent auditor of the Council, the Local Government Auditor sought to examine that the Council had managed its affairs having regard to a combination of economy, efficiency and effectiveness and that public money was properly spent or in the case of income properly accounted for. The Annual Audit Letter was issued under Regulation 17 of the Local Government (Accounts and Audit)

**Audit and Risk Panel,
Tuesday, 10th March, 2026**

Regulations (Northern Ireland) 2015. The Regulations required the Council to publish this Annual Audit Letter as soon as reasonably possible.

The Chief Local Government Auditor had noted a number of adjustments to the draft accounts as a result of their audit work and these were covered in a separate report. The bank reconciliation issue had been included in the Annual Audit Letter and the Annual Governance Statement within the published 2024/25 financial statements. The financial statements for 2024/25 were given an unqualified opinion.

It was reported that the Chief Local Government Auditor was required to satisfy themselves that proper arrangements had been made for securing economy, efficiency and effectiveness in the use of resources. The Chief Local Government Auditor had confirmed that they are satisfied that the council has proper arrangements in place.

The Chief Local Government Auditor had indicated that the Annual Governance Statement reflected compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024-25, it also complied with proper practices as specified by the Department for Communities, and it was not misleading or inconsistent with other information from the audit.

It was highlighted that the annual rate of absenteeism had shown a decrease of 2.42 days from 2023/24, mainly due to the steps taken by Council to reduce the level of absenteeism. The robust, fair and consistent management of attendance continued to be a key priority for Belfast City Council.

The Local Government Auditor's Annual Improvement Report for 2024-25 was published on 31st March, 2025 and concluded that the Council met its statutory duties in relation to publication of the 2023-24 self-assessment report and 2024-25 Annual Improvement Plan.

The Chief Local Government Auditor had highlighted that Councils had identified ongoing and future challenges regarding funding, increased cyber risk and climate change commitments all of which would require strong leadership and governance from Councils to ensure success.

Noted.

Performance Improvement Q3 Update

(Mr. J. Tully, Director of City and Organisational Strategy and Karen Anderson-Gillespie, Strategic Performance Manager, attended in connection with this item)

The Audit and Risk Panel considered the following report:

“1.0 Purpose of Report or Summary of main Issues

- 1.1 The purpose of this report is to present the Panel with a quarter 3 2025-26 progress update on the actions and measures of success (performance indicators) contributing to the achievement of the performance improvement objectives**

**Audit and Risk Panel,
Tuesday, 10th March, 2026**

contained within the Performance Improvement Plan (PIP) 2025-26.

2.0 Recommendations

2.1 The Panel is asked to:

- i. note the update provided within this report.
- ii. consider and approve the PIP (2025-26) quarter 3 Performance Dashboard Report as attached at Appendix 1.
- iii. agree the Performance Dashboard Report is submitted for noting at SP&R on 20 March 2026.

3.0 Main report

Background

- 3.1 Part 12 of the Local Government (NI) Act requires councils to agree improvement objectives on an annual basis and publish these in the form of a PIP, to be published by 30 June. The Act also requires that progress is regularly monitored against the improvement objectives and reported in an annual Self-Assessment of Performance, to be published annually by 30 September. The PIP 2025-26 does not include everything that the Council plans to do that year but instead focused on a smaller set of performance improvement objectives and priorities.**

Q3 2025-26 Performance Improvement Dashboard Report

- 3.2 In the [2025-26 Performance Improvement Plan](#), agreed by SP&R on the 23 May 2025, we committed to presenting quarterly performance reports to the CMT, the Audit and Assurance Board and the Audit and Risk Panel, Committee, and the Full Council.**

