

Audit Panel

Wednesday, 11th September, 2013

MEETING OF AUDIT PANEL

Members present: Alderman Rodgers (Chairman), Councillor Jones and Mr. D. Bell.

In attendance: Mr. R. Cregan, Director of Finance and Resources;
Mr. M. McBride, Head of Finance and Performance;
Mr. A. Wilson, Head of Audit, Governance and Risk Services;
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;
Mrs. E. Eaton, Corporate Health and Safety Manager;
Mr. R. Allen, Director, Northern Ireland Audit Office;
Mrs. P. Scarborough, Democratic Services Section.

Apologies

Apologies were reported on behalf of Aldermen M. Campbell and Smyth and Councillors Lavery and Mullan.

Minutes

The minutes of the meetings of 11th June and 12th August were taken as read and signed as correct.

Declarations of Interest

No declarations of interest were reported.

Absence Rates: Quarter 1

(The Head of Human Resources attended in connection with this item.)

The Head of Human Resources submitted, for the Panel's consideration, a report providing information in respect of the absence figures for the first quarter of the year 2013-2014. She reported that, at the end of June, the average number of days' sickness absence per full time employee was 1.92, which represented a reduction of 0.77 days compared to the figure for the same period in the previous year. It was anticipated that the target to reduce sickness absence to 10 days by the year end would be met. She advised the Panel that all departments were on target, with the Parks and Leisure and the Health and Environmental Services Departments, in particular,

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recording a reduction from the same period as last year. Furthermore, there had been an increase, during the period, in the number of staff with no recorded absence, viz., 81.4% compared to 75.7% in the previous year.

The Panel noted the information which had been provided and acknowledged the considerable work which had been undertaken to continue the effective management of sickness absences. The Panel welcomed also the high percentage of staff with no recorded absences during the period.

**Audit, Governance and Risk Services –
Progress Report, June, 2013**

The Panel considered the Audit, Governance and Risk Services' progress report which had provided a summary of a number of assignments within the Services' 2013-2014 Plan that had been finalised since the last meeting, including reports in relation to a number of financial and operational areas. The key issues arising from the report were highlighted in relation to estates management and City Events, including an update on the areas which were required to enhance and improve the control frameworks which were in place.

It was reported that, given the early stage in the 2013-2014 financial year, the number of reports which had been finalised was low. However, progress against the plan was being made with draft reports having been issued on Property Maintenance, Budgetary Control and IT Project Management. An update on progress in relation to a number of audits and reviews was also provided.

Information was presented on data which had been submitted to the Audit Commission as part of the National Fraud Initiative in 2012-2013; an update on the Regulation of Investigatory Powers Act 2000, Policy for Members; and the audit investigation work in relation to the Belfast Waterfront Hall, which had been completed. Progress in relation to the call off contract for audit related services was provided also. Discussions ensued with regard to budget management; action planning and the monitoring thereof; debt management; the control measures which had been put in place in relation to the allocation of monies from the Local Investment Fund; and the auditing of the accounts of the District Policing and Community Safety Partnerships.

The Panel noted the information which had been provided; that a report on debt management arrangements would be submitted to a future meeting; that a quarterly report on overtime and agency costs to the Panel would be reinstated as a regular item on the agenda; and that a report would be provided in due course on the audit arrangements for the District Policing and Community Safety Partnerships.

Fraud Update

The Head of Finance and Performance reminded the Panel of the incident which had occurred earlier in the year which had led to payments having been made to a fraudulent bank account. He updated the Panel on the actions which had been taken and the investigations which were ongoing.

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After discussion, during which the Panel acknowledged the response and initial actions which had been taken by management on the discovery of the Fraud, it noted the update and noted also that a further report, including a draft protocol in connection with the notification to Elected Members of incidents of suspected fraud, would be submitted to a future meeting.

**Corporate Risk Management –
Quarter ended June, 2013**

The undernoted report was submitted for the consideration of the Panel:

“1 Relevant Background Information

The need to have effective risk management arrangements is a regulatory requirement placed on the Council and represents accepted good practice.

