

## **Appendix A**

# **Audit and Risk Panel**

Tuesday, 8th December, 2020

### REMOTE MEETING OF AUDIT AND RISK PANEL

Members present: Alderman Rodgers (in the Chair);  
Councillors Carson, Hanvey, Hutchinson, Hussey, O'Hara;  
and Ms. G. Fahy

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;  
Mr. L. Mulholland, Audit, Governance and Risk  
Services Manager;  
Mrs. E. Eaton, Corporate Health and Safety Manager;  
Ms. H. Lyons, Corporate Finance Manager;  
Ms. C. Kane, Director, Northern Ireland Audit Office;  
Mr. B. Murray, Waste Manager (Strategic Planning and  
Delivery) and  
Ms. E. McGoldrick, Democratic Services Officer.

### **Apologies**

An apology for inability to attend was reported from Councillor Matt. Collins.

### **Minutes**

The minutes of the meeting of 8th September were taken as read and signed as correct.

### **Declarations of Interest**

No declarations of interest were recorded.

### **Schedule of Meetings**

The Audit Panel agreed to the following meeting dates for the period from January – December, 2021, to commence at 12.30pm, with a pre-meeting for Members at 12.15pm:

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- Tuesday, 9th March;
- Tuesday, 8th June;
- Tuesday, 7th September; and
- Tuesday, 7th December.

**Absence Rates Q/E September 2020**

The Panel considered a report providing information on the absence figures for quarter two the financial year 2020/2021. The Head of Human Resources reported that sickness absence, per full-time employee (FTE), for that period had been 4.33 days, which was a significant decrease of 1.72 days compared to absence for the same period last year (6.05). She explained that the corporate target was 12.26 days. The Panel was advised that the absence rate reduced to 4.12 days per FTE when COVID 19 related absence was discounted, against an agreed corporate target of 6.13 days.

She explained that there had been an increase in the number of staff with no absence throughout the year, at 77.7% compared to the same period last year (61.88%). The Panel was advised that long term absences had also decreased compared to the same time last year.

The Head of Human Resources highlighted that analysis showed that depression/anxiety/stress and musculo-skeletal were the top two reasons for absence, and Depression, Anxiety, Stress accounted for almost 45% of all days lost due to sickness absence (44.64%), and 79.15% of these days were attributed to personal stress. She advised that musculo-skeletal related absence accounted for almost 20% of all days lost due to sickness absence (19.12%) with 89.66% of these days were attributable to non-work related reasons.

She outlined that, in quarter two, 338 employees were off due to sickness absence and discretion had been applied to 49 of these employees (14.5%) and their absence accounted for approximately 26% of the total absence for quarter two.

In respect of disability related absence, 36.67% of absence was recorded as disability related, with 52.42% being managed as long term.

The Members were advised that the Council continued to be impacted by absence due to COVID 19. A total of 68 employees were recorded as absent due to COVID19, accounting for 4.88% of the total absence in quarter two. The Panel was advised that management had been operating in accordance with government and public health guidance since the start of the pandemic and had provided guidance to both management and staff.

The Head of Human Resources advised that a review of the Attendance Policy and Booklet was ongoing and that consultation with management, Occupational Health and employee Counselling had taken place. She explained that any revisions to the current absence trigger points would be reported to the Panel, once consultation with Trade Unions had been completed.

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She highlighted that Corporate HR was currently in the process of designing an absence reporting 'dash board' that would standardise how absence was reported to Department Management Teams to help assist within case management and compliance with the Attendance Policy.

In response to Members questions, she explained further the management of sickness absence due to stress and highlighted the services the Council provided such as Occupation Health, Employee Counselling and online resources. She also provided further information regarding staff which had been working from home and furloughed since the pandemic, together with its impact on sick absence figures.

After discussion, the Panel noted the information which was provided and that a reporting mechanism to provide further detail and benchmarking on sickness absence due to stress, depression and anxiety would be examined for the next meeting, together with further data on the impact of Covid-19 and furlough on the Council's overall sick absence figures.

**Corporate Health and Safety Performance Report**

The Corporate Health and Safety Manager reported that the number of employee accidents for quarter two of 2020/2021 was 28, which was 12 more than in the previous quarter. She highlighted that the highest number of accidents had been caused by employees being injured while lifting or carrying.

She advised that there were 8 non-employee accidents during the quarter, 3 of which were due to slips, trips or falls.

The Panel was informed that the number of RIDDOR reportable accidents had also increased by 3 from the last quarter, to 9.

