



## Belfast City Council

Report to:	Strategic Policy and Resources Committee
Subject:	Belfast City Council's Assurance Framework
Date:	21 June 2013
Reporting Officer:	Ronan Cregan, Director of Finance and Resources
Contact Officers:	As above

### Relevant Background Information

The end of the financial year is a busy time of year for the Council. The Council is required to produce a complex set of draft accounts for external audit review and also, to support this, an Annual Governance Statement describing the Council's governance arrangements and how we monitor the effectiveness of these arrangements.

The purpose of this paper is to explain to Members the key elements of the 'year-end' process and the framework that the Council has developed to help ensure that the Council's complies with statutory requirements and Members and senior officers can have effective, ongoing oversight of the Council's governance and assurance arrangements.

As the expectations of the Council's stakeholders increase and our available resources become more restricted, it is increasingly important that Members and Chief Officers have assurance on delivery of the corporate plan, stewardship and the management of risks. In simple terms, assurance is about knowing what is actually going on and having the evidence to prove it.

An Assurance Framework shows the key sources of assurance and the basis upon which this assurance is provided.

The Council has put considerable effort into developing and implementing an Assurance Framework, which provides evidence to underpin the Annual Governance Statement, which is a key feature of the annual Financial Report.

In particular, at the year-end there are many key reports for Members, arising from the Assurance Framework, providing Members with assurance over the operation of key processes. These reports include the:

- Corporate Plan review and update for 13-14
- annual Performance Report

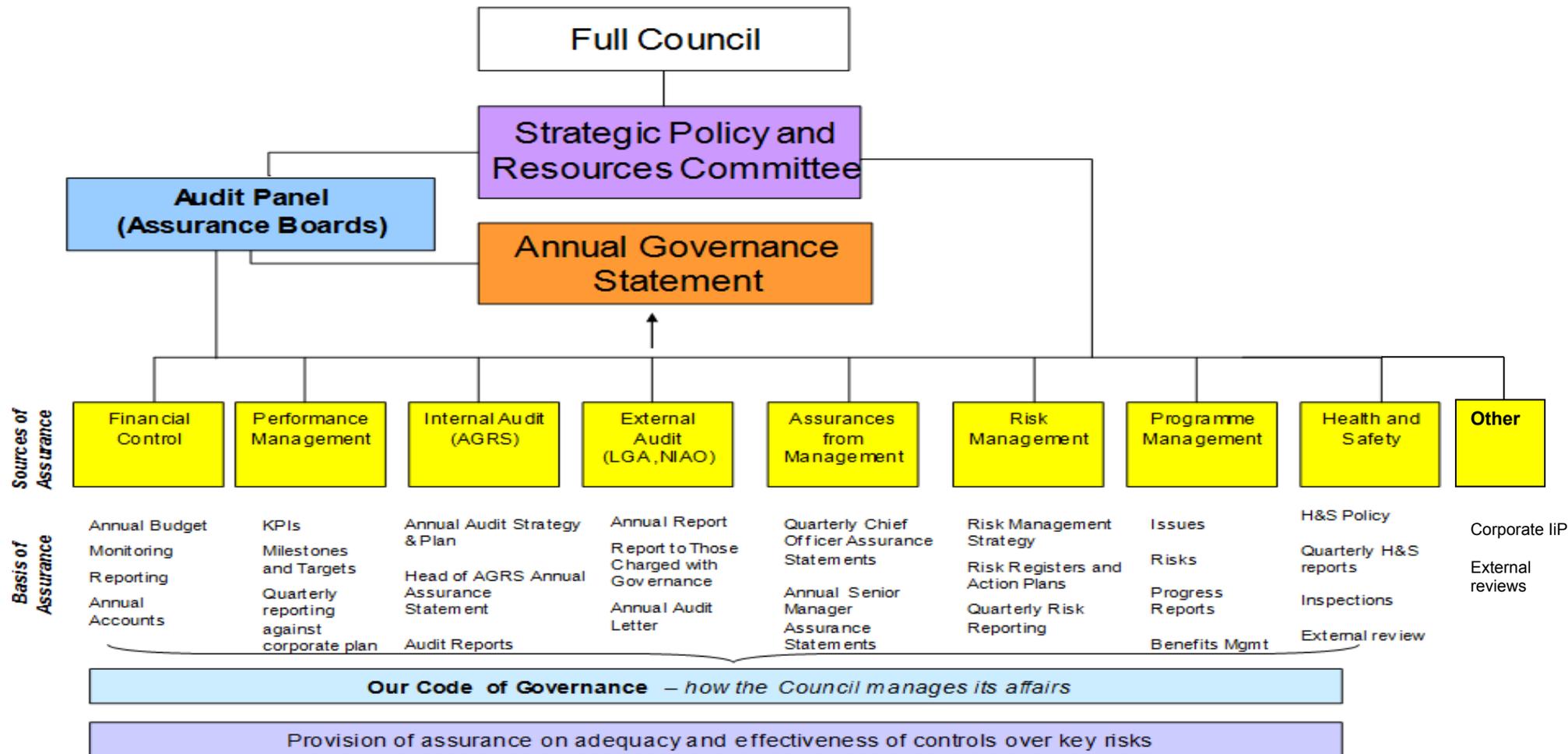
- annual Financial Report ('the accounts')
- annual Management Accounts – a summary of the accounts showing spend by department / service / function
- quarterly Risk Management report, highlighting the Council's key risks and what is being done to manage them
- updated 'Code of Governance' setting out what the Council does / is doing to address the 6 of principles of good governance
- Annual Assurance Statement from the Head of AGRS, setting out his opinion on the adequacy of the Council's control environment based on internal audit work completed in the year
- quarterly Health and Safety reports and
- the Annual Governance Statement.