The purpose of this paper is to:

- **report to the Audit Panel on the operation of the assurance processes over the Council’s arrangements for the management of risk for the quarter ending June 2013**
- **present the updated corporate risk register for quarter ending June 2013**
- **update Audit Panel on the procurement of the new integrated corporate action tracking, risk management and audit management system**
- **update Audit Panel on business continuity management.**

2 Key Issues

1. Assurance on the Management of Risk

Management Assurance

Each of the 15 risks in the corporate risk register has 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.

Management are responsible for ensuring that risks are properly identified, evaluated, managed and reviewed. Departmental Risk Champions co-ordinate and monitor the update of the risk registers and risk action plans within the Department.

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In order to obtain assurance on the management of risk, on a quarterly basis each Chief Officer and the Head of Human Resources, 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.

AGRS can confirm that, for the quarter ending June 2013, all Chief Officers and the Head of Human Resources have signed Quarterly Assurance Statements confirming that the corporate, departmental and operational risk registers and action plans have been reviewed and updated.

AGRS Assurance

In the Annual Governance Statement for y/e March 2013, 8 significant issues were declared, which were based on the red risks in the corporate risk register – see table below.

Risk Owner	Corporate Risk
Director of Health & Environmental Services	<ul style="list-style-type: none"> ▪ Management of the City's waste
Director of Property and Projects	<ul style="list-style-type: none"> ▪ Strategic management of the Council's assets ▪ Delivery of the Investment Programme
Director of Finance and Resources	<ul style="list-style-type: none"> ▪ Local government reform ▪ Health and safety ▪ Failure to maximise the collectible rate ▪ Information management
Director of Development	<ul style="list-style-type: none"> ▪ EU / external funding for major capital projects

In order to receive assurance on the management of the above risks, the Assurance Board has requested that each Risk Owner provides an update on the progress being made to manage these risks, including confirmation that key controls continue to operate effectively and where relevant, explanations for any delays in implementing agreed actions.

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AGRS work will be limited to validation of actions that have been implemented. The progress update is required by 4th October 2013 and will be reported to the December meetings of the Assurance Board and Audit Panel. The requirement for a progress update on these risks was communicated to Directors at the last round of quarterly risk and audit update meetings.

2 Corporate Risk Register

For the quarter ending June 2013, our review meetings with individual Directors to discuss the management of corporate risks identified the following updates to the corporate risk register:

- ◆ Risk 2 re waste management – the risk rating has increased from Major to High because of reduced capacity of the waste industry to treat black bin waste.
- ◆ Risk 8 re business continuity management – the risk cause re “Lack of preparation for G8” is no longer applicable and has been deleted.
- ◆ Risk 12 re delivery of Investment Programme, while the Chief Executive remains the risk owner, the risk updater is now the Director of Property and Projects.
- ◆ Risk 14, which was a new risk last quarter, is assessed as a High risk and has an action plan in place to address the causes listed below:
 - Uncertainty surrounding income stream from LPS
 - Uncertainty of income stream following LGR
 - Lack of information from LPS in respect of vacancy control and debt management
 - Uncertainty around the accuracy of the valuation list
 - Uncertainty around the accuracy of the (new) EPP
 - Lack of budgetary information on the implications of boundary changes and transferring services
- ◆ Risk 11 has an additional risk cause “poor procedures for application / funding agreement, procurement, financial management and monitoring, communications and publicity.”
- ◆ The risk re “Failure to plan for future park and leisure provision” (previously risk 10) has been removed from the corporate risk register and is being managed and monitored at departmental level.
- ◆ A new risk has been proposed by the Director of Parks and Leisure “Fail to deliver the Leisure Transformation Programme”, with a draft risk assessment of Major (likelihood 3, impact 4) and the key causes being as follows:

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- The capital available is not allocated effectively to achieve the right mix of provisions and outcomes
- The business model for the programme does not deliver better value for money

The current proposal is for the Director of Parks and Leisure to be the risk owner, with the Neighbourhood and Development Manager being the risk updater. CMT to confirm the Risk Owner and Risk Updater.

The corporate risk register has been updated to reflect the above changes and was agreed by CMT on 28th August 2013 and the Assurance Board on 3rd September 2013.

3. Integrated Corporate Action Tracking, Risk Management and Audit Management System

The new system, MK insight, is being piloted currently in the Finance & Resources Department with roll out to remaining departments from October 2013 onwards. Directors have been reminded of the importance of ensuring that risk registers and action plans are reviewed by 30th September 2013 to ensure that good quality data is loaded onto the new system.