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 16 to 38, and the majority of which were of verbal abuse.

The Panel was provided with details of two complaints which were made to the Health and Safety Executive (HSE) by staff during the last quarter in relation to training and equipment safety and staff uniform. The Corporate Health and Safety Manager also explained that Malone House had been inspected as part of a routine NIFRS inspection programme and no action was anticipated.

With regards to Covid-19, the Corporate Health and Safety Manager explained that the Unit continued to support the Council's Silver Group, Operational Recovery Group and individual service managers to comply with evolving government guidance and to ensure the health and safety of the Council's workers and others. It was acknowledged, however, that the resource required from the Corporate Health and Safety Unit to support the organisation came at the expense of a reduction of routine health and safety activity including inspections and training. She highlighted that fire risk assessments and performance monitoring of outstanding health, safety and fire actions were anticipated to resume in quarter three.

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During discussion, the Corporate Health and Safety Manager advised that an update on the well-being of the employee who had been assaulted in the Holylands and the status of the investigation would be provided to the Panel.

Noted.

**Northern Ireland Audit Office (NIAO) - Draft report to those charged with governance for 2019/20 and update on the 2019/20 audit**

The Panel was advised that the Local Government Auditor had issued, in draft format, her Report to those Charged with Governance for 2019/2020.

The Director of the Northern Ireland Audit Office provided an overview of the draft report, which summarised the system and control issues arising from the Northern Ireland Audit Office's audit of the Council's Financial Statements for 2019/2020. She indicated that the audit had been largely completed and that it was anticipated that the Local Government Auditor would certify the Council's statements with an "unqualified opinion".

She informed the Panel that the Local Government Auditor had identified two areas where she has made prioritised recommendations.

It was reported that the Auditor had initially identified no significant risks as part of the audit strategy. However, having reconsidered their audit in light of the Covid-19 pandemic and the resulting financial pressures on Councils, the Auditor has since included a significant risk to consider the financial resilience of the Council as part of the audit of the 2019-20 accounts. The Auditor had assessed the going concern basis for the preparation of the accounts, recommended additional Covid-19 related disclosures and reviewed the Council's response to the Covid-19 pandemic.

The Director of the Northern Ireland Audit Office advised that the 'Priority 2' recommendation needed to be reviewed and responded to by management as follows: Reconciliation of trial balance to financial statements – recommendation that the primary statements and supporting notes reconcile to the underlying transactions and sufficient supporting documentation is held for all manual adjustments to the figures included in the accounts.

She highlighted the 'Priority 3' area for response was in relation to Borrowings and explained the recommendation to formally document the notification of all borrowing to the Chief Executive and Finance Director.

She also provided an overview of the liabilities, disclosures, and the implementation of last year's recommendations.

During discussion, the Chairperson, on behalf of the Panel, thanked the Finance Team and the NIAO staff for their hard work on the completion of the 2019-20 Draft Report to those charged with Governance.

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The Head of Finance highlighted that, in relation to the Auditor's recommendations, management had not had the opportunity to provide comments to address these issues, however, these would be presented to the Audit and Risk Panel at its meeting in March 2021.

After discussion, the Panel noted the Report to those charged with Governance and the Audit results for 2019/20.

**Northern Ireland Audit Office (NIAO) - Financial Statement of Accounts  
for approval 2019/20**

The Panel considered the following report which had been prepared by the Financial Accounting Manager and her team:

**“1.0 Purpose of Report or Summary of main Issues**

**1.1 The purpose of this report is to present to the Audit and Risk Panel, the Statement of Accounts of the Council, including the Annual Governance Statement, for the period ending 31 March 2020.**

**1.2 The Statement of Accounts are an important element of the council's overall corporate governance framework as they provide assurance to Members and ratepayers on the stewardship of the council's finances and its financial position.**

**1.3 The Statement of Accounts for the year ended 31 March 2020, as attached, have been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 based on International Financial Reporting Standards and the Department for the Communities Accounts Direction, Circular LG 03/20 dated 17 February 2020.**

**1.4 I can confirm that the Statement of Accounts for the year ended 31 March 2020 has been prepared in the form directed by the Department for the Communities and in my opinion the Statement of Accounts give a true and fair view of the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year.**

**2.0 Recommendations**

**2.1 The Panel is asked to**

- Recommend that the Strategic Policy and Resources Committee approve the Council's Statement of**

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Accounts and incorporated Annual Governance  
Statement for the year ended 31 March 2020.

