

# Audit and Risk Panel

Tuesday, 10th February, 2020

## MEETING OF AUDIT AND RISK PANEL

Members present: Alderman Rodgers (in the Chair);  
Councillors Carson, Hussey, O'Hara, Michael Collins;  
and Ms S. Hetherington.

In attendance: Mr. R. Cregan, Strategic Director of Finance and Resources;  
Ms. C. O'Prey, Head of Audit, Governance and Risk  
Services (AGRS);  
Mr. T. Wallace, Head of Finance;  
Ms. C. Sheridan, Head of Human Resources;  
Mr. M. Whitmore, Audit, Governance and Risk  
Services Manager;  
Mrs. E. Eaton, Corporate Health and Safety Manager;  
Ms. H. Lyons, Corporate Finance Manager;  
Ms. C. Kane, Northern Ireland Audit Office; and  
Mr. J. Hanna, Senior Democratic Services Officer.

### **Apologies**

An apology was reported from Councillor McKeown.

### **Minutes**

The minutes of the meeting of 3rd December were taken as read and signed as correct.

### **Declarations of Interest**

No declarations of interest were recorded.

### **Schedule of Meetings**

The Panel agreed that further consideration be given to the dates of the meetings for the remainder of the year.

### **Leisure Centres Compensation Claims Report**

The Panel was reminded that, at its meeting on 3<sup>rd</sup> December, it had agreed that a further breakdown of compensation claims, in relation to leisure centres, be reported to a future meeting. Accordingly, a report in this regard was submitted for the Panel's consideration.

Noted.

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**Absence Rates Quarter 3**

The Panel considered a report providing information on the absence figures for the third quarter of 2019/2020. The Head of Human Resources reported that sickness absence per employee for that period had been 9.83 days against an agreed corporate target of 9.5 days. She advised that the number of absences which had been classified as long term (20 days or more) during the quarter had been 66.28%, which was a decrease compared to the same period last year at 69.67%.

She advised that the number of days lost per full time equivalent increased in quarter three (3.77 days), when compared to quarter two (2.99 days), and there had also been an increase of 0.22 days when compared to the same period last year (3.57 days).

In relation to Disability Related Absence, approximately 28% of absence (5781.1 days) had been recorded as disability related and 54.1% of disability related absence was being managed as long term.

In relation to the use of discretion, she reported that, in quarter three, of the 810 employees that were off due to sickness absence, discretion had been applied to 93, which accounted for 25.21% of the total absence for Quarter 2.

She informed the Panel that a number of health and wellbeing activities and initiatives continued to assist with managing attendance at work including:

- Positive Mental Health and Emotional Wellbeing training;
- Stress Awareness for Managers;
- Mindfulness;
- A 'Keeping Well' event organised by the Events team; and
- First Aid Mental Health training.

She also highlighted that additional health and wellbeing initiatives and programmes would be developed as part of the People Strategy.

The Members welcomed the additional information on work related stress. Regarding the significant rise in absence attributed to infections, colds and flu in quarter 3 compared to quarter 2, the Head of Human Resources agreed to investigate whether this was a common issue for all organisations or particular to the council.

She also highlighted that Corporate HR and Emergency Planning were maintaining regular contact with the Public Health Agency regarding the Coronavirus, with information having been provided on Interlink, which was updated regularly. This situation would continue to be monitored and Public Health Agency advice would be followed in this regard. The Deputy Chief Executive / Director of Finance and Resources also provided an update on the work that was underway corporately to prepare for the impact of the coronavirus.

Noted.

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**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 December, 2019. She reviewed the progress which had been achieved in relation to the key performance indicators, where the Council had fully implemented 57% of the health and safety actions and 92% of the fire actions due at the end of quarter three.

She advised that there were 52 employee accidents, with the majority being caused while lifting or carrying and 17 non-employee accidents during quarter three, with 12 of those accidents due to slip, trip or falls.

She reported that the number of employee accidents for quarter two was 52, which was 11 more than in the last quarter. She reported that the highest number of accidents had been caused by employees being injured while lifting or carrying.