### **Key Issues**

Diagram 1 on the next page provides Members with a visual overview of the Council's Assurance Framework, with a summary of each component of the Assurance Framework at appendix A and a summary of the Code of Governance at Appendix B.

Diagram 1

## Belfast City Council's Assurance Framework



**Resource Implications**

There are no resource implications.

**Recommendations and decision required**

1. The Strategic Policy and Resources Committee to note the Council's Assurance Framework.

**Key to Abbreviations**

AGRS - Audit, Governance and Risk Services  
DOE - Department of the Environment  
LGA - Local Government Auditor  
CMT - Corporate Management Team  
SP&R - Strategic Policy and Resources  
DMT - Departmental Management Teams  
NIAO - Northern Ireland Audit Office  
SMT - Senior Management Teams

**Documents Attached**

Appendix A – A Summary of the Key Components of the Council's Assurance Framework  
Appendix B – Our Code of Governance

### **A Summary of the Key Components of the Council's Assurance Framework**

#### Financial Control

A Financial Report for the y/e 31<sup>st</sup> March is prepared annually and submitted to the Department of the Environment (DOE) by 30<sup>th</sup> June. The Financial Report is audited by the Local Government Auditor (LGA) and published by 31<sup>st</sup> October each year.

There is a budgetary control process which includes budget setting, budget monitoring and budget reporting. The process is challenged corporately by Corporate Management Team (CMT) and Strategic Policy and Resources (SP&R) Committee when budgets are approved annually and performance is reported quarterly the following financial year. Standing Committees are also responsible for challenging and approving their annual budget and subsequently scrutinizing their budget performance at the end of each quarter in the following financial year.

#### Performance Management

The Council's performance management framework supports the implementation of the corporate, departmental and service plans through regular monitoring, reporting and review. These plans set out what the Council intends to deliver over the course of the year and through the performance framework quarterly performance reports are produced detailing progress against key milestones and targets. These reports are considered by Departmental Management Teams (DMTs) and CMT and actions for improvement are agreed. The reports are also used to inform Members of progress against departmental plans and to produce the Council's annual report.

#### Internal Audit

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisations operations. The Council has an Audit Governance and Risk Services (AGRS) section, which prepares an annual Strategy and Plan of work designed to ensure that:

- there is a robust system of internal audit of key Council activities and processes through a plan of work which affords suitable priority to the Council's objectives and risks
- there is a process of ensuring improvements to the Council's control environment, by providing management with advice, training and recommendations to improve risk management, governance and control arrangements, including the formal monitoring of the implementation of audit recommendations
- the Head of AGRS will be in a position to provide, at the end of each year, a professional, evidence-based opinion on the adequacy of the Council's risk management, control and governance arrangements which, in turn, will support the preparation of the Council's Annual Governance Statement

- the Council meets its legislative responsibilities for internal control, risk management and internal audit.

At the conclusion of each audit, an audit report is produced and agreed with management. AGRS reports quarterly on progress against plan to the Audit Panel and at the year-end the Head of AGRS provides the Audit Panel with his Annual Assurance Statement.