3.0 **Main report**

**Key Issues**

3.1 **Audit Opinion**

It is the Local government Auditors' opinion that:

- the financial statements give a true and fair view, in accordance with relevant legal and statutory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2019-20, of the financial position of Belfast City Council as at 31 March 2020 and its income and expenditure for the year then ended; and
- the statement of accounts have been properly prepared in accordance with the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 and the Department for Communities directions issued thereunder; and
- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Department for Communities directions made under the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015; and
- the information given in the Narrative Report for the financial year ended 31 March 2020 is consistent with the financial statements.

**Reserves**

3.2 **General Fund**

The credit balance on the General Fund has increased to £28,692,673 (of which £15,791,541 relates to specified reserves). The movement on the reserves balance is summarised in Table 1 below:

**Table 1: Summary of Reserves Position**

Opening Balance	£25.8m
In year movement in reserves	<b><u>£2.9m</u></b>
<b><u>Closing Balance</u></b>	£28.7m

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**Specified Reserves at year end                      £15.8m**

**Balance Available    £12.9m**

**3.3      Capital Fund                      £19,369,748**

The Capital Fund is made up of the Belfast Investment Fund (£723). The fund has been created to support key partnership projects to regenerate Belfast and help lever substantial funds from other sources, the Local Investment Fund (£1,171,489) to fund smaller local regeneration projects, the City Centre Investment Fund (£15,154,012) to support the Belfast City Centre Regeneration Investment Plans, the Social Outcomes Fund (£3,043,524) to support City Centre projects which might not generate a direct financial return but would enhance the overall City Centre offer and support the attraction of investment.

**3.4      Neighbourhood Regeneration Fund £8,000,000**

This fund, created in year from the Belfast Investment Fund, is to support neighbourhood regeneration and tourism projects in local neighbourhoods.

**3.5      Leisure Mobilisation Fund      £887,800**

This fund is to support the Leisure Transformation Programme and will cover programme level costs including communications, engagement and procurement costs.

**3.6      Capital Receipts Reserve £9,772,458 and Deferred Capital Receipts £342,300**

These are capital receipts which have originated primarily from the sale of assets and which have not yet been used to finance capital expenditure.

**3.7      Other Fund Balances and Reserves      £298,224**

This relates to the Election Reserve (£3,300) which has been set up to smooth the cost of running council elections, the BWUH Subvention Fund (£135,499) to support national and international organisations in bringing their conferences to Belfast and the BWUH Sinking Fund (£159,425) to support planned maintenance and future capital works at the new exhibition centre.

**3.8 Debt**

The overall level of trade debtors had increased this year from £2.5m at 31 March 2019 to £4.1m at 31 March 2020. The main reason is an increase in public authority debt at year end. An analysis of trade debtors, inclusive of VAT, for the last two years is shown below:

	<b>31 March 2020</b>	<b>31 March 2019</b>
Less than three months	£3,239,834	£2,131,221
Three to one year	£614,739	£128,050
More than one year	£218,298	£285,208
<b>Total</b>	<b>£4,072,871</b>	<b>£2,544,479</b>

**3.9 Creditors**

The Department for Communities has set councils a target of paying invoices within 30 days. During the year the council paid 67,810 invoices totalling £182,900,458.

The average time taken to pay creditor invoices was 10 days for the year ended 31 March 2020. The Council paid 50,885 invoices within 10 days, 63,385 invoices within 30 days, and 4,425 invoices outside of 30 days. The council endeavours to process invoices as quickly as possible and has an improvement plan to support this process.

**Annual Governance Statement (AGS)**

**3.10** The Statement of Accounts include Annual Governance Statement (AGS) for the year 2019/20, which has been prepared in line with the Accounts Directive provided by the Department for Communities, NIAO guidance and is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. 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.

**3.11** The AGS is approved by the Chair of the Strategic Policy and Resources, the Chief Executive and the Director of Finance



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**and Resources. It is subject to review by the LGA (NIAO) as part of their annual audit.**

**Financial & Resource Implications**

**3.12 None**

**Equality or Good Relations Implications / Rural Needs Assessment**

**3.13 None.”**

After discussion, the Panel recommended that the Strategic Policy and Resources Committee approve the Council’s Statement of Accounts and incorporated Annual Governance Statement for the year ended 31st March, 2020.

**AGRS Progress Report November 2020**

The Panel considered a report which provided an overview of the specific internal audits which had been carried out and finalised during September, 2020 and November, 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 Government Procurement Cards; 3 audits, that is, Health and Safety - Work Related Transport, Police and Community Safety Partnerships, Corporate risk reviews – Management of City Risks and Sustainable Development/Preparing for Climate Change, had an audit opinion of some improvement needed.

