

Audit and Risk Panel

Wednesday, 21st September, 2022

MEETING OF AUDIT AND RISK PANEL

HELD IN THE LAVERY ROOM AND
REMOTELY VIA MICROSOFT TEAMS

Members present: Alderman Rodgers;
The Deputy Lord Mayor (Councillor M. Kelly);
Councillors Matt Collins, Groogan, Hutchinson and
McKeown; and Ms. G. Fahy.

In attendance: Mr. R. Cregan, Deputy Chief Executive and Director of
Finance and Resources;
Ms. N. Largey, Interim City Solicitor/Director of Legal
and Civic Services
Ms. C. O'Prey, Head of Audit, Governance and Risk
Services;
Mr. T. Wallace, Head of Finance;
Mr. M. Whitmore, Audit, Governance and Risk
Services Manager;
Mr. L. Mulholland, Audit, Governance and Risk
Services Manager;
Ms. H. Lyons, Corporate Finance Manager;
Ms. S. Williams, Governance and Compliance
Manager; and
Mr. H. Downey, Democratic Services Officer.

Also attended: Ms. C. Kane, Director, Northern Ireland Audit Office.

Pre-Meeting

The Audit and Risk Panel met privately with the Head of Audit, Governance and Risk Services prior to the meeting commencing, to enable Panel members to raise any concerns around the work of internal audit or the Council's risk, control and governance arrangements.

Election of Chairperson

The Panel was reminded that, at its meeting on 7th June, it had agreed, given the absence of some Members, to defer the election of a Chairperson until its next meeting.

Accordingly, it was

Moved by Councillor McKeown,
Seconded by Councillor Groogan and

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Resolved – That Alderman Rodgers be elected to serve as Chairperson for the period to end on the date of the Local Government Elections in 2023.

(Alderman Rodgers in the Chair.)

Apologies

Apologies were reported on behalf of the High Sheriff (Councillor Hussey) and Councillor Carson.

Minutes

The minutes of the meeting of 7th June were taken as read and signed as correct.

Declarations of Interest

No declarations of interest were reported.

Absence Rates - Quarter 1 2022-23

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

The Head of Human Resources submitted for the Panel's consideration the following report:

“1.0 Purpose of Report/Summary of Main Issues

1.1 The purpose of this report is to inform the Audit and Risk Panel of the Council's performance in managing absence during the quarter from April – June 2022/23.

2.0 Recommendation

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

3.0 Main Report

Key Corporate Indicators:

At the end of quarter one:

- The Council's average sickness absence rate stands at 3.96 days per FTE, an increase of 0.64 days compared to absence for the same period last year (3.32).**

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- A total of 7960.88 working days was lost due to sickness absence. This accounted for 7.04% of the total working days available.
- The table below provides a summary of how departments are performing against the target. As indicated below, 4 departments did not meet the Corporate target for quarter one (3.25 days).

| End of year target | 12.99 | | | | | |
|----------------------------------|-----------------------|-----------------------|------------------------|----------|----------------|--------------|
| End of Q1 target | 3.25 | | | | | |
| Department | Number of staff (FTE) | Total days lost (FTE) | Actual absence per FTE | Variance | % of workforce | % of absence |
| City and Neighbourhood Services | 1122.64 | 4669.78 | 4.16 | 0.91 | 55.81% | 58.66% |
| City and Organisational Strategy | 118.95 | 288.98 | 2.43 | -0.82 | 5.91% | 3.63% |
| Finance and Resources | 190.49 | 349.13 | 1.83 | -1.42 | 9.47% | 4.39% |
| Legal and Civic Services | 150.82 | 916.64 | 6.08 | 2.83 | 7.50% | 11.51% |
| Place and Economy | 305.01 | 1046.46 | 3.43 | 0.18 | 15.16% | 13.15% |
| Physical Programmes | 123.75 | 689.89 | 5.57 | 2.32 | 6.15% | 8.67% |
| Totals | 2011.66 | 7960.88 | 3.96 | 0.71 | | |

Additional Absence Information:

