Belfast City Council

Report to:	Strategic Policy and Resources Committee
Subject:	**Belfast City Council Assurance Framework**
Date:	19th June, 2014
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1.	**Relevant Background Information**
1.1	The end of the financial year is a busy time of year for the Council. The Council is required by statute to produce a complex set of draft accounts for Committee approval and external audit review and also, to support this, an Annual Governance Statement describing the Council's key governance arrangements and how we monitor the effectiveness of these arrangements.
1.2	The purpose of this paper is to explain to Members and senior officers the key elements of the 'year-end' process and the 'assurance framework' that the Council has developed over recent years 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.
2.	**Key Issues**
2.1	The Council's Assurance Framework is attached at Appendix A. It shows how different sources of assurance and information combine to enable the Council to monitor its governance arrangements and produce the information which enables the Council to prepare the Annual Governance Statement. The diagram also shows how the Council's Audit Panel, Strategic Policy and Resources Committee and Council provide oversight of these governance arrangements. The key elements of the framework are described below.

2.2	Financial Control
	A Financial Report for the y/e 31st March is prepared annually and submitted to the Department of the Environment (DOE) by 30th June. The Financial Report is then audited by the Northern Ireland Audit Office (NIAO) and published by 31st 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. The 2015/16 (draft) budgets are also being challenged by iESE.
2.3	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.
2.4	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.

2.5	External Audit
	Each year, the Local Government Auditor (LGA) (the Northern Ireland Audit Office) (NIAO), completes an audit of the Council's 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 NIAO 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 NIAO also prepares a Report to those Charged with Governance summarising the key matters arising from their audit of the financial statements.
2.6	Assurances from Management
	Each quarter, each Chief Officer and the Town Solicitor, 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 Council's Annual Governance Statement is signed by the Chair of SP&R Committee, Chief Executive Officer and the Chief Financial Officer.
2.7	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.

2.8	Programme Management
	A team of Programme and Project Managers support and provide assurance over the delivery of the Investment Programme and other projects. A governance structure for the Investment Programme has been established and regular reports on the progress and future delivery plans are taken to SP&R Committee.
2.9	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.
2.10	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.
2.11	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.
2.12	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. It produces an annual report to SP&R Committee (see below).
2.13	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 will involve the Chair of the Audit Panel addressing the meeting of SP&R Committee providing an annual report on its

	activities.
2.14	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 attached Assurance Framework. 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
	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 NIAO as part of their annual audit.

Resource Implications

There are no resource implications.

Recommendation

The Committee is requested to note the Council's Assurance Framework.

Key to Abbreviations

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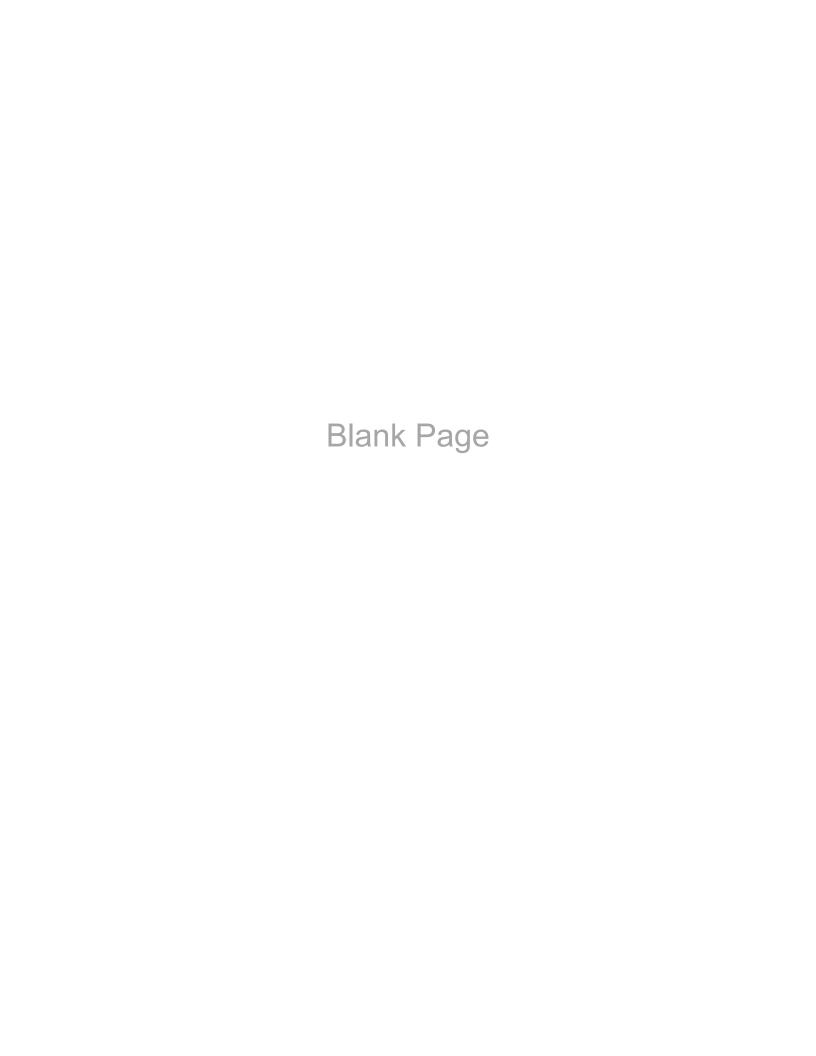SP&R - Strategic Policy and Resources
DMT - Departmental Management Teams
NIAO - Northern Ireland Audit Office
SMT - Senior Management Teams

Documents Attached

Summary of the Key Components of the Council's Assurance Framework

Belfast City Council's Assurance Framework

Full Council

Strategic Policy and Resources Committee

Audit Panel (Assurance Boards)

Annual Governance Statement

Sources of Assurance

Financial Control	Performance Management	Internal Audit (AGRS)	External Audit (LGA, NIAO)	Assurances from Management	Risk Management	Programme Management	Health and Safety

Basis of Assurance

Financial Control	Performance Management	Internal Audit (AGRS)	External Audit (LGA, NIAO)	Assurances from Management	Risk Management	Programme Management	Health and Safety
Annual Budget	KPIs	Annual Audit Strategy & Plan	Annual Report	Quarterly Chief Officer Assurance Statements	Risk Management Strategy	Issues	H&S Policy
Monitoring	Milestones and Targets		Report to Those Charged with Governance		Risk Registers and Action Plans	Risks	Quarterly H&S reports
Reporting	Quarterly reporting against corporate plan	Head of AGRS Annual Assurance Statement	Annual Audit Letter	Annual Senior Manager Assurance Statements	Quarterly Risk Reporting	Progress Reports	Inspections
Annual Accounts		Audit Reports				Benefits Mgmt	External review

Our Code of Governance – *how the Council manages its affairs*

Provision of assurance on adequacy and effectiveness of controls over key risks