

Audit Panel,
Tuesday, 13th March, 2012

BF/CC/JT

Audit Panel

Tuesday, 13th March, 2012

MEETING OF AUDIT PANEL

Members present: Alderman Rodgers (Chairman);
The High Sheriff (Alderman M. Campbell);
Councillors Jones, Lavery and Mullan
and Mr. D. Bell.

In attendance: Mr. R. Cregan, Director of Finance and Resources;
Mr. A. Wilson, Head of Audit, Governance and
Risk Services;
Mr. M. McBride, Head of Finance and Performance;
Mr. A. Harrison, Audit, Governance and Risk
Services Manager;
Ms. C. O'Prey, Audit, Governance and Risk
Services Manager;
Mr. T. Wallace, Financial Accounting Manager;
Mr. R. Allen, Director, Northern Ireland Audit Office;
Mr. S. Knox, Audit Manager, Northern Ireland Audit
Office;
Mr. B. Mitchell, Northern Ireland Audit Office; and
Mr. B. Flynn, Democratic Services Officer.

Apology

An apology for inability to attend was reported from Alderman Smyth.

Minutes

The minutes of the meeting of 13th December were taken as read and signed as correct.

Declaration of Interest

No declarations of interest were reported.

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Report to those charged with Governance 2010/2011

The Panel was advised that the Local Government Auditor had issued the Council with his 'Report to those charged with Governance Audit Results' for the 2010/2011 financial year. The report provided a summary of the Auditor's findings which had been identified as a result of his audit and included a number of recommendations for implementation. A full copy of the report was available on the Council's [Modern.gov](#) system.

The Director of Finance and Resources indicated that, arising from the report, the Local Government Auditor had expressed overall satisfaction with the Council's financial management arrangements for the year 2010/2011. He reported that three of the sixteen associated recommendations which had been made by the Auditor had been considered as 'Priority One' in nature, in that they were considered as "fundamental weaknesses" which required immediate attention by the Council. He explained that these matters related to overall procurement procedures and that the Council, through its review of procurement, was acting to address any perceived areas of weakness. He pointed out also that, as part of this review, the Council had recently appointed a Head of Contracts and part of the duties associated with that position would be to oversee current procedures and implement any changes deemed appropriate to comply with the Auditor's findings.

The Director pointed out that the remaining thirteen of the Auditor's recommendations for action were considered to be 'Priority Two' matters viz., "weaknesses which were not fundamental, but which should be addressed as soon as possible". The Director proceeded to outline the steps which had already been taken to address the issues raised and he indicated how additional measures would be implemented to address outstanding issues in the forthcoming year. He indicated that a further report in this regard would be presented to the Audit Panel at its meeting in September.

During discussion, the Panel welcomed the overall findings of the report and, arising from discussion, officers outlined the arrangements which had been put in place to address the level of 'copy invoices' which the Council's Central Transactions Unit processed for payment; the steps which would be implemented to streamline the issuing of payments to suppliers; the ongoing review of Council governance arrangements and the formulation of a Members' declarations policy; and clarified the current position in respect of projected costs which would be incurred by the Council in landfill capping at the Dargan Road site.

After discussion, the Panel agreed to note the contents of the report and noted that further updates would be provided in respect of the steps which would be taken to address the recommendations within the Auditor's report.

Belfast City Council Annual Audit Letter 2010/2011

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The Panel considered the undernoted report which outlined the key aspects of the Council's Annual Audit Letter for 2010/2011 which was received from the Local Government Auditor on 7th March. A copy of the Audit Letter was appended to the report and available on the Council's Modern.gov site. In addition, it was noted that the Audit Letter would be forwarded to each Member of the Council and would be published for inspection on the Council's website:

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“Relevant Background Information

As an independent auditor of the Council, the Local Government Auditor seeks to examine that the Council has managed its affairs having regard to a combination of economy, efficiency and effectiveness and that public money is properly spent or in the case of income properly accounted for. The Annual Audit Letter is issued under Article 13 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006. The Regulations require the Council to publish this Annual Audit Letter as soon as reasonably possible.

Key Issues

1. Accounts Adjustments

The Chief Local Government Auditor had noted a number of minor and material adjustments to the draft accounts as a result of his audit work and these were reported to, and discussed at the Audit Panel at its meeting on 13th December, 2011. The accounts for 2010/2011 were given an unqualified opinion.