The Panel was informed that the number of RIDDOR reportable accidents had by 6 from the last quarter, from 14 to 20.

The Corporate Health and Safety Manager reported that there had been an increase in the number of reported Work Related Violence incidents from the last quarter, from 19 to 30, of which 11 incidents involved threatening behaviour, 9 incidents of verbal abuse and 9 incidents which involved physical violence. The Corporate Health and Safety Manager also assured members that cases were referred to the police for investigation where appropriate.

She advised that there were 52 employee accidents, with the majority being caused while lifting or carrying and 17 non-employee accidents during quarter three, with 12 of those accidents due to slip, trip or falls.

Noted.

**Northern Ireland Audit Office (NIAO) –  
Final report to those charged with governance for 2018/19**

The Panel was advised that the Local Government Auditor had issued her Report to those Charged with Governance for 2018/2019.

The Auditor had not identified any significant risks as part of the audit strategy but had identified five areas where she had made prioritised and recommendations. The NIAO definition of the priority levels were:

- 1) significant issues for the attention of senior management which may have the potential to result in material weaknesses in internal control,
- 2) important issues to be addressed by management in their areas of responsibility, and
- 3) issues of a more minor nature which represents best practice.

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In the Auditor's report there were 0 priority 1 areas, 2 priority 2 areas, and 3 priority 3 areas.

The 'Priority 2' recommendations needed to be reviewed and responded to by management and these related to:

- Non-current Assets
  - Infrastructure Assets – To develop an Asset Management Plan and review whether current depreciation policy remained appropriate;
  - Valuation of the Gasworks Site – The Council, in consultation with Land and Property Service, review its approach to calculating fair value of investment property assets; and
  - Zero Net Book Value of vehicles still in use – A review of the useful economic life and depreciation policy for vehicles was recommended.
- Future BID companies and extension to current BID companies – legal agreements to be put in place to formalise arrangements

The 3 'Priority 3' areas for response were:

- Giant's Park, North Foreshore – recommendations for best practice in relation to the process for retaining supporting documentation; and
- Belfast Waterfront and Ulster Hall Ltd – ensure that the company achieved a break even position at year end.

A detailed response to the management letter had been prepared, identifying timescales. Ms Hetherington commented that there was a balance to be struck between the effort in the Belfast Waterfront and Ulster Hall Ltd achieving an exact break even position at the year-end and the benefit derived from the exercise. In accordance with the process adopted in previous years, management would monitor the progress made in implementing recommendations and would report back to the Audit and Risk Panel on the progress.

Noted.

**Northern Ireland Audit Office (NIAO) –  
Annual Audit Letter for 2018/19**

The Strategic Director of Finance and Resources updated the Panel on the Annual Audit Letter which was issued under Regulation 17 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 and confirmed that the Financial Accounts had been given an unqualified audit opinion.

The Panel noted the contents of the report.

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**Northern Ireland Audit Office (NIAO) Audit Strategy**

The Panel noted the NIAO Audit Strategy in respect its audit of the Council's financial statements for 2019/20.

**Draft AGRS Annual Audit Strategy and Plan for 2020/21**

The Panel consider a report in relation to the Internal Audit and Risk Management Plan for 2020/21.

The Pavel was informed that the plan set out the role of AGRS as an assurance provider and advisory service which directly assisted the Council in meeting relevant statutory obligations in relation to internal control, risk management and good governance.

The detailed assignment plan – that is the list of areas the Service planned to review during 2020/21 - was set out in the plan appended to the report. The detailed assignment plan was based on an assessment of audit need (which took account of a number of risk factors) and the aim to audit key areas on the cyclical basis.

In addition to specific assignments, the plan provided provision for continued support to the organisation in fraud prevention / detection and investigation (including continued focus on the Corporate Fraud Risk Assessment and participation in the National Fraud Initiative), whistleblowing, risk management, business continuity management and corporate governance.

The Plan has been drafted to provide a clear link between audit activity, strategic objectives (including those included in the Belfast Agenda) and corporate / key risks.

