

Audit and Risk Panel

Tuesday, 13th June, 2017

MEETING OF AUDIT AND RISK PANEL

Members present: Alderman Rodgers (Chairperson);
Councillors Craig, Hargey and Hutchinson;
and Mr. R. Cox.

In attendance: Mr. R. Cregan, Director of Finance and Resources;
Mr. A. Harrison, Head of Audit, Governance
and Risk Services;
Mr. M. McBride, Head of Finance and Performance;
Mr. T. Wallace, Financial Accounting Manager;
Mr. L. Mulholland, Audit, Governance and Risk
Services Manager;
Mrs. C. O'Prey, Audit, Governance and Risk
Services Manager;
Mrs. E. Eaton, Corporate Health and Safety Manager;
Mrs. C. Kane, Director, Northern Ireland Audit Office; and
Mrs. L. McLornan, Democratic Services Officer.

Election of Chairperson

The Audit and Risk Panel noted that it was required to elect a Chairperson for the coming year.

Moved by Councillor Hutchinson,
Seconded by Councillor Craig and

Resolved – that Alderman Rodgers be elected to serve as
Chairperson to the Audit and Risk Panel.

Death of Councillor Mervyn Jones

The Chairperson referred to the recent death of Councillor Jones, who had been a Member of Audit and Risk Panel, and led a one minute's silence.

Apologies

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

Minutes

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

Declarations of Interest

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Councillor Craig declared an interest in Item 4, Annual report on Fraud and Whistleblowing Policy, in that he received regular payments from two public bodies, namely a salary from his employer and an allowance from Belfast City Council in his role as a Councillor. He stated that, given his employer regularly carried out a similar matching process, his details were likely to be highlighted through the Council's process for similar reasons and, on that basis, he did not feel it would be appropriate for him to be involved in the approval of the Council's Fraud strategy and he left the room for the duration of the discussion.

AGRS Progress Report

The Panel considered a report which provided an overview of the specific internal audits which had been carried out for the period between March to May, 2017, by Audit, Governance and Risk Services.

The Head of Audit, Governance and Risk Services (AGRS) highlighted that a number of audits had been completed in the three month period, including Budgetary Control and Financial reporting, Belfast Castle and Malone House, Belfast Waterfront and Ulster Hall Ltd., Annual Compliance review of the Police and Community Safety Partnerships, Review of I.T. Infrastructure and Security and Business Continuity Management, all of which had a few specific control weaknesses but that, generally, the controls evaluated had been deemed adequate, appropriate and effective to provide reasonable assurance that risks were being managed and objectives should be met.

The Panel was advised that the audit of Agency Engagement and Management had determined that major improvement was needed and the Head of AGRS advised the Panel that the main agency contract was due to expire on 30th June and, as yet, no new arrangements had been agreed or put in place.

A number of Members expressed concern that the agency contracts would expire in a few weeks. The Director of Finance and Resources reminded the Panel that a significant piece of work had been carried out to begin to develop an internal model for the Council but that the issue had been ongoing for a number of years and had not been attributable to one Director in the Council. He outlined that he had recently been assigned the role of Senior Responsible Officer to oversee the Council's employment agency contracts.

During discussion, the Panel agreed that a paper be submitted to the next meeting of the Panel with an overview of the key issues to include the total spend on agency costs throughout the Council, the number of agency assignees in post, the cost to each department and the length of time that agency staff had worked in the Council.

The Director explained to the Panel that the issue of agency contracts could not be considered on its own and should be considered within the context of the staff re-structuring programme. He advised that the issue should also be considered in the context of overall employee costs and overtime costs.

A Member pointed out that there were inconsistencies amongst staff who worked outside core hours, with some staff receiving overtime and others receiving time-off-in-lieu, and that this needed to be looked at as part of the overall re-structuring review.

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The Panel noted the Progress Report for the period March – May 2017.

Audit Recommendation Monitor Report

The Head of AGRS provided the Panel with an update on the progress which had been made by management to implement audit recommendations.

He advised the Members that, out of 242 live actions at the start of the review, 79 actions had since been closed and 104 had been partially implemented.