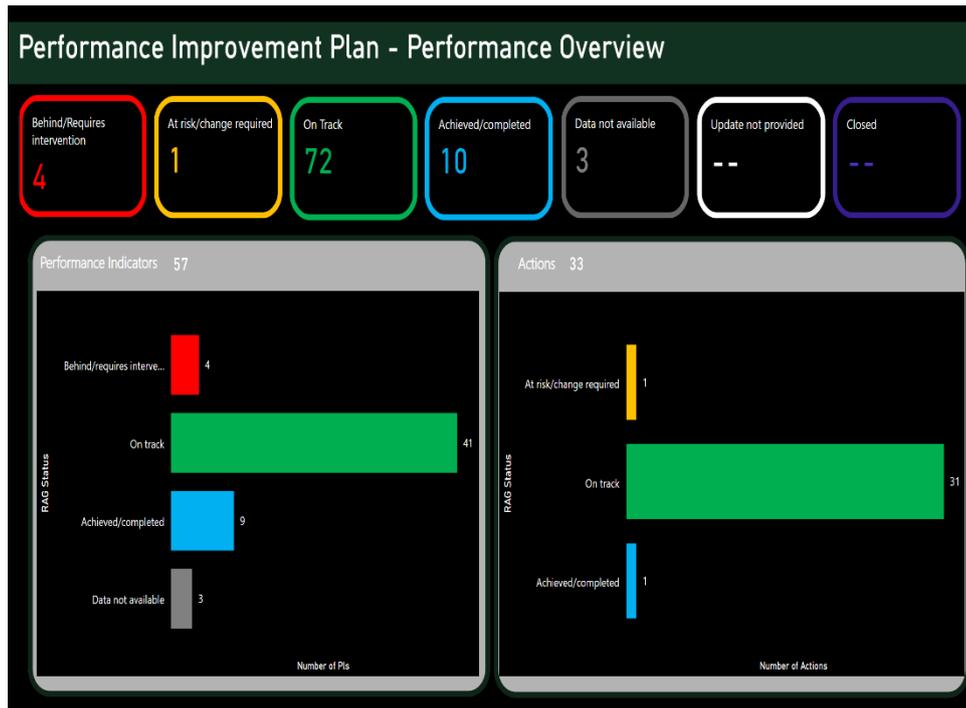
Year-to-date progress as at the end of quarter 3 2025-26 is detailed in Appendix 1 for the Board's consideration. In total there are 33 actions. The majority are on track to be achieved (31), 1 is at risk/change required and 1 is achieved/completed. In total there are 57 performance indicators – 7 statutory and 50 self-imposed indicators. The vast majority of these are either achieved/complete (9) or are on track to be achieved (41). Reflecting on the 2025-26 Learning City Festival programme evaluation, it was agreed that the following PI more accurately demonstrates the impact and reach of the Festival than the number of events delivered (reported in Q2):

**Audit and Risk Panel,
Tuesday, 10th March, 2026**

- % of participants who agreed they felt more aware of the learning providers and opportunities across the city following their attendance at a festival event

Appendix 1 has been updated to this effect.

The following performance dashboard provides an overall summary:



Given that 91.1% of performance indicators and actions are presently either on track to be delivered by year end, or, have already been achieved/completed, the Board is asked to note that the six improvement objectives are on track for achievement. .

Performance Improvement Plan 2025-26 Reporting Cycle

The Panel are asked to remind themselves of the following 2025-26 Performance Improvement Plan reporting cycle (circulated previously):

Reporting period	Report	ARP meeting
Q4 2025-26	Q4 Performance Report	9 June 2026
Q1-4 2025-26	2025-26 PIP year-end self-assessment	11 September 2026

**Audit and Risk Panel,
Tuesday, 10th March, 2026**

Next steps

34 A quarter 3 2025-26 progress report will be noted at SP&R on 20 March 2026.

4.0 Financial & Resource Implications

4.1 There are no financial or human Resource implications arising directly from this report.

5.0 Equality or Good Relations Implications / Rural Needs Assessment

5.1 There are no equality/ good relations or rural needs implications arising directly from this report.”

The Panel agreed to the recommendations as outlined in the report.

NIAO Report on Performance Improvement Audit and Assessment 25-26

(Mr. J. Tully, Director of City and Organisational Strategy and Karen Anderson-Gillespie, Strategic Performance Manager, attended in connection with this item)

Mr. D. Campbell, Northern Ireland Audit Office (NIAO), provided an update to the Panel on the Council's compliance with the statutory performance duty of the 2025-26 NIAO Audit and Assessment Report.

