

Audit Panel

Thursday, 9th June, 2011

MEETING OF AUDIT PANEL

Members present: Aldermen Campbell, Rodgers and Smyth and
Councillors Jones and Lavery.

In attendance: Mrs. J. Thompson, Director of Finance and Resources;
Mr. A. Wilson, Head of Audit, Governance and
Risk Services;
Mr. A. Harrison, Corporate Assurance Manager;
Mr. T. Wallace, Financial Accounting Manager;
Mr. R. Allen, Director, Northern Ireland Audit Office;
Mr. S. Knox, Audit Manager,
Northern Ireland Audit Office; and
Mr. H. Downey, Democratic Services Officer.

Election of Chairman

The Panel agreed that Alderman Rodgers be elected Chairman of the Audit Panel.

Alderman Rodgers thanked the Members for his election.

(Alderman Rodgers in the Chair.)

Apology

An apology for inability to attend was reported from Councillor Mullan.

Minutes

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

Belfast City Council Financial Accounts 2010/2011

The Panel considered the undernoted report:

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“Relevant Background Information

The purpose of this report is to present to the Audit Panel the Financial Accounts of the council for 2010/2011.

The Financial 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.

The Financial Report and accounts for the year ended 31st March, 2011 have been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom 2010/2011 based on International Financial Reporting Standards and the Department of the Environment Accounts Direction, Circular LG 10/11 dated 20th April, 2011. A copy of the accounts has been circulated to Members.

I can confirm that the Statement of Accounts for the year ended 31st March, 2011 have been prepared in the form directed by the Department of the Environment 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.

Key Issues

Council Net Expenditure

The year end financial position for the council is an under spend of £2.6m

Reserves

The impact of this financial position on the reserves is summarised in the table below. It shows that the credit balance on the District Fund Reserves has increased to £10,426,040 (of which £366k relates to specified reserves).

Summary of Reserves Position

Opening Balance	£4.6m
Prior Year Adjustments	<u>£0.6m</u>
Revised Opening Balance	£5.2m
Contribution to Reserves	£4.7m
In year movement on reserves	£2.6m

2009/10 Finalisation	£0.2m
VAT Reclaim re Leisure	£0.2m
Contribution to Local Capital Fund	(£2.5m)
Increase in Reserves	<u>£5.2m</u>
Closing Balance	£10.4m
Specified Reserves at year end	<u>£0.4m</u>
Balance Available	<u>£10.1m</u>
<u>District Fund</u>	<u>£10,426,040</u>

The District Fund Reserves can be used to supplement income and unexpected expenditure in future years. Of the £10,426,040, £366,147 relates to expenditure committed at year-end. Advice has previously been given to both the Audit Panel and the Strategic Policy and Resources Committee that £10m is an appropriate level of district fund reserve for Belfast City Council.

Capital Fund **£15,439,745**

The capital fund is made up of the City Investment Fund (£12,939,745) which has been created to give a clear demonstration of the Council's wish to contribute to the vibrancy, prosperity, culture and attractiveness of the city through iconic projects and the Local Investment Fund (£2,500,000) to fund neighbourhood capital projects.

In relation to the latter, it was agreed at the meeting of the Strategic Policy and Resources Committee on 15th April, 2011 that officers could carry out preparatory work on the potential to establish a capital fund to finance local capital projects, in partnership with other funding streams such as the Social Investment Fund. The issue was also raised at the Strategic Policy and Resources Committee on 3rd June. The final authority for this transfer of £2.5m to the Local Investment Fund is dependent on further discussions and agreement at the Budget and Transformation Panel on 10th June, the Strategic Policy and Resources Committee on 17th June and ultimately the Council.

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Capital Receipts Reserve £943,065

These are capital receipts which have originated primarily from the sale of assets and which have not yet been used to finance capital expenditure. This amount relates mainly to the sale of land and buildings at Loop River (£860,000) which has been ring-fenced for the development of the capital scheme 'Loop River – New Facilities'.

Repairs and Renewals Fund £7,753,190

This fund was established under section 56 of the Local Government Act (NI) 1972 and has an approved limit of £22m and is to fund the closure of the landfill site.

Other Fund Balances and Reserves £5,044,520

This relates to the Election Reserve (£758,608) which has been set up to smooth the cost of running Council elections and a Sinking Fund (£4,285,912) which has been set up to repay the Council's interest only mortgages.

Capital Programme

In 2010/2011 the Council committed to future additional capital contracts of £20.5m relating mainly to the Connswater Greenway Scheme (of which £1.248m relates to Belfast City Council).

During the year to 31st March, 2011 the Council incurred £6m of expenditure on capital schemes, of which the most significant spend being on Vehicles £1.2m, City Hall £800k, Grove Wellbeing Centre £741k and Information Technology £700k.