### External Audit

Each year, the Local Government Auditor (LGA), Northern Ireland Audit Office (NIAO), completes an audit of the Councils accounts in accordance with the requirements of the Local Government (Northern Ireland) Order 2005 and the Local Government Code of Audit Practice issued by the Chief LGA. The LGA Annual Report sets out their opinion on the Councils financial statements and is included within the annual Financial Report.

The LGA also examines annually whether the Council has proper arrangements in place to secure economy, efficiency and effectiveness in the use of resources and that public money is properly accounted for. Their findings are summarised in the Annual Audit Letter.

In addition, the LGA also prepares a Report to those Charged with Governance summarising the key matters arising from their audit of the financial statements.

### Assurances from Management

Each quarter, each Chief Officer and the Head of Human Resources, signs a Quarterly Assurance Statement confirming:

- Their responsibility for ensuring that there is a sound risk management and internal control system which supports the achievement of the corporate, departmental and service plans.
- That they have formally reviewed and updated their departmental and operational risk registers and that the action plans in place to manage these risks are complete and operating effectively and appropriate reporting has been completed.
- The specific corporate risks that they are responsible for along with a summary of the red risks within their dept RR together with a statement that they can provide assurance that the risks are being managed in line with the related action plans

In addition at the year-end, the quarterly process is extended to all Senior Managers who are required to complete an Annual Assurance Statement and to highlight any significant risk and internal control issues that should be considered for inclusion within the Councils Annual Governance Statement, along with how they intend to address these matters.

The Annual Governance Statement is signed by the Chair of SP&R Committee, Chief Executive Officer and the Chief Financial Officer.

### Risk Management

There is an agreed risk management strategy which sets out the processes the Council has put in place to manage risk. Risk registers and risk action plans are in place at corporate, departmental, service and where appropriate unit level. There is quarterly reporting to CMT, the Assurance Board and the Audit Panel on compliance with the

quarterly risk review process together with review and approval of the updated corporate risk register.

### Programme Management

A team of Programme Managers has been established to support and provide assurance over the delivery of the Investment Programme. A corporate project management methodology is due for completion at end of June 13. This will outline how best to manage a project including developing a plan, looking at risks, agreeing a governance structure for decision making, roles and responsibilities. It will also include the processes for reporting on the progress of projects including issues to be resolved, risks to be addressed and highlights to note. The existing Project Brief process is used to collect and track key milestones for all the Investment Programme projects. Quarterly reports on the progress of departmental projects will be taken through Senior Management Teams (SMTs), DMTs and CMT based on the existing corporate reporting framework.

A governance structure for the Investment Programme has been established with an Oversight Board, comprising the Council's Chief Officers, which meets fortnightly to resolve escalated project issues. Regular reports on the progress and future delivery plans of the Investment Programme projects are taken to SP&R Committee.

### Health and Safety

The Council has a Health and Safety Policy in place with an associated Organisation Structure and Arrangements to deliver on the Policy. The Corporate Health and Safety Unit currently reports on a quarterly basis to the Health and Safety Assurance Board, Assurance Board and Audit Panel on compliance and strategic matters regarding the Council's health and safety management system. Operational matters are dealt with through the quarterly Health and Safety Committee structure. Routine reports include information on performance against health and safety targets, accident statistics, policy changes, legislative changes and emerging health and safety issues. The Corporate Health and Safety Unit deliver an annual programme of health and safety inspections, audits and training to monitor and support the management system. Risk assessments are in place at an operational level to identify and manage health and safety risks. In addition an external independent review of Corporate Health and Safety arrangements was undertaken in 2012/13 to provide independent assurance to Members and senior management regarding the risk management, control and governance arrangements pertaining to health and safety.

### Other

There are various other sources of assurance such as achievement of corporate Investors in People, independent quality management reviews etc

### Our Code of Governance

Underlying our Assurance Framework is our Code of Governance. The Council is committed to the principles of good governance and our Code of Governance is a public statement of that commitment. Our Code has been prepared in line with best practice as set out in 'Good Governance in Local Government: A Framework' and has been approved by our Audit Panel (see appendix B).

### Assurance Board

The Assurance Board is a mechanism established by the Chief Executive to ensure senior corporate management oversight of risk, control and governance issues arising from AGRS and other sources. The Board comprises the Chief Executive, Director of Finance and Resources and the Town Solicitor and Assistant Chief Executive and meets quarterly in advance of the Audit Panel.

### Audit Panel

The Audit Panel in Belfast City Council is established as a working group reporting to the Council's Strategic Policy and Resources Committee. It undertakes the functions of an Audit Committee and its purpose is to provide an independent assurance on the adequacy of the Council's risk management framework and associated control environment.