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

- Accounts payable (fieldwork)
- Temporary Expenditure Controls - Agency (fieldwork)
- Temporary Expenditure Controls - Vacancy Control (fieldwork)
- Cash Flow Forecasting (fieldwork)
- Estates Management (fieldwork)
- Peace IV (fieldwork)
- Property Maintenance (draft report)
- Performance Management (drafting report)
- Pitches (draft report)

The AGRS Manager also provided an overview of other key pieces of work which had been completed in the quarter, such as Follow Up on Cloud Computing; HR Payroll Phase 2 – Organisation Structure; and Changes to Financial Governance Arrangements.

He highlighted that AGRS regularly provided advice and consultancy to departments and services around the Council and that this had increased in recent

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months as the Council responded and recovered from the COVID-19 pandemic. He advised that the Team also continued to provide ongoing advice and consultancy to boards and working groups.

He pointed out that AGRS had undertaken an exercise to assess the impact of the COVID-19 pandemic on the implementation of outstanding audit actions; the results of this exercise are reported separately.

In relation to investigations, he advised that AGRS were currently liaising with departments regarding 2 new whistleblowing cases, and with the PSNI and Council departments on 1 case which had been referred to the Police for investigation. He pointed out that separate reports on Whistleblowing and Fraud arrangements had been prepared, in light of new publications by the NIAO.

During discussion, the Panel raised a number of queries in relation to the audits of Government Procurement Cards, Work Related Transport, PCSP's, City Risks / Resilience and the HR / Payroll project and requested that an update on these queries was brought to the next meeting.

The Panel noted the AGRS Progress Report for the period September, 2020 - November, 2020 and that further information would be provided to the Panel in relation to the issues raised.

**Recommendations Monitor - Update and analysis of impact of Covid19 on the implementation of audit recommendations**

The AGRS Manager updated the Panel on the recent review by AGRS of outstanding audit actions across the council which involved a series of meetings with management, to ascertain the impact that the COVID-19 pandemic had had on the implementation of those actions. He reported that overall, the COVID-19 pandemic had delayed progress with an implementation rate of 17% compared to a rate of 31% in the last exercise. The AGRS Manager outlined the areas where progress had been made in the period and drew out key themes in relation to the recommendations that remained outstanding relating to efficiencies, cyber security, new IT systems, agreement of the People Strategy and health and safety.

The Audit and Risk Panel noted the update on the progress made by management to implement audit recommendations and the areas where further action was required.

**Corporate Risk Management**

**Corporate Risk Management report for QE September 2020**

The Head of AGRS updated the Panel on the work which had been undertaken to support management in the review of risks in the context of Covid19 and the significant change in both the internal and external environment that the Council was working in, which had an impact on council priorities and on the risks the Council was facing.

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The Head of AGRS summarised the key points arising from the refresh of the corporate risk register noting that updated risk mitigation plans were in place for 23 of the 25 corporate risks, with the level of risk increasing for 2 corporate risks. The Head of AGRS explained that now the refresh of the corporate risk register had been completed, in future the Panel would receive a shorter dash board style report on the management of the corporate risks.

She provided an update on the quarterly assurance statement process, reporting that assurance statements had been received for all departments, with the exception of one department which was under consideration.

The Panel also received an update on the work that had been undertaken by critical services to review and update the Business Continuity Management plans, to take account of the learning to date from the Council's response / recovery to the pandemic, with updated plans in place for 13 of the 15 critical services.

The Panel noted the information which had been provided, in particular:

- a) the re-assessment of the impact and likelihood of the corporate risks and the update of their risk mitigation plans in the light of Covid-19;
- b) the assurances from management regarding compliance with the Risk Strategy, based on the assurance statements for QE September 2020; and
- c) the work that was being done to ensure that business continuity plans for the critical services were up to date to complement the work that was being done corporately to ensure that plans were in place to respond effectively to local lockdowns / second wave of Covid19.

**Update on waste targets and impact of Covid-19**

In response to a query raised at the September meeting of the Panel regarding the impact of the pandemic on recycling rates, the Waste Manager (Strategic Planning and Delivery) attended and provided an update on the city's recycling rate for the first six months of the year (April to September 2020) in the context of operating in a Covid-19 environment.