Debt

The overall level of trade debtors has decreased steadily over the last 3-4 years, reducing from £10m at 31st March, 2008, to £7.5m at 31st March, 2009 to £5m at 31st March, 2010 and now £4m at 31st March, 2011. An analysis of trade debtors, inclusive of VAT, for the last two years is shown below:

	31 March 2011	31 March 2010
Less than three months	£2,111,911	£2,930,828
Three to six months	£142,744	£170,470
Six months to one year	£188,270	336,984
More than one year	£1,519,553	£1,554,432
Total	£3,962,478	£4,992,714

Creditors

The Council has a target of paying invoices within 30 days. During the year the council paid 52,912 invoices totalling £88,316,153.

The average time taken to pay creditor invoices was 22 days for the year ended 31st March, 2011.

Whilst the Minister at the Department of Finance and Personnel has reduced the target for the payment of invoice for central government departments to 10 days, this target is not mandatory for local government. However, the Council endeavours to process invoices as quickly as possible and monitors these figures on a regular basis.

Resource Implications

Financial

None

Human Resources

None.

Asset and Other Implications

None.

Recommendation

The Committee is requested to approve the Council's financial accounts and report for the year ended 31st March, 2011."

After discussion, the Panel approved and recommended to the Strategic Policy and Resources Committee the Council's financial accounts and report for the year ended 31st March, 2011, a copy of which was available on the Modern.gov website.

**Local Government Auditor's Strategy
for Belfast City Council 2010/2011**

The Panel was advised that, under the provisions of the Local Government (Northern Ireland) Order 2005, the Local Government Auditor, as the appointed independent external auditor, was required to examine, certify and report on the financial statements of the Council. Mr. Allen reported that, in order to facilitate an understanding of the audit process and to clearly set out his requirements, the Local Government Auditor had issued an Audit Strategy in respect of the Council's 2010/2011 financial statements. He explained that the Strategy, which required the Council to

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submit its accounts for audit by 30th June, 2011, set out, amongst other things, the responsibilities for the preparation of accounts and associated regulations, the scope of the audit, records which were required to be provided for audit inspection and the requisite timescales. In addition to the conventional aspects of an audit of the accounts, the Audit Strategy set out also the Local Government Auditor's proposed systems and corporate governance work.

The Panel noted the contents of the Audit Strategy for Belfast City Council for the 2010/2011 financial year and that a copy of the document was available in full on the Modern.gov website.

**International Financial Reporting Standards Shadow Accounts -
Belfast City Council Audit Results**

The Panel was advised that Her Majesty's Treasury had, in 2008, announced that Local Councils would, from 2010/2011, be required to present their annual accounts in an International Reporting Financial Standards format. The Director of Finance and Resources explained that, as part of the transition process, the Council had been required to produce, by 7th January 2011, Shadow Accounts for the period 2009/2010. The Local Government Auditor had now completed his review of the Shadow Accounts and had provided an unqualified opinion thereon. A number of recommendations arising from the review, relating mainly to presentational issues, had been taken into account in the preparation of the 2010/2011 Financial Accounts.

The Panel noted the information which had been provided and that a copy of the Shadow Accounts could be accessed via the Modern.gov website.

Corporate Risk Management and Governance

The Panel was reminded that, at its meeting on 15th February, 2010, it had agreed that reports should, on a quarterly basis, be submitted to the Chief Officers' Management Team and, subsequently, to the Audit Panel setting out the management arrangements which had been put in place to address key risks identified across the Council.

The Head of Audit, Governance and Risk Services submitted for the information of the Panel a report outlining the risk management activity which had been undertaken between 1st January and 31st March, 2011. He reviewed the current status of the eleven risks contained within the Corporate Risk Register, together with the two red risks which had been included within the Departmental Risk Registers. He reported that, following a quarterly review process which had been agreed by Chief Officers in relation to the management of the Corporate Risk and red Departmental risks, it had been confirmed that the Corporate, Departmental and Risk Register action plans had been reviewed and updated and that he was content that, overall, the Council's risk management processes, as defined within the Council's risk management strategy and supporting guidance, were being complied with.

The Panel was informed that Audit, Governance and Risk Services had developed a Code of Governance for the Council which had been based upon the six core principles set out in the Chartered Institute of Public Finance and Accountancy's Solace framework. The Head of Audit, Governance and Risk Services explained that the Code had been approved initially by the Panel in 2008 and that reviews had been undertaken on an annual basis thereafter to ensure compliance with the document. As part of the most recent review in 2010, Council officers had been requested to indicate whether the systems, processes and documents arising from the Code of Governance continued to provide evidence of compliance with the core principles. The progress which had been made in implementing the planned improvement actions had also been determined and the Code of Practice had been updated accordingly. He added that the results of the review had informed also the preparation of the Annual Governance Statement which formed part of the Council's published Annual Financial Report.

After discussion, the Panel noted the contents of the quarterly risk report for the period from January to March, 2011 and noted also the updated Code of Governance, including the range of improvement actions requiring implementation.