He outlined that the highest number of high priority actions which remained open related to overtime and, while he advised that some progress had recently been made in that area, the absence of a robust policy framework had presented an ongoing risk to the control of overtime costs. He highlighted that good progress was being made on the planning actions and that the Local Investment Fund recommendations had all been implemented.

The Panel also enquired into progress on the grants audit actions. After discussion, the Panel agreed that a paper be submitted to the next meeting providing an update on the fundamental review of the grants process by the Director of City and Neighbourhood Services and the review of grants for festivals and events by the Director of Development.

The Panel noted the update on the progress which had been made.

**Annual Report on Fraud and Whistleblowing Policy, Including
National Fraud Initiative**

(Councillor Craig declared an interest in this item and left the room for the duration of the discussion)

The Panel considered the Annual Report on the Fraud and Whistleblowing Policy and related arrangements, including the application of the policies during 2016/17.

The AGRS Manager reminded the Panel of the Council's participation in the National Fraud Initiative and advised that the 2017 exercise had now begun, with AGRS, in consultation with Financial Services, having completed its review of the majority of the data matches. He explained that the investigations which had been completed to date had not highlighted any instances of fraud but that one instance of a possible conflict of interest had been detected and that it was subject to an ongoing management investigation.

The Panel noted the results of the annual review of the fraud and whistleblowing policies, re-approved the updated policies and noting the Council's participation in the National Fraud Initiative exercise.

BCC Assurance Framework

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The Director of Finance and Resources reminded the Panel that the Council was required to produce a complex set of draft accounts for external audit review and, in support of that, to produce an Annual Governance Statement which described the governance arrangements and the process for monitoring the effectiveness thereof.

He explained to the Panel the key elements of the year-end process and the framework, which had been developed to ensure that the organisation complied with statutory requirements and so that the Members and senior officers had effective, ongoing oversight of the governance and assurance arrangements. He provided the Members with an Assurance Framework which showed key sources of assurance and the basis upon which that assurance had been provided; an annual performance report; the annual Financial Report; an annual Management Accounts, which was a summary of the accounts showing spend by department, service and function; the quarterly Risk Management report; the Code of Governance; an Annual Assurance Statement from the Head of Governance and Risk Services; the quarterly Health and Safety reports and the Annual Governance Statement.

He outlined to the Panel that a new policy management and compliance process was currently being developed.

The Panel noted the information which had been provided.

Corporate Risk Management

The Panel considered the undernoted report:

“1.0 Purpose of Report or Summary of main Issues

1.1 The purpose of this report is to:

- a) report to the Audit and Risk Panel on the assurance provided by Directors, in consultation with their departmental risk champions, on the risk management processes within their departments, including any updates on the corporate risks;
- b) seek Audit and Risk Panel approval for the reframing of the current corporate risk on change management so that it is focussed on the need to develop and implement an organisational transformation programme(para 3.1.8 / 9);
- c) seek Audit and Risk Panel approval for the inclusion of 2 new corporate risks, one relating to procurement (para 3.1.5) and the other relating to digital information security (para 3.1.6)
- d) update the Audit and Risk Panel on AGRS reviews of the management of corporate risks.

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e) update on BCM compliance.

2.0 Recommendation

2.1 The Audit & Risk Panel is asked to note the report, including the proposed amendment to the change management corporate risk and the two new corporate risks.

3.0 Main report

3.1 Compliance with the Quarterly Risk Management Process

3.1.2 For the year-end March 2017, all Chief Officers and Senior Managers, with the exception of the Head of Corporate Communications, have signed their Annual Assurance Statements to confirm compliance with the risk management process and to declare any significant governance issues for consideration in the preparation of the Councils Annual Governance Statement (a separate agenda item).

3.1.3 The table below summarises compliance with the risk review process for the year-end March 2017 (as at 30 May). While the quarterly review process is an agreed part of Council governance arrangements some issues of non-compliance have been noted.