2. Financial Standing

The Chief Local Government Auditor has indicated that the Council’s financial standing is satisfactory, with a District Fund balance of £10.4m representing 8.6% of net operating expenditure has plans to increase the District Fund Balance.

3. Absenteeism

The absenteeism quoted in the report is the three year average figure). The annual rate of absenteeism has shown a decrease of 1.91 days from 2009/10. Average number of days sickness absence per full time employee

2008/09	2009/10	2010/11
11.22	12.22	10.31

The effective management of attendance is a continuing key priority for the Council.

4. Waste Minimisation and Recycling

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The Local Government Auditor has noted that there is some provision for the re-allocation of allowances, but has sought assurance that the Council has given careful consideration to the risk of incurring penalties under the Landfill Allowance Scheme.

Belfast City Council has been working with arc21 to mitigate risk associated with NILAS. Indications are that BCC will meet its individual NILAS allowance until the next step change in 2013, however the award of the arc21 residual waste contract is anticipated in 2012. This will provide residual waste treatment facilities based on Mechanical Biological Treatment (MBT) and Energy from Waste (EFW) facilities and will include interim arrangements to meet targets from 2013/14. It is vital that this significant procurement process being undertaken by arc21 is progressed to a successful conclusion within the planned timescales.

The Council has also established an Internal Waste Programme Board comprising of the Director of Finance and Resources, Director of Legal Services and the Director of Health and Environmental Services who will provide internal governance over the Council's input to the arc21 procurement exercise and the development of the Council's Zero Waste Action Plan and its integration with the Strategic Waste Financial Plan. These plans will enable the Council to demonstrate best endeavours to divert as much waste as reasonably practicable from landfill over a planned period and ensure that the legal targets are met.

5. Payment of invoices

In November 2008 the Minister at the Department of Finance and Personnel reduced the target for the payment of invoices by the public sector from 30 days to 10 days. While district councils have not yet been formally required to comply with this target, the Chief Local Government Auditor is encouraging the Council to review its arrangements in this regard and to have in place steps for measurement against such a target. As reported in our annual accounts for 2010/11 the Council average for the year was 21.75 days.

Recommendation

The Audit Panel is requested to note the comments and review the Annual Audit Letter."

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After discussion, the Panel noted the contents of the report and the associated Annual Audit Letter and noted also the Local Government Auditor's satisfaction at the manner in which the Council's had managed its financial affairs during 2010/2011.

Update on Corporate Risk Management

The Panel considered the undernoted report:

“1 Relevant Background Information

The Audit Panel, at its meeting on 15th February 2010, agreed that risk reports should be made to the Corporate Management Team and the Audit Panel on a quarterly basis starting from quarter one 2010/2011. This report addresses these requirements.

Specifically, the purpose of this report is to:

- report to the Audit Panel on the operation of the assurance processes over the arrangements for the management of risk for the quarter ending December 2011
- present the Corporate Risk Register for their review and information
- highlight any risk matters that require Audit Panel direction including any emerging risks

Risk Management is a statutory requirement, the Local Government (Account and Audit) Regulations 2006 and subsequent Local Government (Account and Audit) (Amendment) Regulations 2006 sets out that:

‘A local government body shall ensure that its financial management is adequate and effective and that it has a sound system of internal control which facilitates the effective exercise of its functions and includes arrangements for the management of risk’.

In addition, the legislation requires the Council to report on the arrangements in place for managing risk as part of the Annual Governance Statement which forms a key part of the Statutory Accounts.

2 Key Issues

1. Assurance on the Management of Risk

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Each of the 14 risks in the corporate risk register has a Chief Officer as a nominated Risk Owner who is responsible for ensuring that the risk is managed effectively and evidenced as such in the relevant departmental risk action plans. A number of corporate risks apply to all departments and so are managed through all of the departmental registers, these relate to the following risk areas:

- management of financial resources
- management of staff resources
- demonstration of good corporate governance
- RPA
- health and safety
- business continuity.

Management are responsible for ensuring that risks are properly identified, evaluated, managed and reviewed. In order to obtain assurance on the management of risk, on a quarterly basis each Chief Officer prepares and signs a quarterly assurance statement to:

- confirm compliance with risk management processes
- list the key risks that they have responsibility for managing (corporate risks and 'red' departmental risks)
- confirm that there are appropriate action plans in place to manage these risks
- identify any proposed actions and, where applicable, explain any slippage
- provide a formal assurance that the risks are being managed

This quarterly statement reinforces accountability for risks, increases the visibility of risks and provides assurance on the management of risk.