Annual Governance Statement 2010/2011

The Panel considered the undernoted report:

“Relevant Background Information

The Council has a statutory responsibility to annually prepare and publish an Annual Governance Statement (AGS) as part of the Financial Report.

As required, the statement for the year 2010/2011 has been prepared in line with the template outlined in the Accounts Directive provided by Department of the Environment (DOE). The Annual Government Statement is consistent with the principles of the Chartered Institute of Public Finance Accountants/SOLACE Framework 'Delivering Good Governance in Local Government'. In addition, it takes account of the 2009 CIPFA statement and subsequent guidance March 2010, on the role of the Chief Financial Officer in Public Service Organisations. The AGS explains how the Council has complied with their statutory duties under the 2005 Order and also meets the relevant requirements of Regulation 2A of the Local Government Accounts and Audit (Amendment) Regulations (Northern Ireland 2006).

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Specifically the Annual Governance Statement sets out:

- The Scope of responsibility of the Council in relation to its Governance
- The purpose of the Governance Framework
- The Governance Framework in place
- The results of the review of effectiveness of the framework
- Significant governance issues to be disclosed.

The AGS has been approved by the Chair of Strategic Policy and Resources, the Chief Executive and Director of Finance and Resources.

Key Issues

The purpose of this report is to:

- Present the Audit Panel with the Annual Governance Statement for 2010/2011 for approval. (A copy of the Statement has been forwarded to Members.)
- Endorse the key actions taken by the council to manage the significant issues declared in last year's Statement. These are included as an appendix in the current Statement
- Approve the significant issues which warrant inclusion in this year's AGS

Over the past year, there has been considerable effort put into developing and implementing the key elements of a governance framework within the Council to meet the requirements of the Annual Governance Statement. Significant progress has been made in terms of:

- Revised risk registers at Corporate, Departmental and Operational levels, this new format will facilitate the quarterly risk assurance reporting
- Enhancing our risk challenge and reporting framework, including the preparation and sign off of quarterly assurance statements by senior officers from the 1st April 2010. These statements were produced annually up to the 31st March 2010
- Ensuring our business continuity and pandemic plans are robust, reviewed, tested and reflect the needs of the Council.

Resource Implications

There are no significant resource implications.

Recommendation

The Audit Panel is requested to approve the Annual Governance Statement.”

The Panel approved the Annual Governance Statement 2010/2011 and noted that it would on 17th June be presented to the Strategic Policy and Resources Committee as part of the report on the Council’s Financial Accounts.

Annual Assurance Statement 2010/2011

The Panel noted the contents of a report from the Head of Audit, Governance and Risk Services regarding the Annual Assurance Statement for 2010/2011. The Statement constituted his professional opinion on the adequacy and effectiveness of the Council’s internal control environment and took into account the key elements of its internal control arrangements, the results of audit work which had been undertaken during that period and future developments which might lead to improvements in internal control.

Review of the Effectiveness of the Audit Panel 2010/2011

The Corporate Assurance Manager informed the Members that the role of the Audit Panel was to provide an independent assurance on the adequacy of the Council’s risk management framework and associated controlled environment. He reviewed the Panel’s Terms of Reference and stated that it discharged its responsibilities by meeting regularly and by reviewing and scrutinising reports prepared by internal and external auditors and senior managers on financial matters, risk, governance, and control and, where necessary, by requesting further information/assurances on specific issues. He reported that the Audit Panel had, during 2010/2011, met on four occasions and that it had reviewed a number of key documents/reports and had considered audit plans and issues arising from various audit activity.

He reported further that, in line with a recommendation which had been put forward by the Local Government Auditor, an annual evaluation of the effectiveness of the Audit Panel had been undertaken. This had taken the form of a self-assessment against a Chartered Institute of Public Finance and Accountancy checklist, the results of which had indicated that the Panel was largely fulfilling the requirements of an Audit Committee as set out within the good practice guidelines. He pointed out that following the re-constitution of the Audit Panel after the Local Government Elections, training would be required for Members and relevant officers and this would be arranged in due course. In addition, the Council was in the process of recruiting an External Member to sit on the Panel which was designed to bring an objective view to discussions.

After discussion, the Panel approved the assessment of the effectiveness of the Audit Panel.

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Recruitment of External Member to the Audit Panel

The Corporate Assurance Manager reminded the Panel that Dr. Bill Smith's term as External Member on the Audit Panel had ended on 30th March. He reported that a recruitment exercise to appoint his successor had now been initiated and that it would be necessary to appoint two Members to participate in the short-listing process and interviewing panel.

After discussion, the Panel agreed that the Chairman (Alderman Rodgers) and Councillor Mullan (or their nominees) sit on the interviewing panel for the External Member. It agreed also that authority be delegated to the Selection Panel to offer the post to the most suitable candidate, with the Audit Panel being advised of the outcome of the recruitment exercise at its next meeting.