Chief Officer	Assurance regarding compliance with the risk management process
Deputy Chief Executive and Director of Finance and Resources	Full compliance with the exception of the corporate risk on Strategic Planning and Corporate Frameworks which involves an extensive piece of work and needs to be properly scoped and planned before the actions can be put in place to manage the risk.
Director of Organisational Development	The Director of OD recently left the council to take up a new position. Review of MKI indicates full compliance with the quarterly risk review process with the exception of Corporate Communications, where there is a need to assign a new risk owner.

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Director of City and Neighbourhood Services	Full compliance. Major review of risks planned for early 2017/18.
City Solicitor	Full compliance.
Director of Property and Projects	Partial compliance – Review of MKI indicates non-compliance with the quarterly risk review process for estates management and facilities management. Note that the corporate risk on ERDF projects will be expanded in quarter 1 of 17/18, to cover other externally funded capital projects.
Director of Planning and Place	Full compliance. Note that the development of the Planning risk register is still ongoing.
Director of Development	Full compliance
Director of City Centre Development	Full compliance

Proposed changes to the Corporate Risk Register

- 3.1.4 Following the quarterly meetings between Chief Officers and the Head of AGRS, the following risks are proposed to be added to the corporate risk register:**
- 3.1.5 Procurement - Poor procurement and contract management planning and practice undermines the Council's ability to deliver its objectives, achieve value for money, opens the Council to legal challenge and results in reputational damage**
- 3.1.6 Digital information security – If the Council does not have proper arrangements in place for digital information security then the confidentiality, integrity and availability of the information assets of the Council may be compromised.**
- 3.1.7 The Deputy Chief Executive and Director of Finance and Resources has proposed that the current corporate risk on Change Management is reframed so that it is focussed on the need to develop and implement an organisational**

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transformation programme. The current risk and the proposed new risk are outlined below:

- 3.1.8 Current risk name: Change Management**
Current risk description: If we do not manage change effectively then we will not deliver the Belfast Agenda / Community Plan.
- 3.1.9 Proposed new risk name: Design and Delivery of the Organisation's Transformation Programme**
Proposed new risk description: Failure to design and deliver the organisation's transformation programme to ensure that the Council is fit to deliver the corporate plan and Belfast Agenda.
- 3.1.10** The Deputy Chief Executive and Director of Finance and Resources will be the Risk Owner for the proposed new / amended corporate risks on procurement, digital information security and the design and delivery of the organisation's transformation programme.
- 3.1.11 Performance Management at BWUH Ltd** – during the quarterly review, the Risk Owner reduced the risk assessment from High (impact 5, likelihood 3) to Significant (impact 3, likelihood 3). This movement illustrated on the corporate risk map at appendix A. The rationale for the decrease in the risk rating is that several of the risk actions have now been implemented e.g. 17/18 business plan agreed, governance arrangements, including include contract management arrangements have been established, performance reporting etc
- 3.1.12** The Audit and Risk Panel is asked to approve the changes to the corporate risks as outlined above. Should these new / amended risks be approved, the Risk Owners will assess the risks and identify the key controls and actions needed to manage these risks.

Risk Management for High Risk Capital Projects

- 3.1.13** In addition to the management of corporate wide risks, the Council's risk management process provides for formal project risk management in respect of major, high risk, capital projects, as part of overall project management. This process is overseen by the Director of Property and Projects, who has confirmed that risk registers are in place and up to date for the current high risk projects, which are listed below:

Table 1: List of "high risk" projects

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Ref	High Risk Projects	SRO	Nominated Client (handover of asset)
1	Pitches Strategy	Rose Crozier	Nigel Grimshaw
2	Tropical Ravine	Rose Crozier	Nigel Grimshaw
3	Leisure Estates Programme (Robinson Centre, Brook, Andersonstown, Templemore, Avoniel and Girdwood -phase 2)	Ronan Cregan	Nigel Grimshaw
4	North Foreshore Development Sites	Gerry Millar	Gerry Millar

3.1.14 The new crematorium, is an uncommitted project that has been identified as `high risk' for the Council. As this project is at appraisal stage and no option has been agreed, it does not yet have a traditional risk register, however this will be kept under review as the project progresses.