AGRS can confirm that, for the quarter ending December 2011, all Chief Officers have signed assurance statements confirming that the corporate, departmental and operational risk registers and action plans have been reviewed and updated and that they are content that overall the Council's agreed risk management processes, as set out in the Council's risk management strategy and supporting guidance, are being complied with.

2. Corporate Risk Register

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Chief Officers have reviewed the Corporate Risk Register at CMT on 8 February 2012 and confirmed that it reflects the key corporate risks.

3. Emerging Risks

For the quarter ending December 2011, our review meetings with individual Directors to discuss the management of corporate risks identified the following new risk for inclusion within the Corporate Risk Register:

- Failure to effectively deliver the Investment Programme.

On 8th February 2012, CMT agreed that this is a corporate risk. The Risk Owner is the Chief Executive, supported by the Director of Finance and Resources and a risk action plan will be developed for this risk.

4. Departmental Risk Champions

From 1st April 2012, in line with best practice, each Chief Officer has agreed to take on more direct responsibility for the operation of the risk management process for their department. This will be enabled through the nomination by Chief Officers of departmental risk champions (see table below) who will be supported by AGRS. An overview of the proposed risk management process is set out at appendix 2.

Department Chief Executive's	Nominated Risk Champion Sean McCarthy, Departmental Business Manager
Development	David Orr, Business Support Manager
Health and Environmental Services	David Cartmill, Departmental Policy Manager
Finance and Resources	Jane Hewitt, Business Coordinator
Parks and Leisure Property and Projects	Jacqui Wilson, Business Manager Maggie McNally, Strategic Programme Manager

5. Risk Management System

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Following approval from Strategic Policy & Resources Committee on 20 January 2012 for the purchase of an integrated action tracking system, AGRS is currently drafting up a project initiation document and statement of requirements for the risk management module of this system. The role of the departmental risk champions will be taken into account when specifying the requirements for the new system.

6. Business Continuity Management

Business continuity is a risk within the Corporate Risk Register. One of the key means that Members and Chief Officers can gain assurance over the arrangements we have in place to manage a disruption to our services, is that the BCM plans are up to date and have been exercised (at least annually) to ensure their effectiveness.

AGRS can confirm that of the 15 critical services, 11 have carried out an exercise to test their business continuity management plans with the remaining 4 critical services having confirmed that they have scheduled an exercise before the end of March 2012.

7. Pandemic Planning - Update

The current pandemic alert level 3 (of 6), while not causing alarm, does according to the WHO "correlate with preparedness, including capacity development and response planning activities". This means that the Council has a responsibility to ensure that there are good plans in place to manage the effects of a pandemic, should there be one.

To this end, AGRS has:

- asked each critical service to review and update their pandemic plans, which set out how they will deliver their service in the event of a pandemic, by 31 March 2012
- contacted DHSSPS with a request that AGRS is included on their pandemic circulation lists.

3 Recommendation

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

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Ms. O' Prey, Audit, Governance and Risk Services Manager provided an overview of the report and indicated that Chief Officers had identified an additional risk to be escalated to the Corporate Risk Register viz., "Failure to effectively deliver the Investment Programme" which had been launched in February, 2012. In addition, she outlined the training and other support which Audit Governance and Risk Services would provide to the nominated risk champions within Departments of the Council to enable them to carry out their role in an effective manner.

After discussion, the Panel welcomed the additional steps taken to manage risk across the Council and noted the contents of the report.

Update on Corporate Health and Safety

The Panel considered the undernoted report:

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“Relevant Background Information

Health and safety 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 progress with health and safety priorities set for 2011/2012.

Key Issues

Health and safety inspections

The Council’s health and safety inspection system for 2011/12 is on target for completion at the end of March 2012. Inspection reports are in the process of being issued to departments and progress with the completion of health and safety actions will be monitored corporately through the Council’s CORVU performance management system.

The Council has a key performance indicator for the completion of 80% of the health and safety recommendations arising from the 2010/11 inspection programme by the 31st March 2012. Good progress has been made in closing out these actions during the year and the completion rate has risen from 44% at Quarter 1 to 75% at the end of Quarter 3. It is anticipated that the 80% target will be achieved by year end.

Health and Safety Committees

The new Health and Safety Committee structure is now fully operational with the exception of the Parks Committee and Leisure Committee which have yet to merge into one departmental Committee. Departmental and the Corporate Committees are meeting on a quarterly basis with active involvement by both the Trade Unions and Management.