- There has been a decrease in the number of staff with no recorded absence this period (70.91%) compared to the same time last year (79.94%);
- There has been a slight increase in absence classified as long term (20+ days) this year (4994.28 days) compared to the same time last year (4929.56 days);
- Council's average sickness absence rate further reduces to 3.32 days per FTE when COVID-19 related absences are deducted;
- The number of days lost per full time equivalent decreased in quarter one (3.96 days) when compared to quarter four (21/22) (4.96 days). This decrease is illustrated in figure 1;
- Depression/anxiety/stress (33% of total days lost) and musculo-skeletal (23% of total days lost) continue to be the top two reasons for absence (refer to figure 2 for further information);
- 639 employees were off between April and June 2022. Discretion was applied to 80 of these employees (12.5%) and their absence accounted

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for 1745.6 days (approximately 22% of the total absence for quarter one). Refer to figure 3 for further information);

- A total of 90 cases were identified as having compliance related issues (48 in CNS). Refer to figure 4 for further information);
- Approximately 31.81% of absence (2532.23 days) is recorded as disability related, of which, 60% of was managed as long term. Depression and Anxiety related absence accounted for almost a third of disability related absence. (Refer to figure 5 for further information);
- A total of 218 employees were recorded as absent due to COVID19 and this accounted for a total of 1289.03 days/16.19% of the total absence in quarter one;
- 13 employees met the trigger for a Stage4/FAH in quarter one;
 - 2 employees availed of a career break before Stage4/FAH being scheduled.
 - Discretion was applied to four of these cases to Stage4/FAH due to an employee recovering from surgery, an employee recovering from treatment for cancer, an employee who had just returned from a period of Long Covid and an employee with a newly diagnosed disability
 - Six employees were ill health retired prior to Stage4/FAH being scheduled.
 - One employee attended a Stage 4 / FAH however, the outcome is not yet known as additional information was requested of management.
- All departments returned improvement plans for 2022/23 and a progress update will be reported on at the end of Q2. All departments returned absence reporting dashboards for quarter 1.

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COVID Recording Issue:

In February 2022, Corporate HR was made aware of instances of incorrect recording of Covid absences, in that staff were recorded as being absent due to sickness when it should have been recorded as absent due to contact with an infectious disease – self isolation, given that the employee was well enough to work but wasn't allowed to because of the restrictions in place.

Corporate HR worked alongside departmental HR to establish an action plan to rectify the reported errors.

Physical Programmes and Legal and Civic Services have confirmed that all affected staff have been notified of the error and the absence records and payroll details have been updated as required. City and Neighbourhoods have not provided an update with regards to the current status of this piece of work.

This has led to a minor reduction to the final absence figure for 2019/20 and 2020/21. The new figures are as follows:

| | Previous Figure | New Figure |
|-------|-----------------|------------|
| 20/21 | 10.86 | 10.82 |
| 19/20 | 13.58 | 13.56 |

4.0 Resource Implications

4.1 Directors have been asked to ensure that:

- attendance management continues to be an item on DMT agendas and related matters discussed and appropriate actions taken forward; and
- resources are in place to ensure that adequate monitoring and review is in place at Departmental level.

5.0 Equality and Good Relations Implications

5.1 Approximately 31.81% of absence (2532.23 days) is recorded as disability related.

The use of discretion and reasonable adjustments is considered in such cases.

After discussion, the Panel noted the contents of the report.

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Update on Corporate Health and Safety Performance

(Ms. E. Eaton, Corporate Health and Safety Manager, attended in connection with this item.)

The Panel was reminded that it was responsible for overseeing the Council's risk, control and governance arrangements for health and safety. In undertaking this function, the Panel provided independent scrutiny of the Council's health and safety performance, with reports being presented to it on a quarterly basis.

Accordingly, the Health and Safety Manager submitted for the Panel's consideration a report on corporate health and safety performance and activities for the quarter ending on 30th June, 2022.

She provided, on a Departmental basis, information on the implementation of actions associated with the key performance indicators of health and safety and fire safety and pointed out that, at a corporate level, compliance rates had been 20% and 47% respectively.

In terms of accident/incident reporting, there had, in quarter one, been 24 employee accidents, 8 non-employee accidents, 11 RIDDOR accidents and 17 work related violence incidents.

She concluded by providing details of the information which had, during quarter one, been forwarded to the Health and Safety Executive Northern Ireland in response to enquiries/correspondence.

The Panel noted the corporate health and safety performance and activities for the quarter ending on 30th June, 2022.