He stated that, when Covid-19 impacted upon the community in March 2020, as an essential service, the Resources and Fleet Service had to quickly adapt to new operating conditions in an extremely challenging environment. He advised that new arrangements were introduced in order to safeguard the health and safety of staff and the public. Some of these measures included:

- The fitting of perspex screens to the Refuse Collection Vehicle (RCV) cabs to separate the driver from the collection crew member, while a van shadowed the RCV with the third member of the collection crew on board;
- Revised layout to the Duncruie operations site to ensure social distancing measures were maintained;

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- After a period of 8 weeks lockdown closure, the recycling centres re-opened with a number of restrictions in place and a booking system for vans to assist with the flow of users through the site;
- Some schemes were temporarily suspended such as the purple box for glass recycling (subsequently recovered) and the Wheelie-box pilot in the Castle area of the city to reduce the potential for transmission of the virus through handling of materials; and
- Commercial waste collection services were limited to those businesses which remained open for essential services and these resources were diverted to kerbside services to assist with the increase in materials generated from homes during the lockdown phase.

He advised that the new environment resulted in an increase of around 18% on kerbside dry recyclables collected and 11% in organic (garden and food waste) collections, when compared with the first six months of 2019. However, these gains were offset by increased kerbside residual volumes and the reduction in recyclables normally collected through the recycling centres, which were closed due to lockdown for 8 weeks.

He highlighted that the key points to note in terms of waste management performance during this period were as follows:

- The overall amount of waste collected for the half-year April to September 2020 was approximately 89,000 tonnes, similar to the same period last year;
- The household recycling rate for the half year was 49%, the same as the same period last year; and
- There was a significant reduction in the household landfill rate and this was reflected in a corresponding uplift in the energy recovery figures. This was a preferable outcome in terms of the application of the waste hierarchy.

He pointed out that further information was provided under Appendix 1 - Waste Management Performance Report (April to September 2020) and advised that the figures which had been provided had been compiled on validated data contained within the Waste Data Flow system for the period Apr-Jun 2019, compared with provisional Waste Data Flow input for Apr-Jun 2020 and the estimated figures for the period Jul-Sep 2020. As such, the data was subject to change during the validation process conducted by the NIEA.

Noted.

**Review and update of Risk Management Strategy and  
Business Continuity Management Policy**

The Panel considered the undernoted report:

**“1.0 Purpose of Report or Summary of main Issues**

**1.1** The Audit & Risk Panel’s terms of reference includes consideration of the Council’s framework of assurance, monitoring the effective development and operation of risk management in the Council and approving the Risk Management Strategy. This report addresses these requirements in relation to risk management and business continuity management.

**2.0 Recommendations**

**2.1** That the Audit & Risk Panel approves the updated Risk Strategy and notes the gap analysis that was undertaken against the updated Orange Book ‘Management of risk - Principles and Concepts’ issued in February 2020.

**2.2** That the Audit & Risk Panel approves the addition of two further services, Property Maintenance and the Customer Hub, to the current list of 15 critical services outlined at appendix C of the BCM policy.

**3.0 Main report**

**3.1 Risk Management Strategy**

**3.1.1** The Council is required by statute to have arrangements in place for the management of risk. Legal requirements aside, effective risk management is required to ensure the continued financial and organisational well-being of the Council. The updated Risk Strategy was approved by the Council in February 2019 and is reviewed and updated annually.

**Annual Review of the Risk Strategy**

**3.1.2** On behalf of the Deputy Chief Executive / Director of Finance and Resources, AGRS are responsible for maintenance of the Risk Strategy and, as such, we review the strategy regularly to ensure that it reflects current legislation and best practice.

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**3.1.3** In terms of ensuring that our Risk Strategy reflects best practice, we undertook a review of the Council's risk management arrangements against the main principles set out in the Orange Book 'Management of risk - Principles and Concepts'. The Orange Book is a guidance document published by HM Treasury setting out the main principles underlying effective risk management in the public sector. An update to the previous version issued in 2004 was issued in February 2020.

**3.1.4** The detailed gap analysis setting out how the Council's risk management arrangements comply with the principles in the Orange Book is at appendix A. We have assessed that the Council is complying with the main principles of the Orange Book and we have identified the following areas for further improvement:

- While values and behaviours have been defined, they have not yet been effectively communicated and embedded at all levels. This should be addressed with the finalisation and implementation of the People Strategy.
- AGRS to ensure that sufficient consideration is given to re-starting the usual quarterly assurance process in 2021/22.
- While the Council has a range of performance management measures in place and meets our objectives under the improvement plan requirements, there is no overarching documented performance management framework. AGRS to ensure that the current system of regular risk review and reporting to members and management aligns with any work being undertaken to develop an overarching corporate performance management framework.
- The risk management framework is built on the Three Lines of Defence Model, with risk management processes and systems in place (control); regular risk management reporting to confirm that these processes and systems are in place (oversight) and; audits and reviews that provide independent assurance that these processes and systems are well designed and operating in practice. (Independent assurance). To further build on this, AGRS will work with risk owners to help them assess the assurances available for each corporate risk at the 1st 2nd and 3rd lines of defence.