Review of Council health and safety policies and procedures

The review of the Council health and safety policies and procedures is ongoing with 17 codes of practice reviewed. These amendments

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will be forwarded to the appropriate Health and Safety Committees and Council Committees for consultation / approval over the next six months. A further 7 codes of practice are to be reviewed.

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Reduction in workplace accidents

A 5% reduction target has been set for workplace accidents during 2011/12. A programme of work is being finalised to review slip accidents within leisure centre wet areas and also to increase manual handling training and assessment for employee activities during 12/13.

Areas of work for 2012/2013

The following is an overview of the health and safety activity which will be taking place in 2012/13:

External Review of health and safety management arrangements

An external review of the Council's Health and Safety Management arrangements is being organised by the Internal Audit unit for the early part of 2012/13 in accordance with their audit plan. The purpose of the audit is to provide independent assurance to Members and senior management regarding the risk management, control and governance arrangements pertaining to health and safety.

Stress Management

Stress, depression and anxiety continues to be the largest cause of absence within the organisation. A programme of work is being developed by the COHSU in conjunction with the Corporate Human Resources to address this. This will look at stress training for managers; emotional wellbeing training for staff; and early identification and intervention within units with increasing stress related absence levels.

Health and safety training provision

The COHSU delivers an extensive programme of health and safety training for staff. It has been over five years since this training was last comprehensively reviewed and hence it is timely that this be looked at to ensure that it is fit for purpose and making the best use of limited financial and staff resources.

Recommendation

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

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The Panel noted the information which had been provided and welcomed the measures which the Council had taken to address formally the issue of stress in the workplace.

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Audit, Governance and Risk Services - Progress Report

The Panel considered the above-mentioned report which provided an overview of the work activities of the Audit, Governance and Risk Services Unit.

Mr. Harrison, Audit, Governance and Risk Services Manager, provided an overview of the work ongoing regarding internal audits and the implementation of recommendations which had arisen from previous audits and answered a number of Members' queries in relation thereto. In response to one of the questions, Ms. O'Prey, Audit Governance and Risk Services Manager, outlined the work which the Service would undertake in relation to the Connswater Community Greenway project in terms of assisting with the development of the new project governance arrangements in addition to other work relating to external funding.

Noted.

Belfast City Council - Audit Recommendations Monitor

The Panel considered the undernoted report:

“1. Relevant Background Information

- 1.1 The Audit Panel's terms of reference include provision for it to “consider reports from Audit, Governance and Risk Services on agreed recommendations not implemented within a reasonable timescale.” The purpose of this report is to provide an update on the implementation of audit recommendations.**
- 1.2 At the Audit Panel meeting in December 2011 Members received a report on the number of high priority recommendations which had not been fully implemented and had been outstanding for more than 6 months. These are recommendations which relate to issues where significant risk exposure has been identified arising from weaknesses in the systems to identify, assess, manage and control risk. The report had shown that there were 31 high priority recommendations outstanding in December 2011 (compared to 48 in September 2011). At the request of the Panel we have completed a further review of the status of these recommendations.**
- 1.3 In addition to the information requested by the Panel, as set out above, we have also completed our scheduled 6 monthly**

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**review of the status of all audit recommendations outstanding
for more than 6 months.**

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2. Key Issues

- 2.1** Of the 31 high priority audit recommendations outstanding (i.e. partially implemented or not implemented) as at December 2011, 10 have been fully implemented, meaning that 21 are outstanding, of which 16 have been partially implemented. The table at Appendix 1 to this report provides more detail. The main areas of progress relate to treasury management and waste management.
- 2.2** The scheduled 6 monthly review of the status of all audit recommendations outstanding for more than 6 months was undertaken during February 2011. At the start of the exercise our records had shown that there were 230 recommendations open. As a result of action taken by management we have been able to verify that this figure has now fallen to 134 recommendations. More detail is provided in the report at Appendix 2.
- 2.3** AGRS has now embarked upon a project to automate the recommendation monitoring and reporting process (known as an action tracking system), the risk management and audit working paper / management processes. The procurement and implementation of this system and related processes is a priority for the Service and work will be ongoing over the next few months. Given this resource commitment we propose to next report back to the Audit Panel on the implementation of recommendations in September, 2012.

3. Recommendation

- 3.1** The Audit Panel is requested to note the attached audit recommendations monitoring report and note that action is being taken to address outstanding recommendations.”