3.2 Reviewing the Management of Corporate Risks – Assurance from AGRS

3.2.1 AGRS's programme of work includes provision for providing objective assurance on the management of corporate risks. We address this is by undertaking specific reviews to provide independent assurance that corporate risks are being managed in line with action plan in order to achieve the target risk rating within the required timeframe. For 2016/17, AGRS split these reviews in 2 tranches, with the first set being reported to the Audit and Risk Panel in March 2017 (this included the corporate risks relating to Financial Position, City Centre Regeneration, Asset Maintenance, Health & Safety, Change Management, Information Management, Local Development Plan, Strategic Planning & Corporate Frameworks).

3.2.2 We have now completed our reviews of the second set of corporate risks, namely:

- **European Regional Development Fund projects**
- **GLL**
- **Agreement / delivery of Community Plan**
- **Managing performance at Belfast Waterfront & Ulster Hall Ltd**
- **Waste management**

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- **Safeguarding all ages**

3.2.3 The key issues arising from the review of each risk are summarised at Appendix B.

3.3 Business Continuity Management update

3.3.1 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.

3.3.2 All services have undertaken their BC exercise for 2016-17, with the exception of Facilities Management who deferred their exercise due to the accommodation moves during 16/17 and; Environmental Health Services who deferred their exercise in order to ensure that key staff were available to participate. Management have been reminded of the need to ensure that BC exercises for 2017-18 are planned and agreed with the relevant Senior Manager / Director by 31 July 2017.”

The Panel noted that the Director of Finance and Resources had been appointed as the Senior Responsible Officer for the two new risks, namely, Procurement and Digital Information Security.

In relation to the proposed new risk name, from ‘Change Management’ to ‘Design and Delivery of the Organisation’s Transformation Programme’, a Member requested that a report be submitted to a future meeting to outline the programme and timetable for its implementation. The Head of AGRS explained that AGRS would be undertaking a review of the management of this risk during 2017/18.

During discussion around the new Crematorium, the Director of Finance and Resources advised the Panel that he and the Director of Property and Projects would attend the next meeting of the Strategic Cemeteries and Crematorium Development Working Group to provide the Members with an update on the significant capital project.

The Panel noted the information which had been provided.

Review of Code of Governance

The Panel considered the undernoted report:

“1.0 Purpose of Report or Summary of main Issues

1.1 In line with best practice, the Council has developed a Code of Governance based on the 7 core principles set out in the new CIPFA Solace Framework (2016 edition).

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1.2 The Code was initially reviewed and approved by the Audit Panel on 13th May 2008 and has been reviewed and updated annually thereafter (see section A of the appendix for the summary version of the Code and section B for the detailed Code). The results of the annual review and update of the Code informs the preparation of the Annual Governance Statement which forms part of the published annual Financial Report for the Council.

1.3 This paper presents the updated Code to the Audit & Risk Panel for review and approval.

2.0 Recommendations

2.1 The Audit & Risk Panel is asked to review and approve the attached updated Code of Governance for Belfast City Council, which has been prepared in line with the new CIPFA framework (2016 edition).

3.0 Main report

Key Issues

This section of the report is laid out as follows:

3.1 - Introduction

3.2 - AGRS review of arrangements

3.3 - Ongoing improvements planned for 17/18

3.1 Introduction

3.1.1 Governance is about how Belfast City Council ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

3.1.2 Belfast City Council is committed to the core and supporting principles of good governance set out within the CIPFA Solace Framework, namely that good governance means:

(a) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

(b) Ensuring openness and comprehensive stakeholder engagement

(c) Defining outcomes in terms of sustainable economic, social and environmental benefits

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- (d) Determining the interventions necessary to optimise the achievement of the intended outcomes**
- (e) Developing the entity's capacity, including the capability of its leadership and the individuals within it**
- (f) Managing risks and performance through robust internal control and strong public financial management**
- (g) Implementing good practices in transparency, reporting, and audit, to deliver effective accountability**

3.2 AGRS review of arrangements

3.2.1 AGRS has undertaken an annual review of the Council's Code of Governance. The main purpose of this review was to confirm that the Council is complying with the 7 new principles of good governance as set out in the Code and to ensure that the Code reflects new initiatives and changes. To undertake this review, AGRS contacted various Council officers and inspected supporting documents to determine whether the systems, processes and documents provide evidence of compliance with the 7 principles of good governance set out in the Code.