He advised that, as part of the assessment process, the NIAO officials undertook detailed audit fieldwork between October to December 2025 when Council officers offered a series of site visits and meetings as well as collating and presenting a substantive amount of evidence to demonstrate the council's improvement journey.

Following this fieldwork, the Local Government Auditor completed and presented to Council a NIAO Audit and Assessment Report 2025-26. In this report, the Local Government Auditor had certified performance arrangements with an unqualified opinion and concluded that in relation to improvement planning and publication of improvement information, the Council:

- Complied with its duties in relation to both in accordance with section 92 of the Act; and
- Acted in accordance with the Department for Communities' guidance.

It was reported that the Local Government Auditor did not make any recommendations for improvement under section 95(2) of the Local Government (Northern Ireland) Act 2014.

Mr. Campbell highlighted the other considerations which had been outlined in the Assessment report regarding Sustainability and Climate Change and Benchmarking in relation to the Council's wider continuous improvement arrangements.

**Audit and Risk Panel,
Tuesday, 10th March, 2026**

The Panel approved the NIAO Audit and Assessment Report 2025-26 as outlined in Appendix 1 of the report.

Local Government Auditors Report 2025

The Head of Audit, Governance and Risk Services presented the following report to the Panel:

1.0 Purpose of Report/Summary of Main Issues

1.1 To update the Panel on the key messages from the Local Government Auditors Report 2025, which includes the key findings from their 2023/24 audit work across all 11 councils in NI.

1.2 To update the Panel on the current position regarding the councils implementation of the recommendations included in the Local Government Auditor's Annual Report for 2025 as well as recommendations from their 2024 and 2023 reports.

2.0 Recommendation

2.1 That the Panel note the report and the current position regarding the recommendations included in the Local Government Auditor's Annual Report

3.0 Main Report

3.1 Just before Christmas the Local Government Auditor issued their Annual Report which sets out their observations on financial performance, governance issues, and procurement in local councils, and is based on 2023/24 audit work across all 11 councils in NI. The full report is at Appendix A.

3.2 The annual report makes a number of general recommendations around fraud reporting, raising concerns, absence management, processing of planning applications and procurement and the LGA encourages Audit Committees to monitor progress on implementing these recommendations. In this regard AGRS have liaised with the relevant officers and have included in Appendix B details of the recommendations made and the current position regarding these recent recommendations. In addition, in February 2026 the NIAO requested an update on progress made by

**Audit and Risk Panel,
Tuesday, 10th March, 2026**

Councils in implementing recommendations made in recent prior year Local Government Auditor's Reports, which are also included in Appendix B.

3.3 Below is a summary of the observations made by the LGA in their 2025 report and some BCC data that may be of interest. The summary below and the full report has been circulated to senior management in BCC for noting and or action.

3.4 **Main references to BCC**

- There are notable differences between councils in the proportion of staff costs spent on agency - BCC agency spend represents 7.2% of staff costs.
- BCC is just under the average number of days lost to sickness absence, ranking joint 6th.
- Capital expenditure has reduced significantly at four of the eleven councils, with one of these councils being Belfast (capital spend reducing from £23.2m to £16.4m) although BCC is top of the table in terms of our level of spend.

3.5 **General LGA observations**

- Income generation - in real terms the income generated by councils through charges and service fees increased by 6.8 per cent in 2023-24. Given the volatility of council income and expenditure over recent years, councils should consider exercising caution in allocating 2023-24 surpluses, prioritising long-term financial resilience over short-term spending.
- Absence levels have continued to rise in 2023-24 and absence rates in local government are notably higher than in central government.
- The value of usable reserves held by councils continues to be higher than pre-covid, which strengthens councils' financial resilience in the short term, however there is a need for clear strategies for their future use – while BCC has the highest level of usable reserves (£88m) BCC has one of the lowest % of usable reserves as a % of expenditure.