Appendix 1 –

Audit Recommendations Monitor

Update on High Priority Recommendations

1 Introduction

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- 1.1 **Audit, Governance and Risk Services (AGRS) is responsible for providing independent assurance on the Council's systems of internal control. We fulfil this role by undertaking a cyclical plan of audit work, issuing audit reports and, where necessary, making recommendations for improvements.**
- 1.2 **AGRS has implemented a process whereby the implementation status of agreed internal and external audit recommendations is reviewed every 6 months. This process is designed to give an assurance that agreed audit issues are being addressed in timely way and that improvements to the control environment are being made. The process also enables specific areas of concern to be highlighted to Members and management, so enabling action to be taken where required.**
- 1.3 **At the December 2011 meeting, Members expressed concern at the number of high priority recommendations which had not been implemented and had been outstanding for more than 6 months. In total, there were 31 of these recommendations (down from 48 as reported in September 2011). High priority recommendations are those which relate to issues where significant risk exposure has been identified arising from weaknesses in the systems to identify, assess, manage and control risk.**
- 1.4 **In the light of Members' concerns a further review of the status of these 31 recommendations was undertaken in February 2012. AGRS has liaised with representatives from each Department within the Council to ascertain the current status of these recommendations. The results are shown below.**

2. Status as reported to Audit Panel in December 2011

Table 1 (below) shows the position reported to the Audit Panel in December 2011.

Department	Partially Implemented	Not Implemented	Total Recommendations Outstanding
Chief Executive's	0	0	0
Council Wide	6	2	8
Development	1	0	1
Finance & Resources	11	1	12
Health & Environmental	4	0	4

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Parks & Leisure	0	0	0
Property & Projects	4	2	6
TOTAL	26	5	31

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3. Updated Status – end February 2012

Table 2 (below) provides an update on the status of these recommendations. It shows that 10 of the 31 high priority recommendations open as at December 2011 have now been implemented and that 21 recommendations are still open.

Department	Partially Implemented	Not Implemented	Total Recommendations Outstanding
Chief Executive's	0	0	0
Council Wide	6	2	8
Development	0	0	0
Finance & Resources	5	1	6
Health & Environmental	1	0	1
Parks & Leisure	0	0	0
Property & Projects	4	2	6
TOTAL	16	5	21

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Table 3 (below) provides an analysis of the open recommendations by area.

Department	Partially Implemented	Not Implemented	Total Recommendations Outstanding
Council Wide			
Health & Safety	1	0	1
VFM Overtime	4	2	6
Risk Management	1	0	1
Total	6	2	8
Finance & Resources			
Income Collection & Debtors	1	0	1
Purchasing / Accounts Payable	1	1	2
Payroll	1	0	1
Computer Use & Legislative Compliance	2	0	2
Total	5	1	6
Health & Environmental			
Waste Management	1	0	1
Total	1	0	1
Property & Projects			
Procurement	1	1	2
Purchasing / Accounts Payable	2	1	3
St George's & Smithfields Markets	1	0	1
Total	4	2	6
TOTAL	16	5	21

Further explanation in relation to the main areas where recommendations are outstanding is provided below.

(a) Council Wide

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The outstanding recommendations mainly relate to overtime. A project is underway to analyse all direct employee costs to include overtime, agency, establishment and vacant posts and develop policies. The first stage of this analysis was completed in November 2011. A detailed project plan is being prepared, including the assignment of tasks to a project team. It is important to recognise that the number of outstanding recommendations does not reflect inactivity, more that some of the recommendations are conditional on developing and implementing the policy. This review is an important part of the agreed efficiency plan for 2012/13.

(b) Finance and Resources

A number of Treasury Management recommendations have now been closed with the implementation of new treasury management policies and procedures. Computer use issues relate to completing the implementation of encryption and device control on Council PCs which is in the process of being implemented in tandem with the Windows 7 roll-out project.

(c) Health and Environmental Services

A number of Waste Management recommendations have now been closed.