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- **Following agreement of the corporate risk update in the light of Covid-19, AGRS to re-start the corporate risk management dashboard style report.**

**3.1.5** Aside from appending the risk assessment guide to the Risk Strategy, our review did not identify any further updates needed to the Council's Risk Strategy. The updated policy is attached at Appendix B. The gap analysis against the Orange Book principles should assist with the Audit & Risk Panel's review of the effectiveness of risk management arrangements when considering the annual governance statement.

**3.2** **Annual Review of the Business Continuity Management Policy**

**3.2.1** Business Continuity Management (BCM) provides the Council with a framework to allow it to effectively respond to incidents and to continue to delivery critical services. The Business Continuity Management Policy outlines the Council's policy, requirements and roles and responsibilities for its BCM systems. The Policy was last updated in 2019.

**3.2.2** On behalf of the Deputy Chief Executive / Director of Finance and Resources AGRS are responsible for maintenance of the Business Continuity Management policy and, as such, we review the policy at intervals to ensure that it reflects current legislation and best practice.

**3.2.3** After reflecting on the Council's response to the Covid-19 pandemic and as discussed at the Organisational Recovery Governance Group, management have identified 2 further services that should be added to the current list of 15 critical services outlined at appendix C of the BCM policy, namely:

<b>Critical Service</b>	<b>Nature of critical service</b>
Property Maintenance	<ul style="list-style-type: none"><li>▪ Completion of Emergency / Callout / Reactive Work Requests</li><li>▪ Procurement and management of essential stores items</li></ul>
Customer Hub (due to be operational in April 2021)	<ul style="list-style-type: none"><li>▪ Initially, the Hub will manage all customer contact for cleansing / waste and calls that would have been received through the main switchboard and corporate complaints numbers.</li></ul>

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	<i>Note that switchboard is currently part of the BCM plan for Civic Headquarters</i>
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- 3.2.4 Subject to the Panel’s agreement of the addition of these services to the list of critical services, AGRS will update the policy and work with the services to ensure that they are aware of their responsibilities under this policy.**
- 3.2.5 We have also embedded some of the key BCM templates in an appendix to the policy, so that they are readily accessible.**
- 3.3.6 At this point no further updates to the BCM policy were identified, however there may be more learning from the Council’s response to Covid-19 that would be applicable to this policy and this will be examined as part of an overall lessons learned exercise. The policy is attached at Appendix C for information.”**

Ms Fahy queried the wording of the risk appetite statement for the Council and asked that it was reviewed to reflect the different risk appetite levels that were appropriate for different categories of risk such as governance and compliance. The Head of AGRS indicated that she would review the wording and bring revised wording back to the Panel in March 2021.

The Panel adopted the recommendations.

**NIAO Good Practice Guidance: Covid-19 Fraud Risks NIAO August 2020 / Update on Corporate Fraud Risk Assessment**

***Summary of NIAO guide on Covid-19 Fraud Risks***

The AGRS Manager provided an update on a short guide published by the NIAO in August 2020 on Covid-19 Fraud Risks and provided the Panel with an update on work that AGRS were undertaking with departments in relation to the Council’s Corporate Fraud Risk Assessment.

He advised that the guide stated that ‘fraud risks increase in times of change or crisis’ and that the ‘pandemic and the resulting emergency measures put in place, for example the payment of business support grants, ‘have significantly increased the opportunities for fraudsters’. It was vitally important therefore that staff were aware of the increasing risks and that appropriate measures were in place to mitigate these.

In response, AGRS had been working with departments to review and re-assess, where appropriate, the key fraud risk areas as set out in the Council’s Corporate Fraud Assessment.



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He stated that the publication set out 6 key areas where the application of normal internal controls might be disrupted due to Covid-19 and the subsequent potential increased risk of fraud in these areas:

- Governance;
- Covid-19 funding;
- Procurement;
- IT / Cyber / Data Security;
- Payroll / Recruitment; and
- Staff.