Review of the Effectiveness of Internal Audit 2010/2011

The Panel considered the undernoted report:

"1 Relevant Background Information

The Local Government (Accounts and Audit) (Amendment) Regulations (Northern Ireland) 2006 which came into effect during 2007/2008 make local government bodies explicitly responsible for their financial management, internal control and risk management systems.

The Regulations place four main requirements on authorities to:

- 1. ensure financial management is adequate and effective and establish a sound system of control including arrangements for the management of risk;**
- 2. conduct a review at least once a year of the effectiveness of the system of internal control;**
- 3. publish a statement on internal control * as part of the statement of accounts. This statement must be considered by a committee of the local government body, or by the members of the body meeting as a whole, and following that consideration, approved by the Chief Executive; and**
- 4. maintain an adequate and effective system of internal audit in accordance with proper practices (and ensure an annual review of the effectiveness of the system of internal audit).**

*** Now replaced by Annual Governance Statement**

- 1.2** In terms of the fourth requirement, this means that the internal audit function (which is provided by Audit, Governance and Risk Services) must work to professional standards and that the organisation should undertake an annual review of the effectiveness of the system of internal audit.
- 1.3** In a sense the Council is ahead of the Regulations, in so far as Audit, Governance and Risk Services (AGRS) has been working to professional standards for internal audit for a number of years.
- 4.3** Arrangements are in place to monitor the effectiveness of the internal audit function;
- the work of Audit, Governance and Risk Services may be relied upon by the Local Government Auditor as the basis for obtaining information / assurances around the Council's systems of internal control.
 - Effectiveness is also measured through management satisfaction questionnaires which AGRS issue at the end of each completed systems audit. Responses to these during 2010/11 have been positive and are recorded on a monthly basis on the Council's CORVU performance management system
 - The service reports regularly to a senior management Assurance Board and the Audit Panel on audit, governance and risk matters and routinely reports on its performance against key priorities and targets
 - The Service is subject to periodic external reviews.
- 1.5** In order to comply with the Regulations the Local Government Auditor has advised that councils in Northern Ireland should undertake a self-assessment of its service against a compliance checklist included in the CIPFA Code of Practice for Internal Audit in Local Government (2006) and that this assessment should be considered by the Audit Panel.

2 Key Issues

2.1 Annual Review of Effectiveness of internal audit 2010/11

We have completed the recommended self-assessment checklist, a copy of which has been circulated to Members, and our overall conclusion is that the internal audit service complies with the Chartered Institute of Public Finance and Accountancy Code of Practice for internal audit in local government

2.2 Issues Arising and Future Plans

In developing the Audit, Governance and Risk Services plan for 2011/2012, we have identified further scope for consulting with stakeholders on the effectiveness of our Service. During 2011/2012 we will be developing a communication/stakeholder engagement plan to enable further assurances to be obtained regarding the effectiveness of the service and also to identify areas for improvement. Customer service performance indicators for AGRS will continue to be recorded / reported on via the Council's CORVU performance management system.

2.3 The checklist asks a number of questions regarding the Panel (Committee's) review of key policies. Many of these were last reviewed between 2007 and 2009, but, with the formation of the new Audit Panel following the Elections a number of these policies will be updated and presented to the Panel for review / ratification:

- **Audit, Governance and Risk Services terms of reference**
- **Audit Panel terms of reference**
- **Risk management strategy**
- **Fraud policy**

2.4 With the recent departure of the Corporate Risk and Governance Manager the Service is re-examining its structure with a view to identifying efficiency savings and service improvements. This review will be completed during 2011/2012. The Service is also due to have an external review in 2011/2012 as this will be 5 years on from the last independent review.

3. Equality and Good Relations Considerations

There are no equality or good relations considerations relating to this paper.

4. Resource Implications

4.1 Financial

None.

4.2 Human Resources

None.

4.3 Asset and Other Implications

None.

5. Recommendations

The Panel is requested to:

- (i) note that a review of the effectiveness of the internal audit service has been undertaken and that this review confirms compliance with the CIPFA Code of Practice for Internal Audit in local government;
- (ii) approve the review of the effectiveness of the internal audit service, taking account of the completed checklist and the other arrangements for ensuring the effectiveness of the service, as highlighted in this report; and
- (iii) note that the main issues arising from this review (as set out at paragraphs 2.2. to 2.4) and that these issues will be addressed during 2011/2012.”

The Panel adopted the recommendations.