**Audit and Risk Panel,
Tuesday, 10th March, 2026**

- Regarding the Reform of Local Government Performance Improvement legislation, the Department has made a submission to the Minister on the need to review of the current legislation.
- Processing times for planning applications continue to be in excess of target timescales.
- The NIAO surveyed all councils about the Procurement Act and on the basis of these returns the NIAO has made four recommendations
- There is reference to a concern received regarding a BRCD project - the Mourne Mountains Gateway Project and how NMDC are currently considering further options to secure the BRCD funding.

3.6 Financial and Resource Implications

None known at this time

**3.7 Equality or Good Relations Implications/
Rural Needs Assessment**

None known at this time.

Noted.

**Global Internal Audit Standards in the UK Public Sector / Audit and Risk Panel
Governance Matters**

The Head of Audit, Governance and Risk Services presented the following report to the Panel:

“1.0 Purpose of Report/Summary of Main Issues

1.1 To update the Panel on conformance with Global Internal Audit Standards in the UK Public Sector during 2025/26.

1.2 To present the Audit and Risk Panel with updated terms of reference for the Panel and for AGRS for review and approval.

1.3 To ask the Panel to consider if it would be appropriate for the Terms of Reference for both the Panel and AGRS to be made publicly available, including on the BCC website and; whether it would be beneficial to include the Panels Terms of Reference as a standing agenda item at every meeting for reference purposes.

2.0 Recommendation

**Audit and Risk Panel,
Tuesday, 10th March, 2026**

2.1 The Panel are asked to note the outcome of the detailed by AGRS assessment against the Global Internal Audit Standards in the UK Public Sector, including the non-conformances (appendix D) and the improvement action plan (appendix E).

2.2 The Panel are also asked to:

- **Review and approve the updated Audit Governance and Risk Services terms of reference, including the safeguards in place to preserve the independence and objectivity of AGRS arising from their role in preparing the Annual Governance Statement (Appendix F).**
- **Review and approve the updated Audit and Risk Panel's purpose and terms of reference statement, which now include information on membership, meetings and information requirements (Appendix G).**
- **Consider if it would be appropriate for the Terms of Reference for the Panel and AGRS to be made publicly available, including on the BCC website.**
- **Consider whether it would be beneficial to include the Panels Terms of Reference as an agenda item at its June meeting for reference purposes.**

3.0 Main Report

Global Internal Audit Standards in the UK Public Sector

3.1 The Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 require BCC to *'undertake an adequate and effective internal audit of its accounting records and of its system of risk management, internal control and governance processes using internal auditing standards in force from time to time'*.

3.2 To this end AGRS complied with the Public Sector Internal Audit Standards (PSIAS) which were in force until the 31 March 2025. These were superseded by the new Global Internal Audit Standards (GIAS) which cover five domains (including 15 Principles and 52 Standards) setting out standards in relation to:

- **Purpose of Internal Auditing.**
- **Ethics and Professionalism.**
- **Governing the Internal Audit Function.**
- **Managing the Internal Audit Function.**
- **Performing Internal Audit Services.**

3.3 The Chartered Institute of Public Finance and Accounting (CIPFA) issued the UK Public Sector Application Note: Global Internal Audit Standards in the UK Public Sector, applicable from 1 April 2025. Auditors working in the UK public sector

must follow the requirements of the GIAS subject to the interpretations and additional requirements set out in this Application Note. When expressing conformance with standards, auditors must be clear that they are conforming to the GIAS subject to the Application Note, and must refer to this as conformance with Global Internal Audit Standards in the UK Public Sector.