The Panel approved the Internal Audit and Risk Management Plan for 2020/21.

**AGRS Progress Report March 2020**

The Panel considered a report which provided an overview of the specific internal audits which had been carried out and finalised during December, 2019 and February, 2020 by Audit, Governance and Risk Services.

It was highlighted that a number of audits had been completed during the period, 1 of which had received an assurance opinion of major improvement, relating to IT Asset Management; 2 audits, that is, IT Project Management and Belfast Agenda/Outcomes Framework, had an audit opinion of some improvement needed; whilst due to the nature of the review no opinion had been provided regarding the review of Organisational Culture. It was reported that action plans to address the audit issues had been agreed with management in these areas.

The Panel was informed that that the following audits were in progress:

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- Payroll audit – (draft report);
- Corporate Health and Safety - Work Related Transport – (draft report);
- Pitches Strategy – (draft report);
- Property Maintenance (fieldwork);
- Resilience - (fieldwork);
- Continuous Improvement – (fieldwork);
- CNS Transition and Improvement programme – (planning);
- Performance Management – (fieldwork);
- BWUH Ltd. – (fieldwork); and
- Partnership Arrangements – (planning)

The Audit, Governance and Risk Services Manager advised that management was requesting the deferral of the following two reviews which had been planned, until 2020/21:

- **Peace IV** – as discussions with management had indicated that there had been no substantive progress since the last report issued in May, 2019
- **Houses of Multiple Occupation** – as this function had only recently transferred to the Council from the Northern Ireland Housing Executive, management had requested a deferral to allow for a 'bedding in' period.

In relation to investigations, he advised that AGRS were currently liaising with departments regarding 6 whistleblowing cases, and with the PSNI and Council departments on 2 cases which had been referred to the Police or investigation. The review of matches as part of the Council's participation in the National Fraud Initiative had been completed and report on the outcome of that exercise would be submitted to the next meeting.

The Panel noted the AGRS Progress Report for the period December, 2019 – February, 2020 and agreed that the planned audits of PEACE IV and Houses of Multiple Occupation be deferred.

**Progress Update on Open Audit Actions**

The Panel was reminded that actions (recommendations) agreed as part of AGRS and NIAO work, along with the names of the action owners and implementation dates were recorded on the action tracking module of an IT system known as MKinsight. Council officers had access to this system to provide updates on the progress being made to implement those actions. AGRS undertook independent monitoring and validation exercises on the progress towards implementation of those actions twice a year.

The previous validation exercise was undertaken and reported in December 2019 and the Panel had requested that AGRS undertake a further exercise focussing on recommendations that had not yet been implemented from audits undertaken in 2017 or earlier.

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The Head of Audit, Governance and Risk Services reported that the review had now been completed. At the start of the exercise, there were 89 actions that related to 2017 or earlier. These had been assessed and AGRS had discussed the continued relevance of these actions with management and determined what needed to be done to close them. In summary, 39 (43%) of these actions had been closed, and management had committed to implementing the remaining actions and had already provided or would provide new realistic implementation dates. The Panel asked that AGRS keep these under review to ensure that there no unnecessary delays in implementation.

Noted.

**Corporate Risk Management QE December 2019**

The Panel considered a report regarding the Corporate Risk Management for the period ending December, 2019. The Head of AGRS provided an update on the completion of the Directors quarterly assurance statements and referred to the new Corporate Risk dashboard appended to the report.

In addition, the Head of AGRS drew the Panels attention to the fact that 4 of the 15 critical services had completed and reported on their Business Continuity exercise for 2019/20, with exercises having been planned for a further 7 services, although exercise reports had not yet been submitted to confirm that they had been undertaken. A total of 4 critical services have not yet planned or undertaken their business continuity exercise.

She advised the Panel that all critical services had been reminded of the need to (1) undertake these exercises and also, bearing in mind guidance which was being provided to public authorities on the appropriate response to the coronavirus outbreak, (2) ensure that their plans were up to date, provide adequate guidance on how the Service would respond to an interruption involving higher than normal levels of staff absence, and that staff were acquainted with these plans.