### SP&R Committee reporting

The minutes of the Audit Panel are approved by the SP&R Committee. In addition, following a self-assessment of the effectiveness of the Audit Panel, a new process has been agreed to better promote the role / the work of the Audit Panel at Strategic Policy & Resources Committee level. This new process involves the Chair of the Audit Panel addressing the meeting of SP&R Committee every six months and providing a briefing (assisted by Head of AGRS), with the first briefing of this kind to be provided to SP&R Committee on 21 June 2013.

### Preparation of Annual Governance Statement

The Council has a statutory responsibility to annually prepare and publish an Annual Governance Statement (AGS) as part of the Financial Report. Many different processes inform the preparation of the AGS as can be seen from the Assurance Framework at Diagram 1 (above). Specifically the AGS sets out:

- scope of responsibility of the Council in relation to governance
- the purpose of the governance framework
- the governance framework in place
- review of effectiveness of the governance framework
- significant governance issues to be disclosed
- AGS appendix - update on action taken during the year to manage the significant risk and internal control issues declared in the previous year's AGS.

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

## Our Code of Governance

### Introduction

Delivering our corporate plan is not possible without the bedrock of good governance.

Good governance is a key responsibility of all officers and members and this code sets out how we ensure that we are conducting our business in the right way.

We are committed to the principles of good governance and our code of governance is a public statement of that commitment. Our code has been prepared in line with best practice as set out in 'Good Governance in Local Government: A Framework' and has been approved by our Audit Panel.

### Our Six Principles of Good Governance

We have adopted the six core principles of good governance which are defined within the 'Good Governance in Local Government: A Framework' and are displayed below.



Our Six Principles of Good Governance

## Focus on purpose and outcomes

We will do this through the following:

- `One Council' corporate communication guidelines
- Regular surveys for public, officers and members
- Corporate complaints procedure
- Corporate plan
- Investment programme
- Performance management system
- Annual financial report
- Integrated financial planning
- Strategic financial management framework
- Efficiency programme and value for money work
- Procurement policies, procedures and guidelines

## Working together

We will do this through the following:

- Our corporate values
- Consultation and engagement work
- Development of our council constitution
- Council Standing Orders
- Scheme of Delegation
- Financial regulations
- Committee structure and protocols
- Committee reporting system
- Party Group briefings
- Members remuneration scheme
- Job descriptions
- Terms and conditions of employment

## Promoting values of good governance

We will do this through the following:

- Our corporate values
- Standing orders
- Financial regulations
- Good relations strategy and plan
- Equality scheme and action plan
- Disability action plan
- Sustainable development action plan
- Codes of conduct for members and officers
- Appraisal framework
- Fraud and corruption and whistle blowing policies
- Register of Members Declarations and Gifts and Hospitality Register
- Policy and guidance for officers on gifts and hospitality and conflicts of interest
- Development of DPA / FOI policy framework

## Taking informed, transparent decisions and managing risk

We will do this through the following:

- Council Constitution
- Standing orders
- Scheme of delegation
- Committee structure and protocols
- Committee reporting system
- Online minutes system (modern.gov)
- Performance management system
- Audit panel
- Internal audit service
- Risk management framework
- Budgetary control and reporting framework
- Financial Regulations and accounting manual

## Developing capacity and capability

We will do this through the following:

- Member development programme (we became the first local authority to be awarded the Northern Ireland Charter for elected member development)
- Development of an organisational development strategy
- Personal development planning
- Appraisal framework
- Core skills programme
- Investors in people award
- Performance management system
- Recruitment and selection procedures
- Corporate induction courses

## Community engagement and making accountability real

We will do this through the following:

- Consultation and engagement work
- Communication of corporate plan, investment programme and financial report
- Open council meetings and live webcasts
- Online minutes system (Modern.gov)
- Our website and use of social media
- 'My Belfast' app
- Regular surveys for public, officers and members
- Corporate complaints system
- City Matters magazine
- Performance management system
- Negotiation and discussion with trade unions
- Creation of advisory member area working groups

## **Monitoring and review**

Our governance arrangements are reviewed annually to ensure that they are adequate and operating effectively in practice. The results of these reviews are reported to the Audit Panel and inform the preparation of our Annual Governance Statement which forms part of our published financial report. We also maintain a more detailed document that sets out how we comply with our six principles of governance along with any planned actions to further improve our governance arrangements, which is also subject to annual review.