- 3.4 A new Internal Audit Code of Practice which sets out fundamental principles for running a strong and effective internal audit function also became effective from January 2025. It is expected that the principles are applied proportionately, in line with the nature, scope and complexity of the organisation. Internal audit functions should apply the Code in the context of internal audit regulatory standards applicable to the organisation.
- 3.5 Alongside the new internal audit standards, CIPFA has also issued the Code of Practice for the Governance of Internal Audit in UK Local Government (the Code). The Code supports the Audit and Risk Panel and senior management in establishing their internal audit arrangements and providing oversight and support for internal audit. Self assessment against this was reported to the Panel in March 2025.
- 3.6 In addition, all internal audit functions must apply Topical Requirements in conformance with the Global Internal Audit Standards when providing assurance services on that topic. Topical requirements issued to date relate to cybersecurity, third-party and organisational behaviour. AGRS will ensure that these are applied to the relevant audits

Assessment of Conformance

- 3.7 The Chartered Institute of Internal Auditors - UK & Ireland developed a spreadsheet to enable internal audit functions to assess conformance with the Global Internal Audit Standards, the Internal Audit Code of Practice and the UK Public Sector Application Note.
- 3.8 Using this spreadsheet AGRS assessed conformance with the new standards and the outcome of this self-assessment indicates:
- AGRS generally conforms with all of the GIAS except:
 - standard 9.3 relating to methodologies, which AGRS partially conforms (detailed assessment at appendix A)
 - AGRS conforms with all of the CoP principles except:
 - principles 18, 19, 21 and 22, which all relate to the reporting line of the Head of AGRS

**Audit and Risk Panel,
Tuesday, 10th March, 2026**

- principles 1, 31 and 32, which AGRS partially conforms.
(detailed assessment at appendix B)
 - AGRS generally conforms with all of the UK Public Sector Application Note Topics
 - (detailed assessment at appendix C)
- 3.9 When conformance is not possible, the Head of AGRS is required to document the reason and make appropriate disclosures. This information is set out at Appendix D. Four actions have been identified to improve conformance.
- 3.10 AGRS has identified 16 other improvement actions to more fully comply with the standards and these are set out at appendix E.

Audit and Risk Panel Governance Matters

Audit, Governance and Risk Services Terms of Reference

- 3.11 In May 2025 CIPFA Solace issued an Addendum to the Delivering Good Governance in Local Government Framework. The Addendum advised that ‘To avoid impairments to professional independence, the Head of Internal Audit (HIA) should not draft the Annual Governance Statement (AGS). Where the HIA drafts the AGS, this should be identified as a role beyond internal auditing. Under auditing standards, it must be included in the audit charter and safeguards agreed, such as alternative processes to gain assurance’.
- 3.12 In BCC the Head of AGRS coordinates the preparation of the Annual Governance Statement which involves contacting relevant officers for updates on the content of the AGS. The safeguards to avoid the impairment of the professional independence of the Head of AGRS, when undertaking this role include;
- ensuring that updates to the AGS are made on the basis of updates provided by management
 - the AGS sets out the various assurances that were relied on in performing the annual review of the effectiveness of the Councils governance arrangements
 - ensuring that the proposed updates to the AGS are presented to the Audit Assurance Board and the Audit & Risk Panel for review and approval, that they are aware that the Head of AGRS is not providing assurance over the content and that the Head of AGRS does not present this report.

**Audit and Risk Panel,
Tuesday, 10th March, 2026**

- 3.13 Regarding the new Addendum, the AGRS Terms of Reference have been updated to refer to the role of AGRS in the preparation of the Annual Governance Statement and the associated safeguards. In line with this update, the Panel is asked to review the effectiveness of these safeguards. The updated terms of reference for AGRS are at appendix F.**

The new GIAS and Code of Practice advise that ‘The purpose and mandate of internal audit should be articulated in an internal audit charter, which should be publicly available.’ The Panel is asked to consider whether the AGRS Terms of Reference should be made publicly available.

Audit & Risk Panel Terms of Reference

- 3.14 The terms of reference of the Panel are important because they set out the role of the Panel in the context of the Council’s governance structures. In line with good practice, the terms of reference for the Audit & Risk Panel are reviewed on an annual basis.**

- 3.15 In line with the recommendations arising from the assessment of the Panel against the new NIAO Good Practice Guide for Effective Audit and Risk Assurance Committees, reported to the Panel in December 2025:**

- The Terms of Reference for the Panel have been updated to include additional information on membership, meetings and information requirements. The updated terms of reference for the Audit & Risk Panel are at appendix G.
- The Panel is asked to consider if it would be appropriate for their Terms of Reference to be made publicly available, including on the BCC website.
- The Panel is asked to consider whether it would be beneficial to include the Panels Terms of Reference as a standing agenda item at every meeting for reference purposes.