After discussion, during which Members complimented the new corporate risk dashboard and the ease of which the information could be read, the Panel:

- agreed that the corporate risk dashboard met its information requirements;
- noted the position regarding compliance with the Risk Strategy, based on the quarterly assurance statements completed by Chief Officers; and
- noted the update on business continuity management arrangements.

**Audit & Risk Panel / Audit Assurance Board Terms of Reference  
& Annual Programme of Work 2020**

The Head of Audit, Governance and Risk Services reminded the Panel that, in line with good practice, the terms of reference for the Audit and Risk Panel and the Audit Assurance Board were reviewed on an annual basis.

She indicated that the purpose statement and terms of reference of the Panel were important because they set out the role of the Panel in the context of the Council's

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governance structures. They were based on the recommended Chartered Institute of Finance and Accountancy (CIPFA) model (2018 edition) for audit committees tailored, where, appropriate to Belfast City Council.

The terms of reference had last been updated in March, 2019 to reference the Panel's role in considering the assurances available on partnership arrangements and reviewing the Council's ethical framework, as per updated CIPFA guidance.

The terms of reference had been reviewed and it was considered that they did not require any further update.

She went on to summarise that the Audit Assurance Board was chaired by the Chief Executive. The principal activity of the Audit Assurance Board over the years had been to review and consider reports from internal audit, external audit and management which were to be submitted to the Audit and Risk Panel, but from a top management / Accounting Officer perspective rather than a Member perspective. That process enabled the Chief Executive and the Board to be assured (or otherwise) of current risk, control and governance arrangements and consider any issues that required management priority / attention / direction.

The Audit Assurance Board terms of reference were last updated in June 2019 to also take account of the best practice updates recommended by CIPFA. These had also been reviewed the terms of reference and they require only minor update as set out in the appendix to the report.

In line with good practice the quarterly meetings of the Panel have been aligned with an indicative programme of business, designed to ensure that the Panel demonstrably addressed / discharged its roles and responsibilities as set out in its purposes statement / terms of reference. A copy of the indicative programme of business has also been appended to the report.

That the Audit and Risk Panel approved the:

- Audit and Risk Panel's purpose and terms of reference statement;
- Audit Assurance Boards constitution and terms of reference; and
- Audit and Risk Panel's indicative programme of business (noting that, as discussed earlier in the meeting, further consideration be given to the dates of the meetings for the remainder of the year.

**Mid-year report on Performance Improvement 2019/20 (Quarter 3)**  
**(including an update on the implementation of the proposals for improvement)**

The Deputy Chief Executive / Director of Finance and Resources reminded the Panel that Part 12 of the Local Government (NI) Act required the Council to agree improvement objectives on an annual basis and publish these in the form of an Improvement Plan. The Council's Improvement Plan 2019-20 was agreed by Council in June, 2019 and contained the Council's commitment to securing continuous improvement as well as delivery of the Improvement Objectives.



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He updated the Panel on the progress which had been made against activities contributing to the six Improvement Objectives contained within the Corporate Plan 2019-20 to:

- Build the city's position as a magnet for foreign direct investment;
- Make Belfast a great place to do business by supporting entrepreneurs and business starts;
- Design and deliver programmes to address health inequalities in the city;
- Deliver city regeneration and investment projects;
- Deliver the integrated tourism strategy to increase the number of leisure and business tourists; and
- Deliver an integrated approach to employment and skills.

The Panel approved the Performance Unit's overall assessment of the status of the activities contributing to the improvement objectives at quarter 3.