4. Business Continuity Management - Update

Business continuity is a risk within the corporate risk register. One of the key ways 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 Business Continuity (BC) plans are up to date and have been exercised (at least annually) to ensure their effectiveness.

None of the 15 critical services have undertaken their BC plan exercise for 13/14. At the recent round of quarterly risk and audit update meetings, Directors have been asked to ensure that all critical services schedule and undertake their BC plan exercise before 31st March 2014.

3 Resource Implications

Financial
None.

Human Resources
None.

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Asset and Other Implications

None.

4 Equality Implications

None.

5 Recommendations

Audit Panel to note updated corporate risk register for quarter ending June 2013”

After discussion, the Panel noted the information which had been provided.

**Audit Panel – Indicative Programme
of Work 2013 - 2014**

The Panel considered the undernoted indicative programme of work:

1. Relevant Background Information

1.1 The purpose of this paper is to present the programme of work of the Audit Panel for the remainder of 2013/14 for approval.

1.2 This will assist the forward planning process and will also serve to ensure that the Audit Panel can discharge their responsibilities, by ensuring that they have a programme of work that addresses the requirements of their respective terms of reference.

2. Key Issues

2.1 An indicative plan of work for the Audit Panel for 2013/14 has been drafted and was available on the modern.gov system. The programme draws from the Panel’s terms of reference and sets out the months of the year when meetings could most appropriately take place and the business that each meeting could address. It is, of course, likely that events will arise during the course of the year which require special meetings to take place or meeting dates to be moved forward / backwards. However, the indicative programme of work will provide a basis upon which the Panel can work to ensure it addresses its role and responsibilities.

3. Equality and Good Relations Considerations

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

4. Resource Implications

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4.1 Financial
None.

4.2 Human Resources
None.

4.6 Asset and Other Implications
None

5. Decision Tracking

Andrew Wilson, Head of Audit, Governance and Risk Services

6. Recommendations

That the Audit Panel approves the indicative programme of work for 2013/14.”

After discussion, the Panel approved its indicative Programme of Work for 2013-2014.

Corporate Health and Safety Update

The Corporate Health and Safety Manager provided the Panel with an update in relation to the Council's health and safety performance at the end of the first quarter of the year 2013-2014. She outlined the progress with regard to the agreed health and safety recommendations which had been implemented against the corporate total targets; the percentage of workplace accidents which had been reported; the customer satisfaction level with the health and safety training which had been delivered; the response times in relation to service requests responded to within the agreed timescale; the percentage number of workplace inspections which had been undertaken; the number of accidents which had been reported under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations; and an update with regard to the implementation of the agreed actions which had arisen from the external review of the corporate health and safety function.

After discussion, the Panel noted the information which had been provided.

Mobile Phone Contract

The Director of Finance and Resources reminded the Panel that the Council had entered previously into a corporate contract with Vodafone for the supply of mobile telephones. He explained how charges were applied through the contract and he provided a comparison of the current number of mobile phones and annual expenditure with that in previous years.

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After discussion in relation to the reimbursement of charges for personal calls; limits which had been set for downloading data; and the Council's policy on social networking, the Panel noted the information which had been provided.

Retirement of Members

The Chairman pointed out that this was the last meeting at which Councillor Lavery would have been in attendance as he would be leaving the Council as part of the Reform of Local Government and that Alderman Smyth had indicated his intention to retire over the coming months.

The representatives of the Panel paid tribute to those Members and the contribution which they had made over the years to the Council and to their constituents.

Retirement of Mr. A. Wilson

The Chairman advised the Panel that Mr. A. Wilson, the Head of Audit, Governance and Risk Services, had indicated that he would be retiring from the Council's service in the near future. The representatives of the Panel acknowledged the considerable contribution which Mr. Wilson had made to the Council and they thanked him for the service which he had provided.

Date of Next Meeting

The Panel agreed that a special meeting would be held at 10.00 a.m. on Tuesday, 22nd October in order to consider the Audit Office's draft findings in respect of the Council's Annual Accounts 2012-2013, and that the next scheduled meeting would take place in the Lavery Room at 1.00 p.m. on Tuesday, 10th December.

Chairman