Update on Audits of Planning Agreements/Developer Contributions and Planning Income

(Mr. E. Baker, Planning Manager (Development Management) attended in connection with this item.)

The Panel was reminded that, at its meeting on 7th June, it had agreed that the Planning Manager (Development Management) be invited to attend its next meeting to provide a presentation on the progress being made to implement the recommendations from recent internal audits of Planning Agreements/Developer Contributions and Planning Income.

The Planning Manager (Development Management) reported that, in relation to Section 76 Planning Agreements, progress in establishing the new monitoring function within the Planning Service had been hindered due to monitoring officer resources being temporarily diverted to deal with the backlog of planning applications created by the COVID-19 pandemic and the ongoing systemic issues with the operation of the NI planning system. This gap in monitoring resources had now been filled with the recent appointment of a permanent Section 76 Monitoring Officer.

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He went to provide an update on each of the six recommendations which had arisen from that audit and pointed out that much of the work was at an advanced stage of completion. He then provided the Panel with an overview of the Section 76 Planning Agreements which had been entered into and the agreed governance arrangements in place for managing this spend.

In terms of the three recommendations arising from the internal audit of Planning income, he indicated that the income reconciliations would be addressed in October through the new Planning Portal and that the fee accuracy checks had been reinstated. He added that the development of a charging model for Planning Performance Agreements would be implemented by March, 2024.

He concluded by providing clarification on issues which had been raised by two Members around Developer Contributions, in the context of public realm works being undertaken in and around the City centre.

The Panel noted the information which had been provided.

**Update on Audit of Grants, Fleet Management,
Income/Accounts Receivable in Bereavement
Services and Commercial Waste**

(Ms. C. Matthews, Operational Director of Resources and Fleet, and Ms. S. Toland, Director of City Services, attended in connection with this item.)

The Panel was reminded that, at its meeting on 7th June, it had agreed that the aforementioned Operational Directors in the City and Neighbourhood Services Department be invited to attend its next meeting to provide an update on the progress being made to implement the recommendations from recent internal audits of Grants, Fleet Management and Income/Accounts Receivable in Bereavement Services and Commercial Waste.

The Operational Director of City Services provided the Panel with an update on the arrangements for the verification of grants awards in relation to Covid-19 funds. A contractor had been appointed, who would report on the assessment of expenditure against terms agreed in Funding Agreements and Letters of Offer and on the extent to which funded organisations had complied with the terms of the contract with the Council. The Department was also progressing the recruitment of a Business Support Officer – Funding to act as a dedicated resource for community provision to ensure that funds were administered in line with Council procedures and best practice.

In terms of addressing the Income/Accounts Receivable recommendations, the Director explained that the Plotbox system had been implemented in 2019 and that there was an ongoing programme of improvement in the income processes in Bereavement Services, which would be completed by January, 2023. The recommendations regarding Commercial Waste income had been fully implemented.

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In terms of the audit of Fleet Management, the Operational Director of Resources and Fleet provided the Panel with an update on the actions associated with each of the eight recommendations. She confirmed that four had been fully implemented and that work was well underway on the remaining four recommendations, which should all be completed by the end of September, 2022.

Ms. Fahy enquired if a process was in place to ensure that, when vehicles are disposed of, spare parts for that vehicle are also disposed of, if no longer required. This would prevent stocks of obsolete parts from building up in the fleet stores.

The Operational Director of Resources and Fleet undertook to seek clarification in that regard and respond directly to Ms. Fahy.

The Panel noted the information which had been provided.

**Update on Audit of Central Transactions Unit -
Income and Accounts Receivable**

The Head of Finance submitted for the Panel's consideration a report which summarised the progress being made to address the four recommendations arising from the recent internal audit of the Central Transactions Unit function, namely:

- i. the operation of the debt management process, including issuing dunning letter, monthly debtors report and pursuance of court action, where necessary;
- ii. credits and write offs, including authorisations of credits and write-offs on SAP and the SAP roles access to process credits and write offs on the finance system;
- iii. monitoring procedures and authorisations when setting up new customers and making critical changes to existing customers; and
- iv. the development of key performance indicators to assess the effectiveness of income collection and debt management activity.

