



Subject:	Audit and Risk Panel Annual Report to Committee
Date:	18th June, 2021
Reporting Officer:	Ronan Cregan, Deputy Chief Executive / Director of Finance and Resources
Contact Officer:	Claire O'Prey, Head of Audit, Governance and Risk Services (AGRS)

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

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

1.0	Purpose of Report/Summary of Main Issues
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 to provide the Committee with a summary of the key issues that have been considered and discussed by the Panel during the 2020/21 financial year, the assurances received and the areas requiring attention.
2.0	Recommendations
2.1	The Members of the Strategic Policy and Resources Committee are asked to recommend that, in accordance with the Council decision of 4th May, the Chief Executive exercise her delegated authority to note the annual report of the Panel during 2020/21, as set out at Section 3, and approve the minutes of the meeting of 8th June.

3.0	Main Report
3.1	<p data-bbox="276 237 419 264"><u>Key Issues</u></p> <p data-bbox="276 333 1110 360">Summary of the work of the Audit and Risk Panel in 2020/21</p> <p data-bbox="276 434 1473 618">Considering the importance of receiving independent assurance over the Council's changed risk, control and governance frameworks during the Covid-19 pandemic, in September 2020 the Panel agreed the revised audit plan to ensure that audit work was focussed on the areas where assurance was most valuable. The revised plan covered:</p> <ul data-bbox="323 685 1310 920" style="list-style-type: none"> ▪ Key financial systems / income generating activity / expenditure controls ▪ Key programmes / projects ▪ Management of key corporate risks ▪ Meeting external grant funding requirements ▪ Governance arrangements <p data-bbox="164 987 1473 1122">3.2 During 2020/21, the Panel met three times via MS Teams. The Panel did not meet in June 2020, as all meetings of working groups were cancelled from mid-March 2020 to August 2020, as part of our organisational response to the impact of Covid-19.</p> <p data-bbox="164 1189 1473 1373">3.3 During 2020/21, the Panel considered audit plans and issues arising from audit activity, such as 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 data-bbox="304 1440 1238 1928" style="list-style-type: none"> ▪ the Council's financial position, as set out in its financial statements ▪ reports from the Council's external auditors ▪ risk management ▪ business continuity ▪ fraud, financial irregularity and whistleblowing investigations ▪ governance related matters ▪ financial control ▪ health and safety ▪ performance management ▪ staff attendance.

3.4	<p>The key assurances that the Panel received are as follows:</p> <ul style="list-style-type: none"> the Council's financial statements and annual governance statement, as prepared by the Deputy Chief Executive and Director of Finance and Resources and his team; this provided a management assurance on the Council's financial position the audited accounts and the associated external audit annual letters for 2019/20 (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 2019/20. (The accounts for 2020/21 are to be prepared by the end of June 2020) 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.
3.5	<p>The usual assurances from the NIAO on the Council's performance management arrangements, specifically in reference to the Improvement Duty, placed upon the Council by relevant legislation, has been affected by the pandemic, with the NIAO audit and assessment of BCC's Improvement activity 19/20 due to be reported to the Panel in June 2021. Discussions are ongoing with the Department for Communities and the NIAO regarding the new arrangements.</p>
3.6	<p>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 2020/21 included:</p> <ul style="list-style-type: none"> internal audits of key areas such as temporary expenditure controls out in place to manage the impact of the pandemic, committee decision making under delegated authority, accounts payable, cash flow forecasting, and performance management

	<ul style="list-style-type: none"> ▪ audits of the management of corporate risks such as the sustainable development / preparing for climate change, city risks and the local development plan ▪ assurance and advisory work over key programmes including the SAP replacement, HR Payroll, Planning Portal and the customer Focus Programme
3.7	<p>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.</p> <p>Consideration of the Annual Governance Statement by the Audit and Risk Panel</p>
3.8	<p>The Council has a statutory responsibility to prepare and publish an Annual Governance Statement (AGS) as part of the Financial Report. The Annual Governance Statement will be incorporated into the unaudited statement of accounts and certified by the Chief Financial Officer by 30th June, 2021. It is subject to review by the LGA (NIAO) as part of its annual audit. The Audit and Risk Panel has considered both the basis for preparation of the Annual Governance Statement ,along with the content of the statement. The minutes of the Panel's meeting of 8th June are at attached at Appendix 1 for approval.</p>
3.9	<p>As required, the Statement for the year 2020/21, has been prepared in line with the Code of Practice on Local Authority Accounting in the UK 2020/21 accounts and is consistent with the principles of the new CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' (2016 edition).</p>
3.10	<p>The Annual Governance Statement explains how the Council has complied with requirements of the Local Government (Accounts and Audit) Regulations (Northern Ireland 2015) in relation to the publication of an annual governance statement.</p>
3.11	<p>The Annual Government Statement sets out:</p> <ul style="list-style-type: none"> ▪ The scope of responsibility of the Council in relation to governance ▪ The purpose of the governance framework ▪ The governance framework in place ▪ The review of the effectiveness of the governance framework ▪ An update on the significant governance issues disclosed at year-end 2020 ▪ The significant governance issues to be disclosed for year-end 2021 and the action proposed to address them.

3.12	The Annual Governance Statement at Appendix 2 has been updated to reflect key changes to our governance arrangements due to the pandemic, including the interim committee decision making process which was delegated to the Chief Executive in March 2020 and May 2021, development of Covid-19 recovery plans, Covid-19 corporate risk assessment and change management processes over any amendments to financial processes during the pandemic. The statement also outlines significant governance issues that have arisen as a result of the impact of Covid-19.
3.13	The Annual Governance Statement should be approved by the Chair of Strategic Policy and Resources, the Chief Executive and the Deputy Chief Executive and Director of Finance and Resources.
3.14	<p><u>Financial and Resource Implications</u></p> <p>None</p> <p><u>Equality or Good Relations Implications/Rural Needs Assessment</u></p> <p>None</p>
4.0	Documents Attached
	<p>Appendix 1– Minutes of the Audit and Risk Panel meeting of 8th June</p> <p>Appendix 2 – Annual Governance Statement for year-end March 2021</p>