3.2.2 Following the annual review, the Code has been updated to include the following:

- (a) The launch of the Belfast Agenda, our community plan for the city, for public consultation in December 2016**
- (b) The assignment of responsibility to Chief Officers and where relevant, committees, for delivering aspects of the Belfast Agenda in our Corporate Plan. Programmes of work are being assigned to Chief Officers who will determine and report on the delivery of objectives and outcomes.**
- (c) The launch of the preferred options paper, for the local development plan, for public consultation between January to March 2017**
- (d) The establishment of an equality and diversity network**
- (e) Agreement of a continuing development programme, to be delivered during 17/18, to further support members in their Planning Committee role**
- (f) Launch of an online hub: yoursay.belfastcity.gov.uk on our website, to collect the views of the public and staff**
- (g) Establishment of the Commercial Panel with a focus on commercial skills and delivery of outcomes**

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- (h) Quarterly directors challenge meetings to scrutinise financial performance against budget, forecasts and management of key financial risks**
- (i) Publication of statutory performance indicators and an annual 'improvement' report in line with the Local Government (NI) Act 2014**

3.2.3 Our review confirmed that arrangements were in place to address the principles of the code and also identified areas where ongoing improvements are planned (see below).

Ongoing improvements planned for 17/18

- (a) Development of formal and informal partnership arrangements in the coming year to ensure good governance over the delivery of the Belfast Agenda.**
- (b) Development of an overarching Asset Management Strategy during 17/18, aligned to the Belfast Agenda.**
- (c) Delivery of the next stage of the Council's organisational transformation programme, with assistance from external specialists**
- (d) Programme management arrangements**
- (e) A process to monitor and improve compliance with the Council's Scheme of Delegation is currently under development and will include reporting on the exercise of procurement (delegated) authority powers**
- (f) Approval of a project to establish robust policy compliance management arrangements that gives the Council a basis upon which it can be assured that key Council policies are up-to date, fit for purpose and being complied with.**
- (g) Top Team training (for Chief Executive and directors) to be implemented in 2017-2018**
- (h) Review and update of the conflict of Interest and Gifts and Hospitality policies and processes for Belfast City Council officers underway.**
- (i) A competency framework has been developed for an effective Belfast City Council employee. The final draft framework is currently under consideration by CMT.**
- (j) Development of Equality and Diversity Framework completed and delivery commenced to promote equality and diversity in service delivery and workforce development.**

3.3 Equality or Good Relations Implications

Equality and good relations implications are integral to the Code of Governance."

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During discussion, a number of Members stated that the proposed Top Team training for the Chief Executive and Directors should seek to encourage the delegation of more tasks to senior officers. A further Member pointed out that a work/life balance was essential for all employees, not just those at the most senior level.

The Panel approved the updated Code of Governance for the Council, which had been prepared in line with the 2016 CIPFA Solace Framework.

Head of AGRS Annual Assurance Statement

The Panel reviewed and noted the contents of the Head of Audit, Governance and Risk Services' Annual Assurance Statement for 2016/2017. The Head of Audit, Governance and Risk Services reported that the Statement represented his professional opinion on the adequacy and effectiveness of the Council's risk, control and governance arrangements. He highlighted the basis of his annual assurance opinion, including relevant supporting evidence. It was reported that some weaknesses and areas for improvement had been identified and had been reported in detail to the Council's Assurance Board and Audit Panel throughout 2016/17. The Head of Finance and Performance provided an update on the measures which had been taken to improve control over payroll, while noting that the new system which was being implemented would enable many of the issues to be addressed.

The Panel noted the Annual Assurance Statement for 2016/17.