He reported that recommendations i. to iii. would be implemented by the end of September, 2022 and confirmed that an Accounts Receivable management checklist had been initiated and that new staff had recently been appointed to assist with debt management activities. A new report had been created to monitor write off transactions, which was reviewed on a monthly basis, and other work was progressing in this area. Documentation to support the setting up of all new customers and the processing of critical changes for existing customers had been located and saved and all changes to data were reviewed and saved.

In terms of recommendation iv., the Head of Finance pointed out that the development of key performance indicators would be considered as part of

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the implementation of the reporting workstream of the new finance system, with a timeframe of April, 2023.

The Panel noted the information which had been provided.

Belfast City Council Statement of Accounts 2021/22

The Head of Finance submitted for the Panel's consideration the following report:

“1.0 Purpose of Report/Summary of Main Issues

- 1.1 The purpose of this report is to present to the Audit and Risk Panel the Statement of Accounts of the Council, including the Annual Governance Statement, for the period ending 31st March, 2022.**
- 1.2 The Statement of Accounts are an important element of the council's overall corporate governance framework as they provide assurance to Members and ratepayers on the stewardship of the council's finances and its financial position.**
- 1.3 The Statement of Accounts for the year ended 31st March 2022, as attached, have been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 based on International Financial Reporting Standards and the Department for the Communities Accounts Direction, Circular LG 02/22 dated 7th January, 2022 and 23rd March, 2022.**
- 1.4 I can confirm that the Statement of Accounts for the year ended 31st March, 2022 has been prepared in the form directed by the Department for the Communities and in my opinion the Statement of Accounts give a true and fair view of the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year.**
- 2.0 Recommendation**
- 2.1 The Panel is asked to recommend to the Strategic Policy and Resources Committee that it approve the Council's Statement of Accounts and incorporated Annual Governance Statement for the year ended 31st March 2022.**

3.0 Main Report

Key Issues

Audit Opinion

3.1 It is the Local government Auditors' opinion that:

- the financial statements give a true and fair view, in accordance with relevant legal and statutory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22, of the financial position of Belfast City Council as at 31st March 2022 and its income and expenditure for the year then ended; and
- the statement of accounts have been properly prepared in accordance with the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 and the Department for Communities directions issued thereunder; and
- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Department for Communities directions made under the Local Government (Accounts and
- Audit) Regulations (Northern Ireland) 2015; and
- the information given in the Narrative Report for the financial year ended 31st March 2022 is consistent with the financial statements.

Reserves

General Fund

3.2 The credit balance on the General Fund has increased to £62,218,726 (of which £48,145,477 relates to specified reserves). The movement on the reserves balance is summarised in Table 1 below:

Table 1: Summary of Reserves Position

| | | |
|------------------------------|--|---------------|
| Opening Balance | | £54.9m |
| | | |
| In year movement in reserves | | £7.3m |
| | | |
| Closing Balance | | £62.2m |

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| | | |
|--------------------------------|--|-----------------------|
| | | |
| Specified Reserves at year end | | <u>£48.1m</u> |
| | | |
| Balance Available | | <u>£14.1 m</u> |

Capital Fund £12,220,031

- 3.3 The Capital Fund is made up of the Belfast Investment Fund (£1,368,532). The fund has been created to support key partnership projects to regenerate Belfast and help lever substantial funds from other sources, the Local Investment Fund (£800,741) to fund smaller local regeneration projects, the City Centre Investment Fund (£7,688,069) to support the Belfast City Centre Regeneration Investment Plans, the Social Outcomes Fund (£2,362,689) to support City Centre projects which might not generate a direct financial return but would enhance the overall City Centre offer and support and attraction of investment.

Neighbourhood Regeneration Fund £10,000,000

- 3.4 This fund was created from the Belfast Investment Fund, to support neighbourhood regeneration and tourism projects in local neighbourhoods.

Leisure Mobilisation Fund £621,287

- 3.5 This fund is to support the Leisure Transformation Programme and will cover programme level costs including communications, engagement and procurement costs.

Capital Receipts Reserve £1,068,583

- 3.6 These are capital receipts which have originated primarily from the sale of assets and which have not yet been used to finance capital expenditure.

Other Fund Balances and Reserves £1,731,811

- 3.7 This relates to the Election Reserve (£735,037) which has been set up to smooth the cost of running council elections, the BWUH Subvention Fund (£703,151) to support national and international organisations in bringing their conferences to Belfast and the BWUH Sinking Fund (£293,623) to support planned maintenance and future capital works at the new exhibition centre.