(d) Property and Projects

Following implementation of the SAP accounting system in 2007, considerable audit work was undertaken to review the new purchasing and accounts payable processes. The majority of the issues outstanding relate to aspects of the 'purchasing' end of the system including the development of a corporate procurement strategy, the need to ensure that financial / procurement systems are used to capture contract information in the Council and the need to monitor departmental contracts and limit orders. In addition, catalogues have been set up within SRM for a large proportion of the contracts to facilitate the preparation of purchase orders and the matching of invoices. The Department has indicated that these issues will be addressed following appointment of a new Head of Contracts and through the implementation of a procurement improvement project. It is also important to appreciate that improved procurement is a corporate issue rather than one which rests exclusively with the Council's Procurement Unit which

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**currently operates in an advisory capacity to spending departments
(who retain authority for procurement decisions in their own area).**

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“Appendix 2
Audit Recommendations
Monitor Update

(All recommendations)

1 Introduction

- 1.1 Audit, Governance and Risk Services (AGRS) is responsible for providing independent assurance on the Council's systems of internal control. We fulfil this role by undertaking a cyclical plan of audit work, issuing audit reports and, where necessary, making recommendations for improvements.**
- 1.2 AGRS undertook, with the agreement of the Audit Panel, to develop and implement a 'recommendations monitor' to enable the organisation to monitor, on a continuous basis, whether it has implemented the recommendations arising from audit reports and also to identify outstanding issues that still require attention.**
- 1.3 AGRS has liaised with representatives from each Department within the Council to ascertain the current status of recommendations which have remained “open” since the date of the last monitoring exercise, as well as recommendations which have fallen due during this period. This process also covered recommendations made in external audit (LGA) management letters.**
- 1.4 The purpose of this report is therefore to update the Audit Panel on the progress of implementation of audit recommendations and to report on those which were still outstanding as at end February 2012 and to promote where necessary the basis for “action plans” for Departments.**
- 1.5 Each recommendation agreed with management is assigned an implementation timescale. For the purposes of this report, a recommendation is classed as “outstanding” if it has still not been fully implemented and the original due date for implementation has passed. Only recommendations contained in reports which are more than 6 months old have been included in this report. Where outstanding issues have been identified, revised implementation dates have been determined after discussions with relevant management.**

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- 1.6 Recommendations for newly finalised audits will be added to the register on an ongoing basis.**

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Table 1 – Updated Position – end February 2012

Table 1 (below) shows, by Department, the number of audit recommendations that were open at the commencement of the recent review. The table then shows the progress that has been made to implement these recommendations and the outstanding recommendations as at the end of February 2012.

Department	Open Recs @ start February 2012	PROGRESS MADE		Outstanding Recommendations at end February 2012
		Fully Implemented	No longer applicable	
Chief Executive's and Legal	4	1	1	2
Council Wide	29	3	0	26
Development	25	22	1	2
Finance and Resources	60	23	4	33
Health and Environmental	36	26	2	8
Parks and Leisure	55	13	0	42
Property and Projects	21	0	0	21
Total	230	88	8	134
%	100%	38%	4%	58%

Table 2 – Outstanding Recommendations by Department at end February 2012

Table 2 below outlines the 134 outstanding recommendations at the end of February 2012 and further breaks these down into recommendations which have been partially implemented and those which have not been implemented. As we can see from the table, work had commenced to implement 102 of the 134 outstanding recommendations (approximately 76%) at the date of this report.

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Department	OUTSTANDING RECOMMENDATIONS @ END FEBRUARY 2012		Total Outstanding Recommendations at end February 2012
	Partially Implemented	Not implemented	
Chief Executive's and Legal	1	1	2
Council Wide	21	5	26
Development	0	2	2
Finance and Resources	21	12	33
Health and Environmental	6	2	8
Parks and Leisure	40	2	42
Property and Projects	13	8	21
Total	102	32	134

Table 3 – Recommendations outstanding at end February 2012 by Department

Table 3 below provides an age profile of these “outstanding” recommendations, as well as detailing the split between high, medium and low priority recommendations (for those recommendations which have been outstanding for more than 6 months). It should be noted that “N/a” in table 3 refers to those recommendations that, for various reasons, were not assigned a priority level. We can see from Table 3 that 128 of the 134 (95%) “outstanding” recommendations have been outstanding (i.e. past their original agreed implementation date) for more than six months. This can be compared to a figure of 74% in August 2011.

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Department	Recommendations outstanding between 0 – 6 months	Recommendations outstanding for more than 6 months				Grand Total
		High	Med	Low	N/a	
Chief Executive's & Legal	0	0	1	0	1	2
Council Wide	0	8	9	2	7	26
Development	0	1	1	0	0	2
Finance & Resources	0	6	15	1	11	33
Health & Environmental	0	5	1	0	2	8
Parks & Leisure	6	13	19	1	3	42
Property & Projects	0	11	9	0	1	21
TOTAL	6	44	55	4	25	134

Table 4 - Outstanding recommendations at end February 2012 by audit

Table 4 below further breaks down the outstanding recommendations by audit and by priority level (for those recommendations which have been outstanding for more than 6 months). As with table 3 above, it should be noted that "N/a" in table 4 refers to those recommendations that, for various reasons, were not assigned a priority level. This table helps to highlight any areas of concern where there are significant numbers of recommendations which have been outstanding for more than 6 months.