The AGRS Manager highlighted that, in terms of governance, the NIAO had highlighted the possibility of significant issues or failures arising from the non-application of usual internal controls due to staff working under pressure or being reassigned to new roles combined with potentially less oversight from Audit Committee's should their usual meetings be disrupted.

He provided an overview of the guidance on potential risks in relation to Covid-19 funding, Procurement, IT / Cyber / Data Security, Payroll / recruitment, and pressures on Staff.

***Corporate Fraud Risk Assessment***

The AGRS Manager advised that the NIAO publication had been a very useful reminder of the increased risk of fraud, particularly during times of crisis or change, when fraudsters sought to take advantage of the changes that had been imposed on many organisations, including the council, in responding to the pandemic. Consequently, AGRS had used the guide to inform its review of the council's fraud risk assessment.

He informed the panel that the main changes to Council processes due to Covid-19 included: Significant numbers of staff having to work remotely at home since March 2020; Staff being redeployed or reassigned to different roles; and Processes moving 'on-line'. He highlighted that these changes had had a knock on effect on the application of normal internal controls which were designed, amongst other things, to manage and reduce the risk of fraud.

He explained that, in the context of these changes and the NIAO Guide, AGRS had undertaken a detailed 'desk top exercise' to review and analyse the departmental fraud risk returns which had been previously completed and agreed with departments. The returns set out the key fraud risks, controls and assessment ratings for key activities. He advised that the AGRS had considered how the activities and related fraud risks might have changed based on their knowledge of:

- a) changes to financial governance arrangements or internal processes;
- b) issues arising from investigations, NFI exercises, internal audits, and recommendations monitoring exercises and
- c) instances of attempted fraud since March 2020.

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He confirmed that, following this desk top exercise, AGRS officers met managers from each department to review the returns, discuss the impact of Covid19 on the level of risk and support management in their evaluation of the impact of any changes to the fraud risks.

The AGRS Manager advised that the initial findings and review and discussions with management had indicated that there was awareness and agreement that the impact of Covid-19 had increased the inherent risk of fraud in the following areas:

- Rates income / evasion;
- Bank Mandate / Supplier bank details;
- Grants / funding;.
- IT / Cyber Security;
- Procurement; and
- Contract management.

He pointed out that, as work was still ongoing, AGRS would bring a more detailed analysis to the next meeting, however, from initial discussions with management, in comparison to the previous fraud risk assessment undertaken in September 2018, the level of fraud risk, had potentially increased in 3 of these areas - Grants / funding, IT / cyber security and contract management, and summarised the detail.

He provided an overview of the corporate level response to managing the increased risk of fraud and the actions which had been taken to address the changes and impacts brought about as a result of the pandemic, such as the Financial governance changes, Two factor authentication / raising awareness, Temporary Expenditure Controls, and coverage of these areas in the AGRS Audit Plan 20/21.

The Panel was also reminded that the Council had a number of measures in place to manage the risk of fraud, in addition to the Corporate Fraud Risk Assessment such as:

- The Council's Fraud Policy and Response Plan, reviewed annually;
- The Council's Whistleblowing Policy enabling concerns to be raised and reported in a protected way;
- Fraud awareness training and communication – provided periodically by AGRS;
- Policies – A variety of different policies were in place that help direct management of fraud risk including the Financial Regulations and
- Accounting Manual, Code of Conduct, Policy and Guidance for Declarations of Potential Conflicts of Interest, and Gifts and Hospitality;
- Financial Controls – Departments / Services / Units should also have local financial procedures and control arrangements – this being the first line of defence against fraud;
- Management oversight – the 2nd line of defence, comprising financial, IT, HR monitoring, reporting and review; and

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- Audit and Data Matching – including a programme of internal audit, external audit, complemented by participation in the National Fraud Initiative.

That Panel noted the contents of the report, the NIAO guide and the work AGRS was undertaking with departments to review and update the Council's Corporate Fraud Risk Assessment and ensure appropriate mitigations were in place.

**NIAO Good Practice Guidance: Raising Concerns: A good practice guide for the Northern Ireland public sector / Self-assessment of arrangements in the Council**

The AGRS Manager reported that the NIAO had recently published a 'good practice' guide on 'Raising Concerns' (whistleblowing) in the public sector (copy available on [here](#)). Some of the main issues and themes addressed in the Guide include:

- a) Organisational culture;
- b) Raising concerns needs to be seen as a normal part of business;
- c) Raising concern champions; and
- d) Strong visible leadership.