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Debt

- 3.8** The overall level of trade debtors had been decreasing over the last ten years. Whilst, the COVID 19 pandemic had an impact on overall debt levels which now stand at £7.1m at 31st March 2022 compared to £5.7m at 31st March 2012, the increase is mainly due to an increase in public authority debt at year end. An analysis of trade debtors, inclusive of VAT, for the last two years is shown below:

| | 31 March 2022 | 31 March 2021 |
|------------------------|----------------------|----------------------|
| Less than three months | £5,450,710 | £3,963,319 |
| Three to one year | £1,070,718 | £481,307 |
| More than one year | £553,310 | £772,373 |
| Total | £7,074,738 | £5,216,999 |

Creditors

- 3.9** The Department for Communities has set councils a target of paying invoices within 30 days. During the year the council paid 71,202 invoices totalling £187,290,662.

The average time taken to pay creditor invoices was 17 days for the year ended 31st March 2022. The Council paid 57,882 invoices within 10 days, 66,649 invoices within 30 days, and 4,553 invoices outside of 30 days. The Council endeavours to process invoices as quickly as possible and has an improvement plan to support this process.

Annual Governance Statement (AGS)

- 3.10** The Statement of Accounts include the Annual Governance Statement (AGS) for the year 2021/22, which has been prepared in line with the Accounts Directive provided by the Department for Communities, NIAO guidance and is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. Specifically the AGS sets out:

- scope of responsibility of the Council in relation to governance
- the purpose of the governance framework
- the governance framework in place
- review of effectiveness of the governance framework

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- **update on the significant governance issues from prior year**
- **significant governance issues to be disclosed for current year**

3.11 The AGS is approved by the Chair of the Strategic Policy and Resources, the Chief Executive and the Director of Finance and Resources. It is subject to review by the LGA (NIAO) as part of its annual audit.

Financial and Resource Implications

3.12 None

Equality or Good Relations Implications / Rural Needs Assessment

3.13 None.”

The Panel commended the staff from the Council’s Finance team and the Northern Ireland Audit Office who had been involved in the production of the financial accounts and agreed to recommend to the Strategic Policy and Resources Committee that it approve the Council’s Statement of Accounts and incorporated Annual Governance Statement for the year ended 31st March, 2022.

Northern Ireland Audit Office - Draft Report to those Charged with Governance 2021/22

The Director of the Northern Ireland Audit Office submitted for the Panel’s consideration the Draft Report to those charged with Governance for 2021/22. The report summarised the system and control issues which had arisen during its 2021/22 audit and included recommendations for management action.

She pointed out that, at this stage, management had not had the opportunity to provide comments and/or actions to address the issues raised within the audit and that those would be presented to the Panel at its meeting in December. The audit was, she pointed out, nearing completion, and would be finalised after the Northern Ireland Audit Office had received the final signed Statement of Accounts. It was anticipated that the 2021/22 statements would be certified with an unqualified opinion.

She reviewed the key elements of the draft report and pointed out that recommendations had been made in respect of two issues, namely, an omission from the Special Responsibility Allowances report on the Council’s website and Income cut off at year-end. Those had been categorised as Priority 3, that is, deemed to be of a more minor nature and representing best practice, and could change pending the finalisation of outstanding queries.

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The Director of the Northern Ireland Audit Office confirmed that a detailed response to the draft management letter would be completed, identifying timescales and responsible officers, and be presented to a future meeting.

The Panel noted the Report to those Charged with Governance for 2021/22.

**Update on Corporate Risk Management –
Quarter 1 2022/23**

The Head of Audit, Governance and Risk Services drew the Panel's attention to the Corporate Risk Dashboard which summarised the key updates from the risk review for the quarter ending on 30th June, 2022.

She highlighted the importance of ensuring that there was proper consideration and clarity around the future ownership and accountability for the management of the thirteen corporate risks owned by the previous Director of Legal and Civic Services and by the Deputy Chief Executive and Director of Finance and Resources.

She reminded the Panel that it received, on a quarterly basis, assurances from senior officers on the management of risk and maintenance of internal controls and confirmed that all assurance statements had been received. She went on to provide an update on the work which was underway to ensure that the business continuity plans for critical services were updated to take account of how they would continue to operate during a significant cyber-attack.