Audit, Governance and Risk Services Progress Report

The Panel considered a report outlining the work which Audit, Governance and Risk Services had undertaken between March and May, 2011. The Head of Audit, Governance and Risk Services reported that, during that period, audit reports had been finalised in relation to Household Recycling Centres/Civic Amenity Sites and the Community Safety Small Grants Scheme within the Waste Management and Environmental Health Services respectively. Audits of arc21, the Building Control Service, the North Foreshore, the Tall Ships 2009 event and of the governance arrangements relating to the Connswater Greenway Project were in progress, as was an audit of agency staffing and overtime working and key income/expenditure controls within the Parks and Leisure Department. Audits of accounts payable/accounts receivable, Building Maintenance, Community Services Grant Funding and financial control/governance arrangements within the Chief Executive's Forum were planned. In addition, a review of new business processes and controls relating to the implementation of the upgrade to the electronic leisure management system had been requested to be undertaken within the Parks and Leisure Department.

In terms of fraud investigative work, he reported that the Northern Ireland Audit Office had issued recently its first public report on the National Fraud Initiative, which had been undertaken to assist public bodies in identifying fraudulent and duplicate transactions using sophisticated data matching techniques. He pointed out that the report, which related to a comparison of data in 2008/2009, had identified no specific instances of fraud relating to the Council. He provided also details of fraud investigation work being undertaken internally by Audit, Governance and Risk Services and informed the Panel that fraud awareness training which had been delivered by the Service over the course of the past two years had now been integrated into the corporate Manager and Officer Training Programme. That training would include the communication of key messages in relation to fraud, whistle-blowing and good governance and would emphasise areas where compliance with key controls was required. He highlighted also the work being undertaken in relation to business continuity management, pandemic planning and risk management.

The Panel noted the information which had been provided.

**Update on Facility Management Agreements –
Parks and Leisure Department**

(Mr A. Hassard, Director of Parks and Leisure, attended in connection with this item.)

The Panel considered the undernoted report:

“1. Relevant Background Information

- 1.1 As Members may be aware Audit, Governance and Risk Services has recently undertaken an audit in Parks and Leisure Department which examined the operation of Facility Management Agreements (FMA) in Parks and Leisure.**

- 1.2 At the last meeting of the Audit Panel, the Head of Audit, Governance and Risk Services reported on this audit and indicated that a number of recommendations for improvements had been made. He advised that managers had accepted the recommendations and had drafted an action plan to address the issues, outlining agreed actions, responsible officers and dates for implementation.**
- 1.3 He reminded the Members that a report was submitted every six months to the Audit Panel providing information on agreed recommendations across Departments which had not been implemented within a reasonable timescale and pointed out that any outstanding issues relating to Facilities Management Agreements would, as a matter of course, be included therein.**
- 1.4 After further discussion, the Panel noted the information which had been provided and agreed, in view of the concerns which had been expressed in relation to the review of Facilities Management Agreements within the Parks and Leisure Department, that Audit, Governance and Risk Services monitor that Department's compliance with the recommendations for the next Audit Panel meeting and, thereafter, every thirty days, until such times as it was satisfied that the issues had been addressed.**
- 1.5 The purpose of this report is to provide an update on the actions that management has taken to address the recommendations made in the audit report.**

2. Key Issues

- 2.1 Parks and Leisure administer 18 Facility Management Agreements which are legal agreements entered into with community based organisations and sporting groups. The key issue is that the Council needs to ensure that these organisations deliver services in line with the legal agreements. The majority of issues highlighted by the audit related to weaknesses in the process of monitoring and compliance with these agreements. Details in relation to key areas that the recommendations covered and the action taken to date by Parks and Leisure management is set out below and provided in greater detail in the Facility Management Agreement Action Plan, a copy of which has been circulated to Members.**

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- 2.2 In summary, to comply with the findings and recommendations of the most recent Audit Governance and Risk Services Facility Management Agreement audit report an action plan was agreed to address the key issues that needed to be addressed. A copy of the action plan is attached and includes an update on each of the identified actions.**
- 2.3 General recommendations update - The appointment of the Open Space and Active Living Manager to lead on Facility Management Agreements has ensured that clearly defined monitoring and compliance systems and processes are being introduced, assessed and developed.**
- 2.4 The Audit report has recommended that given the nature of the risks, a dedicated resource is put in place to manage the key risks. It is expected that the Operational Development Unit (ODU) review of Outdoor Leisure which has commenced in May will enable this recommendation to be acted upon. Community Services has such a resource in place.**
- 2.5 Management, Maintenance and Bookings to come back in-house – In the context of the pitches strategy considered by the Parks and Leisure Committee, the Departmental Management Team have considered the implications of this proposal. As a result they will be recommending to the Parks and Leisure Committee in June to continue the current Facility Management Agreements in the interim. If this recommendation is accepted, the Clubs and organisations involved will continue to be responsible for specified management, maintenance operations and for bookings in the short term.**
- 2.6 The Department will then commence a review of all the Facility Management Agreements involving consultation with Clubs and Members, to develop proposals to be reported to Committee in October. This report should enable informed decisions to be made regarding the future of Facility Management Agreements including deciding if aspects of their management should return to direct Council management.**
- 2.7 A Working Group of staff associated with FMAs will review the information, processes and systems and examine opportunities for development and improvement.**