Audit Assurance Board Terms of Reference

- 3.16 The Audit Assurance Board is chaired by the Chief Executive. The principal activity of the Audit Assurance Board is to review and consider reports from internal audit, external audit and management that are to be submitted to the Audit & Risk Panel - but from a top management / Accounting Officer perspective rather than a Member perspective This process enables the Chief Executive and the Board to be assured (or otherwise) of current risk, control and governance arrangements and consider any issues that require management priority / attention / direction.**

**Audit and Risk Panel,
Tuesday, 10th March, 2026**

- 3.17 In line with good practice, we have reviewed the terms of reference and concluded that no changes are required.**

Financial & Resource Implications

None.

Equality or Good Relations Implications/Rural Needs Assessment

None known at this time.”

During discussion, Mr. Wilson requested that the external member of the Panel should be referred to as ‘Independent Member’ rather than ‘Non-executive Member’ in the Terms of Reference.

After discussion, the Panel:

- Noted the outcome of the detailed by AGRS assessment against the Global Internal Audit Standards in the UK Public Sector, including the non-conformances (appendix D) and the improvement action plan (appendix E);
- Approved the updated Audit Governance and Risk Services terms of reference, including the safeguards in place to preserve the independence and objectivity of AGRS arising from their role in preparing the Annual Governance Statement (Appendix F);
- Approved the updated Audit and Risk Panel’s purpose and terms of reference statement, which now included information on membership, meetings and information requirements (Appendix G).
- Agreed that the Terms of Reference for the Panel and AGRS to be made publicly available, including on the Council’s website;
- Agreed to include the Panels Terms of Reference as an agenda item at each of the Audit and Risk Panel meetings for reference purposes; and
- Agreed that the external member of the Panel should be referred to as ‘Independent Member’ in future Terms of Reference documentation.

Management Update Report on Internal Audit of Agency

(Ms. C. Sheridan, Director of Human Resources attended in connection with this item.)

The Panel were reminded that a recent internal audit report on the use of agency resources has indicated that major improvement was needed. It was noted that specific high-priority issues were identified in the following areas:

1. Resource Planning;
2. Contract Management;
3. Compliance with the agency framework; and
4. Authorisation of timesheets.

**Audit and Risk Panel,
Tuesday, 10th March, 2026**

The Director of Human Resources provided an update on Corporate HR activity which had been undertaken to address issues, which included:

- The creation and implementation of an agency dashboard profiling agency usage and compliance data to facilitate analysis and scrutiny at director level;
- Inclusion of progress updates on delivery of the CMT agency action plan on quarterly agency reports;
- Ongoing work to update the agency framework in line with pending contract award (1st April, 2026) and before 30th September, 2026;
- The creation of “an approved hours of work report” to monitor contracted hours verses actual hours worked; and
- Ongoing work to resolve Prism system issues and the development of new reports to increase monitoring activity.

Noted.

Belfast City Council 2025-26: Audit Strategy

Mr. C. McGeown from the Northern Ireland Audit Office (NIAO) outlined the NIAO’s Audit Strategy for Belfast City Council for the 2025-26 financial year and explained that it was intended to provide the Council with a clear understanding of how the audit was carried out and highlighted the key messages, that included the audit approach, one significant risk that had been identified and other matters of interest.

He highlighted that substantial and significant accounting changes had been made to the 2025-26 Code of practice as a result of HM Treasury’s Thematic Review on Non-Investment Assets, together with the actions for the Audit and Risk Panel contained within the Audit Strategy to the Panel Members.

The Panel noted the Audit Strategy and the Chairperson thanked Mr. McGeown and the team for their attendance at the meeting.

Date of next meeting

The Panel noted that the next meeting was scheduled to take place on Tuesday, 9th June, 2026.

Chairperson