The Panel noted the information which had been provided.

**Audit, Governance and Risk
Services Progress Report**

The Audit, Governance and Risk Services Manager submitted for the Panel's consideration a report providing an update on the work which had been completed by Audit, Governance and Risk Services from June to August, 2022.

He explained that five audits had been completed during that period and drew the Panel's attention to two in particular, namely, the year-end audit of stores and an audit of Policing and Community Safety Partnerships.

He reported that the audit of stores had identified a number of issues and that, whilst the amounts involved were not considered to be material, Audit, Governance and Risk Services had been unable to obtain satisfactory explanations for the reasons behind the variances which had occurred. Management was addressing the issues and Audit, Governance and Risk Services would undertake a full audit of stores later in 2022/23, with a report on the outcome to be presented to the Audit Panel in due course.

In relation to the audit of Policing and Community Safety Partnerships, the Audit, Governance and Risk Services Manager pointed out that this had been the first time that this area had received an opinion of 'major improvement needed'. A number of issues had been found in relation to the maintenance of the programme management

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spreadsheet and the completeness of project files. Management had cited resource pressures during 2021/22 and had advised that the Unit was now fully resourced and that controls were being re-established.

He went on to provide details of Audit, Governance and Risk Services work which was currently in progress and confirmed that updates on that work would be presented to a future meeting.

In terms of fraud and raising concerns, he confirmed that initial enquiries had been completed in relation to a couple of concerns but the allegations could not be substantiated. There were no files currently with the Police Service of Northern Ireland. He confirmed that the Service had updated the Council's Raising Concerns policy, which was currently progressing through the Council's approval processes, and that it was preparing for the upcoming National Fraud Initiative exercise. He added that the next recommendations monitoring exercise had commenced in order to assess progress in implementing outstanding audit actions and that a report on the outcome would be presented to the next meeting of the Panel.

In response to a query from Ms. Fahy, it was pointed out that officers from Audit, Governance and Risk Services had, over the summer, attended Departmental Management Team meetings to brief Directors on the Panel's request for better progress to be made in the implementation of outstanding actions.

The Panel:

- i. noted the update on the work which had been completed by Audit, Governance and Risk Services from June to August, 2022; and
- ii. agreed, in line with established practice, that an update on the audit of Policing and Community Safety Partnerships be presented to its meeting in December and that it include details of any potential funding at risk as a result of missing documentation.

**External Quality Assurance Review of Audit,
Governance and Risk Services**

The Head of Audit, Governance and Risk Services reminded the Panel that Part six of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 required the Council 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.”*

In practical terms, this meant that Audit, Governance and Risk Services must comply with the Public Sector Internal Audit Standards, which stated that compliance reviews against the standards must include regular internal assessments and periodic external assessments, with the latter being required at least once every five years.

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Audit, Governance and Risk Services undertook self-assessments against these professional standards on an annual basis and presented the results to the Audit and Risk Panel. The most recent internal and external assessments had been reported to the Panel in June, 2022 and December, 2017 respectively.

She explained that, following a quotation exercise in March 2022, On Board had been appointed to undertake a review of the extent to which Audit, Governance and Risk Services complied with Public Sector Internal Audit Standards. That review had now been completed and the draft report was being submitted to the Panel for consideration.

The report had concluded that Audit, Governance and Risk Services conformed to the requirements of the Public Sector Internal Audit Standards, which, she pointed out, provided Members and management with valuable independent assurance on the internal audit service provided by the Service.

On Board had found strong evidence from the self-assessment, review of supporting evidence, interviews with management and a sample of internal clients in the Council that the Internal Audit Service provided by Audit, Governance and Risk Services was valued very highly and was viewed as making/having made a positive contribution to the continuous improvement of governance, risk management and internal control.

She drew the Panel's attention to fifteen recommendations for improvement which had been made by On Board and confirmed that Audit, Governance and Risk Services would consider each of these and present a worked-up action plan to the next meeting of the Panel.

The Panel noted the information which had been provided.