Audit Title	Recommendations outstanding between 0 – 6 months	Recommendations outstanding for more than 6 months				Grand Total
		High	Med	Low	N/a	
<i>Chief Executive's and Legal</i>						
LGA Management Letter 2008/09	0	0	1	0	0	1

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Audit Title	Recommendations outstanding between 0 – 6 months	Recommendations outstanding for more than 6 months				Grand Total
		High	Med	Low	N/a	
VFM Advertising	0	0	0	0	1	1
Total	0	0	1	0	1	2
Council Wide						
Health & Safety	0	1	3	1	0	5
Review of Risk Management	0	1	2	0	0	3
VFM Overtime	0	6	4	1	0	11
VFM Consultants	0	0	0	0	7	7
Total	0	8	9	2	7	26
Development						
Tourism	0	1	1	0	0	2
Total	0	1	1	0	0	2
Finance & Resources						
Budgetary Control	0	0	0	0	4	4
Computer Use & Legislative Compliance	0	2	1	0	0	3
Fixed Assets	0	0	8	0	0	8
Income Collection / Debtors	0	1	3	0	0	4
Information Security Management	0	0	0	0	6	6
LGA Interim Management Letter 09/10	0	0	0	0	1	1
Payroll	0	1	1	1	0	3
Purchasing /	0	2	0	0	0	2

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Audit Title	Recommendations outstanding between 0 – 6 months	Recommendations outstanding for more than 6 months				Grand Total
		High	Med	Low	N/a	
Accounts Payable						
Travel & Subsistence	0	0	1	0	0	1
Treasury Management	0	0	1	0	0	1
Total	0	6	15	1	11	33
Health & Environmental						
Actions arising from NIAO Fraud Report	0	0	0	0	1	1
Waste Investigation	0	0	0	0	1	1
Waste Management	0	1	1	0	0	2
Community Safety Grants	0	4	0	0	0	4
Total	0	5	1	0	2	8
Parks & Leisure						
Compensation Claims	0	0	1	0	0	1
LGA Management Letter 2008/09	0	0	1	0	0	1
Roselawn Crematorium	0	0	0	0	2	2
Bereavement Services	0	0	15	1	0	16
LGA Management Letter 2009/10	0	0	0	0	1	1
Audit of Parks & Leisure	2	1	2	0	0	5

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Audit Title	Recommendations outstanding between 0 – 6 months	Recommendations outstanding for more than 6 months				Grand Total
		High	Med	Low	N/a	
Facility Management Agreements	4	12	0	0	0	16
Total	6	13	19	1	3	42
Property & Projects						
LGA Management Letter 2008/09	0	0	2	0	0	2
Capital Projects	0	0	1	0	0	1
VFM Use of Consultants	0	0	0	0	1	1
Purchasing / Accounts Payable	0	3	0	0	0	3
Fixed Assets	0	0	1	0	0	1
Procurement	0	6	5	0	0	11
VFM - Utilities	0	1	0	0	0	1
St George's & Smithfields Markets	0	1	0	0	0	1
Total	0	11	9	0	1	21
GRAND TOTAL	6	44	55	4	25	134

The main areas where there has been slippage are for the most part in the same areas highlighted in our previous reports. These are as follows:

(a) Council Wide

The outstanding recommendations mainly relate to overtime and consultancy.

Regarding overtime, a project is underway to analyse all direct employee costs to include overtime, agency, establishment and vacant posts and develop policies. The first stage of this analysis

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was completed in November 2011. A detailed project plan is being prepared, including the assignment of tasks to a project team. It is important to recognise that the number of outstanding recommendations does not reflect inactivity, more that some of the recommendations are conditional on developing and implementing the policy. This review is an important part of the agreed efficiency plan for 2012/13.

Regarding consultancy the outstanding issues mainly relate to implementing a more effective process for analysing and monitoring consultancy spend.

(b) Finance and Resources

The outstanding recommendations mainly relate to fixed assets, including update of policies and processes regarding capital accounting, updating the fixed asset register to include works of art, processes regarding movements / disposal of assets and recording thereof. Information security recommendations relate to actions in relation to the documentation and communication of information security standards

(c) Health and Environmental Services

A number of Waste Management recommendations have now been closed. There are some recommendations relating to the community safety grants process that require full implementation, although in general there has been good progress in implementing recommendations in this area.