Update on Corporate Health and Safety Performance Report

The Corporate Health and Safety Manager provided the Panel with an update in relation to the Council's Health and Safety performance during the period ending 31st March, 2017. She reviewed the progress which had been achieved in relation to the key performance indicators, where the 82% compliance of actions had exceeded the target of 80%.

She reported that there had been a downward trend in non-employee accidents, with eight less from Quarter three to 13. The Panel was advised that the number of employee accidents for quarter four was 50, which was two more than in quarter three. She reported that the highest number of accidents had been caused by employees being injured while lifting/carrying, through a slip/trip or fall, struck against something or through road traffic accidents.

The Panel was informed that the number of RIDDOR reportable accidents had decreased by four from quarter three. She explained that the trend for RIDDOR reportable accidents had been slowly increasing over the last four years, predominantly down to 'injured whilst lifting or carrying' or 'slips, trips and falls' but that there were significant fluctuations from quarter to quarter. The Panel noted that there was no clear explanation for this.

She reported to the Panel that there had been a steady increase in the number of reported Work Related Violence incidents within the past four years, the majority of which were of verbal abuse.

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The Panel noted the Greenwich Leisure Limited (GLL) accident figures from quarters two, three and four for 2016-17 and noted that two had been RIDDOR reportable during the last quarter.

She highlighted to the Panel the progress which had been made against key corporate health and safety priorities for 2016/17, namely:

- a new health and safety committee structure;
- improved accident management;
- a draft plan for seeking Occupational Health and Safety Assessment Series accreditation; and
- a review of the WIRES inspection having been completed, with a revised procedure included in the Corporate Health Safety Unit's work plan.

The Panel noted the information which had been provided.

Draft Annual Governance Statement

The Director of Finance and Resources explained that, in addition to the financial statements, the Council was required to produce Annual Governance Statements, which highlighted the key elements of the Council's assurance and governance arrangements. He described the key elements of the framework and explained that various reviews and assurances were reflected within the statements, which included the disclosure of the significant governance issues facing the Council.

He explained that, as required, the Statement for the year 2016/17 had been prepared in line with the template outlined in the Accounts Directive provided by the Department for Communities (DfC) and that it was consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. He highlighted the significant governance issues that the Council was disclosing in the Annual Governance Statement.

The Panel adopted the recommendations as set out within the report and endorsed the contents of the Draft Annual Governance Statement.

Audit and Risk Panel Annual Report and Review

The Panel considered the undernoted report:

“1.0 Purpose of Report or Summary of main Issues

1.1 The Audit and Risk Panel is constituted as a working group of the Strategic Policy and Resources Committee. The purpose of the Panel is to provide an independent assurance on the adequacy of the Council's risk management framework and associated control environment. The Panel also oversees the Council's financial reporting process.

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1.2 The purpose of this report is to provide a summary to Committee of the key issues that have been considered and discussed by the Panel during the 2016/17 financial year, the assurances received and the areas requiring attention and present minutes of the last meeting of the Panel for approval.

2.0 Recommendations

2.1 That the Strategic Policy and Resources Committee notes the summary of the work of the Panel during 2016/17 as set out at Section 3 below.

2.2 That the Strategic Policy and Resources Committee approves the minutes of the Audit & Risk Panel of 13 June 2017.

3.0 Main report

3.1 Summary of the work of the Audit and Risk Panel in 2016/2017

3.1.1 During 2016/17 the Panel met 5 times (including a training session at Belfast Castle).

3.1.2 The Panel has considered audit plans and issues arising from audit activity, such as the findings, assurance levels and recommendations arising from audit work and the progress being made to implement audit recommendations. It also received regular updates on:

- the Council's financial position, as set out in its financial statements
- reports from the Council's external auditors
- risk management
- business continuity
- fraud, financial irregularity and whistleblowing investigations
- governance related matters
- financial control
- health and safety
- staff attendance.