- 2.8 **Lack of Monitoring and Compliance** - There is a new coordinated, more robust monitoring system being developed and implemented. A programme of compliance audits is being drawn up and a process for identifying issues and following up on them is being established, along with a non compliance escalation process. The arrangements being put in place should ensure consistency in approach and analysis. Evidence is being collated to demonstrate that effective monitoring is in place.
- 2.9 **Child Protection and Safety** – After discussions with the Council's staff from Community Services, who are the advisors on Child Protection, all Facility Management Agreement Clubs and organisations were asked to have a Child Protection policy in place. All the Clubs now have this in place. A new Departmental guidance notes has been produced on the protection of young children and vulnerable adults. The draft document will now be submitted to the Departmental Management Team and Legal Services to evaluate, approve and ensure it is line with best practice. Legal Services will need to assess the guidance note to advise if the child protection measures required from the Clubs meet the agreement terms and conditions. A copy of the guidance note had been forwarded to the Panel.
- 2.10 **Reporting of Accidents, Incidents and Dangerous Occurrences** – For the first quarter of financial year 2010 – 11, more rigorous monitoring of agreements should ensure that all such incidents are reported to the Council by Clubs and organisations. A range of checks to further validate the information supplied for 2010-11 is underway e.g. checking with the Workplace Health Unit reports.
- 2.11 **Control of Income and Expenditure** – Clubs have been asked to provide a financial report for the year 2010-2011. All but 3 Clubs/organisations to date have provided this information. The non compliance of the Clubs concerned is being followed up. Business Support is to audit the returns shortly, and any issues highlighted will be followed up. All the Clubs have reported on their usage figures for last year, and up to April 2011.
- 2.12 **Annual Evaluation Report** – As highlighted in the last Audit report there were areas of weakness in the scrutiny of Clubs in 2010–2011 and in the data collected. However an annual evaluation report has been drawn up and will be submitted to Committee in August. It is proposed that this year a review of FMAs takes place in the coming months which will be submitted to political scrutiny to inform Council policy.

However, an annual evaluation report collecting more relevant evidence going forward will enable more responsible decision making and regular Council input into the status of FMAs.

3. Equality and Good Relations Considerations

3.1 There are no equality or good relations considerations relating to this policy.

4. Resource Implications

4.1 Financial and Human Resources

There are financial and human resource implications arising from the Department's and Audits requirements to demonstrate more rigorous monitoring and management of the key risks associated with FMA. Assistance is currently being provided by an agency member of staff. ODU are reviewing the Unit and will make a recommendation to Committee of an appropriate structure / role for the Outdoor Leisure Unit.

4.2 Asset and Other Implications

Currently none.

5. Recommendations

5.1 The Audit Panel is requested to note the progress being made of the management of the risks associated with Facility Management Agreements and the proposal of a process to present finding to the Parks and Leisure Committee regarding future options for Facility Management Agreements."

The Panel adopted the recommendation and noted that a progress report on the operation of the Facility Management Agreements would be submitted to its next meeting.

Corporate Health and Safety Update

The Panel considered the undernoted report:

“Relevant Background Information

Health and safety (H&S) is an important issue in any workplace. In addition to the legal duties under the Health and Safety at Work (Northern Ireland) Order 1978, there are moral and financial considerations. Legally, all employers must provide a safe and healthy working environment for their employees and those affected by their undertaking (which include contractors and members of the public).

This report seeks to update the Audit Panel on improvements to Corporate Health and Safety during 2010/2011 and the priorities for 2011/2012

Key Issues

Improvements / Activity during 2010/2011

Health and safety inspections

The Workplace Inspection and Risk Evaluation System (WIRES) is a combined health and safety audit and inspection programme which was introduced to the Council in 2010/2011. The programme incorporated 21 health and safety standards which are based on both legislative requirements and Belfast City Council Health and Safety Policy requirements.

All Council buildings were inspected under the system by the Corporate Occupational Health and Safety Unit (COHSU) between June, 2010 and March, 2011. This amounted to 45 high risk premises and 82 medium risk premises. The lower risk premises (open spaces) will be incorporated into the 2011/2012 programme.

There were 97 requirements assessed in each inspection and recorded as either compliant, partially compliant and non compliant. The overall results are set out below:

	No. of requirements assessed as compliant	No. of requirements assessed as partially compliant	No. of requirements assessed as non compliant
High risk premises (45)	3909 (90%)	326 (7%)	130 (3%)
Medium risk premises (82)	6804 (85%)	689 (9%)	461 (6%)

Action plans have been developed to address these compliance issues. Progress with these plans will be formally monitored during 2011/2012 using the Council's Corvu performance management system.