**Northern Ireland Audit Office Report –
National Fraud Initiative – Northern Ireland**

The Audit, Governance and Risk Services Manager submitted for the Panel's consideration the following report:

“1.0 Purpose of Report/Summary of Main Issues

1.1 The purpose of this report is to advise the Audit and Risk Panel:

- **that the Northern Ireland Audit Office has recently published a report on the outcome of the National Fraud Initiative (NFI) exercise in Northern Ireland and to highlight the key issues arising from it; and**
- **of our proposed approach to the completion of the NFI exercise for 2022.**

2.0 Recommendations

2.1 The Audit and Risk Panel is asked to note:

- the summary and the full NIAO report; and
- the proposed approach to the completion of the NFI exercise for 2022 (paragraph 3.7)

3.0 Main Report

NIAO Report – National Fraud Initiative – Northern Ireland

- 3.1 The National Fraud Initiative (NFI) is a major data matching exercise, run by the Cabinet Office every two years, which detects fraud and error. The NIAO co-ordinates the exercise in Northern Ireland, with over 80 local public sector organisations participating. These include government departments, local councils and health bodies. As a body audited by the NIAO the council is a mandatory participant. The purpose of data matching must be ‘to assist in the prevention and detection of fraud.’ The NIAO report in the NFI in Northern Ireland is attached at Appendix 1.**
- 3.2 NI data was also matched with data held by public sector organisations in England, Scotland and Wales, providing a cross-jurisdictional approach to tackling fraud. This is the seventh NFI exercise to be undertaken in Northern Ireland and total outcomes to date are over £44 million, representing current and past fraud and error stopped and potential future fraud and error averted.**
- 3.3 While NI councils do take part in the NFI exercise by providing data on payroll, pensioners and trade creditors, the vast majority of issues arising from the exercise relate to matters administered by other participating, public bodies. However, the report does highlight the outcomes of the NFI exercise in relation to rates fraud / evasion which clearly impacts on council income. There has been a marked decrease in the level of rates arrears or incorrect rates relief recovered or averted in the most recent exercise equating to £58k compared to £935k for the previous exercise. This appears to have been due to the redirection of resources for a period during the pandemic. The report does not**

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quantify amounts relating to the Belfast area. Other areas of fraud / error detected by the exercise across NI related to:

- £126,000 of erroneous pension payments recovered and £4.1m of potential future erroneous payments averted.
- around £51,000 of incorrect housing benefits being recovered or future losses averted.
- around £20,000 of erroneous grant payments recovered and;
- £40,000 recovered from suppliers.

- 3.4 There was a 19% decrease in NFI outcomes compared with the previous reporting period – this appears to be due to (i) less time spent on investigating NFI matches in other organisations because of higher priority work during the pandemic and (ii) a couple of one-off pilots undertaken in the last exercise, which were not repeated in this exercise.
- 3.5 The report also references two cases of undeclared conflicts of interest detected in relation to suppliers (not related to BCC) – this serves to highlight the importance of compliance with the council’s policy on Potential Conflicts of Interest. The report also includes reference to a duplicate payment £16,783.20 that was made to a vendor (because the invoices were input twice). Our progress report to the Board / Panel in March 22 confirmed that CTU offset the amount against future invoices and has now been recovered.
- 3.6 An update on the specific Belfast City Council activity / outcomes from the most recent exercise has been reported previously to the Panel in March 2022.

Proposed Approach to NFI 2022

- 3.7 As a mandatory participant, we have a number of specific responsibilities which include:
- issuing privacy notices which inform individuals that their data will be processed;
 - preparing data in a format suitable for data matching;
 - uploading the datasets for matching;
 - investigating matches; and
 - reporting on the outcome of investigations

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- 3.8 Our proposed approach is the same as for previous exercises and involves completion of the above steps with appropriate liaison with Digital Services, Payroll, Central Transactions Unit and Departmental Business Support. We will ensure that the NFI work takes account of the project plan for implementation of the new accounting system.**
- 3.9 Preparation is already underway for the 2022 NFI exercise, and we will keep the Panel updated on progress and issues arising throughout the course of the exercise.**
- 3.10 In addition, we have reviewed the self-appraisal checklist relating to the NFI exercise which was completed in June 2021 and no further updates or revisions to the checklist are required at this time. The purpose of the checklist is to allow participating bodies to appraise their involvement in the NFI, to assist the Audit and Risk Panel in reviewing and seeking assurance over the effectiveness of our participation in the NFI and to assist officers in planning and managing the exercise. A copy of the completed checklist is attached at Appendix 2.**

Other – Corporate Fraud Risk Assessment

- 3.11 In conjunction with the work we will be undertaking as part of the NFI exercise we will continue to liaise with departments regarding the completion and implementation of the Corporate Fraud Risk Action Plans within departments including supporting departments to develop the remaining 5 risk action plans.**
- 3.12 We are working with Marketing and Corporate Communications on developing key messages for staff relating to the NFI and fraud risk awareness in general.**

Financial and Resource Implications

None

Equality or Good Relations Implications / Rural Needs Assessment

None.”