3.1.2 The key assurances that the Panel has received on are as follows:

- the Council's financial statements and annual governance statement, as prepared by the Director of Finance and Resources and his team; this provided a management assurance on the Council's financial position

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- **the audited accounts and the associated external audit annual letters for 2015/16 (providing an opinion on the accounts) and report to those charged with governance (setting out control issues arising from the annual external audit), as prepared and presented by the Northern Ireland Audit Office. This provided an external assurance on the Council's financial position for 2015/16. (The accounts for 2016/17 are in the process of being audited).**
- **the Head of Audit, Governance and Risk Service's annual assurance statement on the adequacy and effectiveness of the Council's risk management, control and governance arrangements, based on the findings of audit work completed throughout the year.**

3.1.3 Where areas for improvement have been identified these have been reported and implementation of agreed recommendations is actively monitored and reported back to the Panel. The Panel has, on occasions, raised issues where either audit reports have identified significant issues or progress against recommendations has not been satisfactory, with Directors asked, where necessary, to attend the Panel and provide further explanation. The key areas considered during 2016/17 have included planning, waste management and procurement, where relevant Directors and senior managers have attended Panel meetings and provided information on current arrangements and improvement plans.

3.1.4 The Audit and Risk Panel have also received updates during the year on the Council's risk management arrangements, including reports on the management of the Council's key corporate risks. This process has been supplemented by direct reporting to Committees on their key risks."

The Panel noted the information which had been provided and agreed that it should be submitted to the Strategic Policy and Resources Committee.

Absence Rates Quarter Ending March 2017

The Panel was advised that, for the financial year 2016/2017, the average number of days sickness absence per full time employee had been 12.44 days, against the target of 10 days. The Director of Finance and Resources pointed out that there had been a slight decrease in the number of staff with no absence this year, and that levels of long term absence, (that is, of twenty days or more) had increased slightly, with 65.01% of long term absence compared to 61.85% in the same period last year.

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During discussion, he pointed out that, in the Chief Executive's Department, there had been an overall increase in the number of days lost due to long term absence cases, for the most part due to various underlying medical conditions. He pointed out that the Department's absence rates included parts of what were now in the Planning and Place Department, whereby a number of employees had transferred from the Northern Ireland Civil Service (NICS). It was pointed out that these employees were managed under the NICS Attendance Policy, which was less robust than the Council's policy.

The Panel was advised of the following proposed corporate and departmental absence targets for 2017/18:

	Proposed target for 2017/18 (days)
BCC	10.00
Chief Executive's	7.00
Finance and Resources	6.00
City and Neighbourhood Services	11.50
Development Department	7.00
Property and Projects	10.00

A Member expressed concern that the absence figures had gone up, overall, and that it was important to keep the figures under regular review.

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

Performance Improvement Update

The Director provided the Panel with details of the reporting arrangements which were in place to ensure that the Council complied with the performance improvement duty 2017-2018, as laid out in Part 12 of the Local Government (NI) Act 2014 and the associated guidance from the Department for Communities and the NI Audit Office (NIAO). That 'duty' sought to measure the performance of councils and the arrangements which were in place to meet with the Audit Office's performance improvements objectives, specifically as they related to Community Plans.

He explained that, as last year was the first year of the duty, the Council's obligation had related solely to the development of a forward looking Corporate Plan, for which the Council had received a clean audit and a certificate of compliance on 30th November, 2016. The Audit and Risk Panel had received details of this at its meeting in December, 2016.

The Panel was advised that the Council had recently received correspondence from the NIAO outlining its proposals for this year's audit. The Director explained that it would include both a forward looking assessment of the Council's ability to deliver the

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improvement objectives outlined in the Corporate Plan, as well as a retrospective assessment of progress against the previous year's improvement objectives.

The Director reported that legislation provided that the Council's Improvement objectives for 2017-18 must be published by 30th June and he explained that they would be presented to the Strategic Policy and Resources Committee at its meeting on 23rd June.

The Panel noted the information which had been provided.

Date of Next Meeting

The Panel noted that the next meeting would take place on Tuesday, 12th September, at 1.00pm, with a pre-meeting at 12.45pm.

Action Points for next meeting

1. a report is to be submitted on agency costs and contracts, overtime costs and re-structuring;
2. a report is to be submitted on the fundamental review of grants by N. Grimshaw and the review of grants for festivals and events by D. Durkan.

Chairperson