Health and Safety Committees

The Council developed and approved a new Workplace Health and Safety Committee structure to enhance health and safety communication through the organisation during 2010/2011. Workplace health and safety committees are a primary method of ensuring that effective employer / employee consultation is both implemented and maintained and that the requirements of the Safety Representatives and Safety Committee Regulations are complied with.

The revised Corporate Health and Safety Committee will hold its first meeting in September 2011. The Committee will be chaired by the Town Solicitor and Assistant Chief Executive and will consist of the Head of Audit, Governance and Risk Services, Corporate Health and Safety Manager, full time Trade Union Co-ordinator and representatives from each of the six departmental committees and the recognised trade unions.

Health and Safety Assurance Board and Assurance Framework

The Health and Safety Assurance Board (comprising the Town Solicitor and Assistant Chief Executive and the Directors of Finance and Resources and Health and Environmental Services) continued to meet proactively on a monthly basis. The Board provides leadership on health and safety matters and communicates same to the Chief Officers Management Team. This leadership has been key to the improvements during 2010/2011 and the strong direction of health and safety activity planned for 2011/2012.

A new Assurance Framework for corporate health and safety was developed and approved by the Assurance Board and Audit Panel during 2010/2011.

Priorities / Activities for 2011/2012

The Corporate Health and Safety priorities which have been set by the COHSU and agreed by the Health and Safety Assurance Board for 2011/2012 include:

- Implement revised Safety Committee structure
- Implement approved Health and Safety Assurance Framework
- Review Council Health and Safety Policies and Procedures
- Review stress audit / management programme
- 5% reduction in workplace accidents and RIDDOR accidents

Review of Safety Inspection System

During April, the Health and Safety Assurance Board undertook a review of the first year of the WIRES inspection programme. A number of recommendations have been made, including greater focus on non premises based work activities and monitoring of health and safety actions. These will be incorporated into the annual audit and inspection programme for 2012. A new performance indicator of ‘% implementation of agreed health and safety recommendations’ has been introduced to follow up actions in a timely manner. Regular updates will be provided to the Assurance Board / Audit Panel.

Resource Implications

No significant resource requirements

Equality Implications

None

Recommendation

The Audit Panel is requested to note the progress report.”

Noted.

Attendance Management

(Ms. J. Minne, Head of Human Resources, attended in connection with this item.)

The Audit Panel noted the contents of a report providing information in respect of the year-end absence figures for 2010/2011 and recommended that the Strategic Policy and Resources Committee, at its meeting on 17th June, in considering the report, approve the proposed target absence figure of 10 days per full-time equivalent for 2012/2013.

Staff Numbers, Overtime and Agency Staff

The Panel considered the undernoted report:

“Purpose of report

This report:

- Provides information on staff numbers for the council’s seven departments at quarter four 2010/2011 and compares them to the same time last year (quarter four 2009/2010)
- Compares overtime costs for the period April 2010 to March 2011 to the same time last year (April 2009 to March 2010)
- Compares agency costs for the period April 2010 to March 2011 to the same time last year (April 2009 to March 2010)

Relevant Background Information

- On 15th February, 2010 the Audit Panel agreed that reports on staff numbers, overtime and agency costs should be reported to the Panel on a quarterly basis starting from quarter four 2009/2010.
- On 7th March, 2011 the Audit Panel approved a revised reporting framework to take effect from Quarter one 2011/2012.
- At the same meeting the Panel requested that future reports on overtime costs are provided on a unit by unit basis.

Year-end figures 2010/11

Appendix 1 provides information on the following:

- The average number of people in post at quarter four 2010/11 at corporate and departmental level compared to numbers for the same period last year.
- Agency cost at corporate and departmental level for period April 2010 to March 2011 compared to the same period last year.

Appendix 2 provides information as follows:

- The cost of overtime at corporate, departmental and service level for the period April 2010 to March 2011 compared to the same period last year.

People in post

- The average number of people in post at quarter four of this year is 2363 compared to 2444 for the same time last year (quarter four 2009/10)
- This represents an overall net decrease of 80 or (3.37%) this year.
- Voluntary redundancy exercises resulted in 53 posts being deleted from structures and the post holders released on voluntary redundancy.
- In addition, a more robust approach to vacancy control has been implemented.

Agency costs

- Agency costs for the period April 2010 to March 2011 is £3,843,782
- Agency costs for the same period previous year (April 2009 to March 2010) was £3,827,922
- This represents an increase of £15,860 this year
- Two departments reported an increase in agency spend compared to the same time last year, Chief Executive's and Property and Projects.

The increase in Chief Executives and Property and Projects is because the departments are using temporary agency staff to cover maternity leave, secondments and temporarily vacant posts.