The Panel adopted the recommendations.

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**Peter Coll QC Report –
Update on Progress of Action Plan**

The Governance and Compliance Manager submitted for the Panel's consideration a report providing a quarterly update on the progress of the agreed actions arising from the recommendations contained within Section 6 of Mr. Peter Coll QC's independent investigation into events at Roselawn Cemetery on 30th June, 2020.

She pointed out that a number of actions had now been completed and, accordingly, the Strategic Policy and Resources Committee would be recommended to close those relating to a Customer Hub, Key Communications to Party Group Leaders and all Members, a Standards Committee and Staff Engagement to Enhance Decision-Making.

The Panel noted the information which had been provided.

**Performance Improvement:
2021/22 Year-End Assessment**

The Deputy Chief Executive and Director of Finance and Resources submitted for the Panel's consideration the following report:

“1.0 Purpose of Report

1.1 The purpose of this report is to present to the Panel the year-end Corporate Performance Assessment for 2021-22

2.0 Recommendation

2.1 The Panel is asked to review and approve the year-end Corporate Performance Assessment for 2021-22.

3.0 Purpose of Report/Summary of Main Issues

Background

3.1 Part 12 of the 2014 Local Government (NI) Act and the associated guidance requires that we:

- produce a *forward looking* Annual Improvement Plan by 30th June (i.e. Corporate Plan) to take effect from April each financial year which reflects the Council's contribution to the Community Plan (Belfast Agenda).**
- produce a *retrospective* Performance Improvement Assessment by September 30th,**

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detailing progress against the Improvement Objectives, examples of other forms of continuous improvement and any performance indicators included within the previous year's Corporate Plan.

Year End Corporate Performance Assessment

- 3.2 As required, the Performance Unit within the Finance and Resources Directorate produced a Year End Operational Update for 2021-22 which was previously circulated to the Panel in June. The majority of the activities within the plan have been delivered and are running on schedule with the exception of a few that will run into the 2022-23 work programme.**
- 3.3 The content of the Year End Operational Update has now been used to compile the year end Corporate Performance Assessment report for 2021-22, which has been included at Appendix 1 for approval. This document is still required to be published by 30 September 2022. Following September's SP and R Committee meeting, the report will be published online pending ratification by the Council.**

Performance Improvement Plan 2022 - 2023

- 3.4 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 an Improvement Plan. We have a statutory duty to agree improvement objectives and produce an annual improvement plan by 30th June each year. As one of the key planning documents of the organisation, the Performance Improvement Plan is produced by the City and Organisational Strategy Department. The Plan for 2022-2023 was agreed by SP&R and published by 30th June in accordance with these obligations.**

NIAO Audit and Assessment 2021

- 3.5 The NIAO audit and assessment of BCC's Improvement activity normally takes place between July and October each year. We are awaiting confirmation on this timeline for the NIAO audit and the panel will be updated once further advice is received.**

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Financial and Resource Implications

- 3.6 Audit fees will be calculated on the basis of the time spent by the NIAO on Belfast's audit and on the levels of skill and responsibility involved and this cost is included within the revenue estimates.**

Equality and Good Relations Implications

- 3.7 None associated with this report.”**

The Panel approved the year-end Corporate Performance Assessment for 2021/22.

Date of Next Meeting

The Panel noted that its next meeting would take place on Tuesday, 6th December at 12.30 p.m.

Mr. Ronan Cregan

The Chairperson referred to the fact that this would be the last meeting at which Mr. Ronan Cregan, Deputy Chief Executive and Director of Finance and Resources would be in attendance, as he was due to retire from the Council at the end of October.

On behalf of the Panel, he thanked Mr. Cregan for the significant contribution which he had made to the work of the Panel and the management of the Council's finances and wished him well for the future.

Chairperson