(d) Parks and Leisure

The majority of outstanding recommendations relate to the Bereavement Service and Facility Management Agreements. These have nearly all been partially implemented. Regarding the Bereavement Service, these recommendations mainly relate to financial procedures and the implementation of the electronic bereavement service, now expected in April 2012. Regarding Facility Management Agreements the wider policy issues have been subject to discussion at Party Briefings and are closely linked to the Pitches Strategy and review of outdoor leisure.

(e) Property and Projects

Following implementation of the SAP accounting system in 2007, considerable audit work was undertaken to review the new purchasing and accounts payable processes. The majority of the issues outstanding relate to aspects of the 'purchasing' end of the system including the development of a corporate procurement strategy, the need to ensure that financial / procurement systems are used to capture contract information in the Council and the need to monitor departmental contracts and limit orders. Following the recent appointment of a new Head of Contracts, the Department has indicated that these issues will be addressed through the implementation of a procurement improvement project. It is also important to appreciate that improved procurement is a corporate

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issue rather than one which rests exclusively with the Council's Procurement Unit which currently operates in an advisory capacity to spending departments (who retain authority for procurement decisions in their own area).

The outstanding recommendation regarding utilities is to produce an action plan to address all the recommendations raised in a previous value for money audit of utilities. The need for an integrated approach to addressing the issues raised in this report and (related to this) address new carbon reporting requirements are subject to an ongoing external review."

Members made reference to the high level of outstanding recommendations which had yet to be implemented by various Departments arising from the reviews which had been carried out by the internal audit service. Concern was expressed that there existed a perception that these recommendations were not being addressed as promptly as expected and that Departments should be reminded that the Panel considered such matters to be of high importance.

After discussion, the Panel agreed to note the information which had been provided and it was agreed that the Director of Finance and Resources would write to the appropriate Directors and Heads of Service within the Council to express the Panel's concerns regarding the high level of recommendations still to be implemented arising from internal audits and requesting that they outline the actions which they would propose to address the outstanding high priority recommendations.

Draft Internal Audit and Risk Management
Strategy and Plan 2012/2013

The Panel considered the undernoted report, together with an associated strategy and plan. A full copy of the report was available on the Council's modern.gov system.

"Relevant Background Information

The main objective of Audit, Governance and Risk Services is to support the Council in achieving its objectives by helping it improve the effectiveness of its risk management, control and governance processes. Our aim is to achieve this through the provision of an excellent, independent assurance and advisory service. Related to this, the work of the service is directed at helping the Council meet its statutory obligations for internal audit, internal control and risk management.

The attached draft Strategy and Plan sets out the work we consider necessary during 2012/2013 to fulfil these aims. Completion of the

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plan is designed to enable the Head of Audit, Governance and Risk Services to provide an annual opinion to Members and senior management on the adequacy and effectiveness of the Council's risk management, internal control and governance arrangements and to assist the Council in improving these processes.

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Key Issues

The Plan provides for both audit assurance and advisory work. The assurance work covers a range of financial, operational and IT audit areas. In relation to advisory work and improving the capacity of the Council to manage risk, control and improve governance, the plan includes a range of relevant areas of work, including provision of staff training on fraud / governance issues and facilitation of risk management. There is also provision for any necessary advice and assurance on the Investment Programme.

We have consulted with all Departments and the Assurance Board on the draft Strategy and Plan.

Resource Implications

It is important to note that the plan for 2012/13 is achievable on the basis of having a full complement of staff in post. We currently have one vacant Auditor post. The AGRS service will be subject to an external review in early 2012, which will encompass an assessment of our compliance with the professional standards as set out in the CIPFA code of practice for internal audit in local government and also a review of AGRS in terms of value for money. Bearing in mind the pending external review, AGRS are currently seeking to address the significant shortfall in audit days on a temporary basis, possibly through the recruitment of an agency worker.

Recommendation

The Audit Panel is asked to review and approve the Audit, Governance and Risk Services – Draft Strategy and Plan 2012/2013.”

After discussion, the Panel endorsed the contents of the strategy and plan for 2012/2013 and noted that periodic update reports would be submitted for consideration in due course.

Date of next Meeting

The Panel agreed that its next meeting would take place at 1.00 p.m. on Tuesday, 12th June.

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Chairman