**NIAO Improvement Audit and Assessment 2019**

The Panel considered the following report:

**“1.0 Purpose of Report**

**1.1 To provide assurance to the Panel that BCC's arrangements to securing continuous improvement through the delivery of our Improvement Plan complied with the legislative requirements of Part 12 of the Local Government (NI) Act 2014 and the associated guidance.**

**2.0 Recommendations**

**2.1 The Panel is asked to:**

- **Note the Auditor's unqualified opinion, informed by an a NIAO audit and assessment carried out in Autumn 2019, that BCC has discharged its performance improvement and reporting duties and has acted in accordance with the Guidance. (The NIAO letter and certificate are attached at Appendix 1 and its full report at Appendix 2)**
- **Note that there are no formal recommendations contained within the report. A number of 'proposals for improvement' have however been suggested by NIAO for consideration and actions to address these proposals are attached at Appendix 3**
- **Note the next steps for development of the 2020-2021 Improvement Plan as laid out in paragraph 3.8.**

3.0 **Main report**

3.1 **Audit and Assessment of BCC Planning and Performance Arrangements 2018-19**

BCC's Improvement Plan 2018-19 was agreed by Council in July 2018. Part 12 of the Act includes a requirement for the NIAO to determine and report each year on whether:

- a) The Council has discharged its duties in relation to improvement planning; published the required improvement information and; the extent to which the Council has acted in accordance with the Department's Guidance in relation to those duties (*a retrospective assessment*) and whether;
- b) The Council is likely to comply with the requirement to make arrangements to secure continuous improvement in the exercise of its duties (*a forward looking assessment*).

3.2 The NIAO issued its conclusions following a period of audit supported by the Performance Unit. This process involved the NIAO examining the council general arrangements to improve, underpinning governance arrangements, consultation undertaken to inform the improvement objectives and performance against a range of statutory and self-imposed indicators.

3.3 Members will be aware that at the 3rd December meeting, Ms S Murphy from NIAO provided an update about the Council's Improvement Audit and Assessment Report and she advised that the Local Government Auditor had certified the improvement audit and assessment for the Council with a standard, unqualified opinion. Officers have now reviewed the report and its proposals for improvement.

3.4 As was the case in previous years BCC was considered to have complied in all respects. In particular, NIAO noted that *'the Council continues to strengthen these arrangements [i.e. to secure continuous improvements] and...delivered some measurable improvements to its services in 2018-19 and...demonstrated a track record of ongoing improvement.*

3.5 Following the audit the NIAO concluded in its final report, issued in November, that BCC discharged its duties in connection with (1) improvement planning and (2) publication of improvement information in accordance with Section 92 of the Act and acted in accordance with the the Department for

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**Communities' Guidance.** The full report is included in Appendix 2.

- 3.6** Five proposals for improvement were included in the report of which two were resolved immediately on discovery and are not therefore included in the Appendix. The actions to implement these, alongside some of the proposals still in progress from previous years, are outlined in Appendix 3.
- 3.7** The 11 Councils, acting through SOLACE, continue to work together to address a number of cross-cutting issues particularly in around arrangements for the effective benchmarking of data.

**3.8** **2019-20 and 2020-21 Improvement Plans**

An assessment of the 2019-20 Improvement Plan, which was approved by Council in July 2019 will be carried out in Autumn 2020.

The Strategic Hub is now working to develop the Improvement Plan for 2020-21 in line with the dates below.

CMT - Review of Improvement Objectives (CMT)	18 <sup>th</sup> Feb 2020
SP&R Review of Improvement Objectives	21 <sup>st</sup> Feb 2020
Improvement Objectives - 8 week consultation period opens	24 <sup>th</sup> Feb 2020
Improvement Objectives 8 week consultation period ends	19 <sup>th</sup> Apr 2020
CMT approve draft Council Improvement Plan	28 <sup>th</sup> April 2020
SP&R approve Council Improvement Plan for online publication	22 <sup>nd</sup> May 2020
Publish Improvement Plan 2020 - 21 (no later than)	30 <sup>th</sup> June 2020

**3.9** **Finance and Resource Implications**

The Council is required to cover the cost of the Audit and Assessment and the fee for the 2018-19 audit, which is calculated on the basis of time spend by NIAO on BCC's audit and on the levels and skill and responsibility involved, was £24,000. Officers made great efforts to minimise these costs by providing all required information in an accessible format at the outset.

**3.10** **Equality/Good Relations/Rural needs Implications**

None.”

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The Panel noted the information which had been provided.

Chairperson