Overtime costs

- Overtime costs for the period April 2010 to March 2011 is £4,654,207
- Overtime costs for the same period previous year (April 2009 to March 2010) was £4,743,765
- This represents a reduction of £89,558 this year.
- 80% of the Council's overtime costs in 2010/11 were in Health and Environmental Services and Parks and Leisure.
- These are frontline departments providing essential services that often require staff to work outside the normal working day to meet the needs of our customers. The majority of overtime is therefore worked by lower paid staff.
- As part of the improvement agenda within Parks and Leisure, a detailed action plan has been developed to address the levels of overtime and agency within the department which will include the recommendations from the recent AGRS report.

Next steps

- During 2011/12, we intend to roll out the Clockwise system to Community, Leisure and the Waterfront Hall. This will complete the corporate rollout of the system and will provide us with comprehensive automatic information on overtime hours worked across the council.
- As part of the efficiency programme, the council is undertaking a detailed analysis of all its employee costs including overtime and agency costs and we will work with elected members and trade unions to develop options. This is with the aim of confirming if the services carried out through overtime/agency are necessary and if so, to develop options, which may include the recruitment of more staff to reduce these costs without adversely affecting essential services to the public.

Recommendation

The Audit Panel is asked to note the quarter 4 figures for staff numbers, agency and overtime costs.

APPENDIX 1 - Staff numbers and agency costs at end of March, 2011

People in Post	Average Number of People in Post Last Year (Q4 2009/10)	Average Number of People in Post This Year (Q4 2010/11)	Variance
BCC	2444	2363	-80
Chief Executive's	104.6	109.3	+4.7
Finance and Resources	261.5	236.0	-25.5
Health & Environmental Services	867.4	855.7	-11.7
Parks and Leisure	647.6	633.3	-14.3
Development Department	276.8	270.0	-6.8
Property and Projects	285.8	259.0	-26.8
Agency Costs	Agency Costs Last Year April 2009 to March 2010	Agency Costs This Year April 2009 to March 2010	Variance
BCC	£3,827,922	£3,843,782	£15,860
Chief Executive's	136,800	190,347	53,547
Finance and Resources	168,336	163,770	-4,566
Health & Environmental Services	1,190,359	1,161,482	-28,877
Parks and Leisure	1,513,475	1,507,389	-6,086
Development Department	515,031	488,559	-26,472
Property and Projects	303,921	332,235	28,314

**APPENDIX 2 - Overtime costs for the period April 2010 to March 2011
compared to same period last year**

	Overtime costs last year April 2009 to March 2010	Overtime costs this year April 2010 to March 2011	Variance
BCC	£4,743,765	£4,654,207	-£89,558
Chief Executive's	61,892	58,381	-3,511
Corporate Communications	3,344	538	-2,806
Democratic Services & Lord Mayor's Unit	39,826	41,943	2,117
Good Relations	6,637	2,149	-4,488
Business Support	12,085	13,751	1,666
Finance and Resources	69,279	58,826	-10,453
Human Resources	240	0	-240
Financial Services	24,426	12,747	-11,679
ISB	44,025	46,079	2,054
Audit, Gov & Risk Services	228	0	-228
Projects & Corp. Systems	360	0	-360
Health & Environmental Services	2,095,850	2,025,951	-69,899
Environmental Health Services	95,492	113,543	18,051
Building Control	48,235	61,104	12,869
Cleansing	1,667,708	1,687,714	20,006
Waste Management	284,333	163,359	-120,974
Directorate Support	82	231	149
Parks and Leisure	1,643,126	1,672,480	29,354
Leisure	838,530	843,389	4,859
Parks & Cemeteries	802,559	826,551	23,992
Directorate Support	2,037	2,540	503
Development Department	346,917	323,016	-23,901
Economic Initiatives	14,306	27,565	13,259
Waterfront & Ulster Hall	201,963	164,614	-37,349
Community	119,339	127,163	7,824
Directorate Support	11,309	3,674	-7,635
Property and Projects	526,701	515,553	-11,148
Core Improvement Team	132	689	557
Procurement	304	122	-182
Project Management	161	0	-161
Facilities Management	526,104	514,742	-11,362"

**Audit Panel,
Thursday 9th June, 2011**

During discussion, the Director of Finance and Resources pointed out that the issue of overtime working was being addressed as part of the Council's ongoing efficiency savings programme and that an update on the measures being considered to reduce costs would be submitted to the next meeting.

The Panel noted the information which had been provided.

Director of Finance and Resources – Ms. Julie Thompson

The Panel was advised that this would be the last meeting which would be attended by the Director of Finance and Resources as she would be leaving the Council at the end of June to take up a post in the Department of Health, Social Services and Public Safety. The Panel thanked the Director for the valuable contribution which she had made in managing the Council's finances and wished her every success in the future.

The Director thanked the Members for their kind wishes and stated that she was appreciative of all their support and assistance during her time with the Council.

Date of Next Meeting

The Panel agreed that its next meeting would take place in the Lavery Room at 1.00 p.m. on Wednesday, 14th September.

Chairman