The AGRS Manager explained that, in relation to Organisational Culture, the guide set out that in order to instil an organisation culture which encourages the raising of concerns: Employees needed to be able to feel that they could 'speak up'; There needed to be 'active listening' to all concerns raised, either internally or from members of the public; and Organisations needed to protect and look after those that spoke up.

He stated that the guide advised that raising concerns should be seen as normal and routine, not exceptional, inappropriate or a criticism:

- The fundamental purpose in every case was the same - to bring into the open an issue of concern so that it could be appropriately addressed, therefore minimising any harm, risk, wrongdoing etc; and
- Anonymous complaints were to be treated in the same way as those from named sources. The NIAO pointed out that some of the biggest cases came from anonymous tip-offs, for example the concern raised regarding the RHI.

He pointed out that the guide outlined the benefits of having Raising Concerns Champions in that this role could be a source of support and advice for staff but, in addition, a key resource for connecting the organisation to service users and the wider public. He advised that the NIAO also highlighted that strong visible leadership was essential to create a culture where people feel comfortable raising concerns.

The AGRS Manager provided an overview of how the Guidance could be applied in the Council. He reminded the Panel that the Council had a Whistleblowing Policy in place which was reviewed and updated annually, with the last update being approved by the Audit and Risk Panel in September 2020.

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He reported that the AGRS had undertaken the self-assessment exercise (appendix 2) as outlined in the NIAO Guidance and found that, in general, the Council's arrangements were in line with the good practice guide and a number of potential improvement actions had been identified.

He suggested that the NIAO Guide should be used to review and update the Councils Whistleblowing Policy, with an updated draft to be presented to the March meeting of the Audit and Risk Panel with an update on the progress of the actions which had been outlined in the report to explore, and where appropriate, implement those actions.

During discussion, the Panel highlighted the importance of culture and the aspects being raised in the cases. The AGRS Manager advised that the end of year report would provide further high level analysis of the cases and concerns raised.

After discussion, the Panel noted the report and the NIAO good practice guide, the self-assessment against good practice and the proposed actions to improve the Council's current arrangements for raising concerns (whistleblowing).

**Audit and Risk Panel Training and Annual Review of Effectiveness  
of Audit and Risk Panel**

The Panel were provided with an update on the plans for the annual training session for 2020/21 and the progress made to implement actions arising from the previous training session.

It was reported that, in addition to the induction briefing provided to new members, in line with good practice, annual training / briefing sessions were organised to support the Panel in the discharge of their responsibilities as outlined in the terms of reference. These sessions were usually held in October / November, however the impact of Covid 19 on the priorities of the Audit and Risk Panel had impacted on organisation of the annual training session for 20/21.

The Head of Audit, Governance and Risk Services suggested that the AGRS Team organise a tightly focussed and interactive online training / briefing session for the Panel in March / April 2021. She advised that the AGRS would research options for delivery in-house or engaging a subject matter expert.

She informed the Panel that the draft outline objectives for the session were:

- Strategic context of the Council and impact on the Audit and Risk Panel;
  - Audit and Risk Panel role and oversight
  - Assurance framework
  - Risk management
  - Fraud / whistleblowing

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- Internal audit
- Performance management and improvement;
- Impact of Covid-19 on risk, control and governance arrangements;
- How the Panel fulfils its responsibilities / areas for improvement;  
and
- Current developments.

She informed the Panel that, on behalf of Members, AGRS had completed an initial assessment of the Audit and Risk Panel effectiveness against CIPFA best practice and that this was set out in the appendix. The Head of Audit, Governance and Risk Services advised that, in line with previous years this initial assessment found the Panel to be in compliance with best practice. She explained that the key changes from the previous year's assessment include reference to the:

- Impact of Covid-19 on the usual frequency of Panel meetings, with the usual year-end June 2020 meeting replaced with papers being issued for comment in August 2020 and a virtual meeting convened in September 2020 to discuss the year-end papers;
- Work being done corporately to establish a Standards Committee and how, when this new committee was established, the Panel's terms of reference would need to be updated to reflect the Panel's link with the new committee, namely, the likely role of the Panel in evaluating the effectiveness of the Standards Committee in promoting and maintaining high standards of conduct between members and officers;
- The delivery of an audit / governance / risk / investigations module on the Senior Leadership Programme to help raise awareness of the role and purpose of the Panel; and
- The deferral of the 20/21 annual training session due to the impact of Covid19.

During discussion, the Panel suggested that, subject to Health and Safety Guidelines, the Training could be held provisionally online, with a view to arranging a face to face session, if possible.

After discussion, the Panel approved the proposed approach for the delivery of the training session for 2020/21 to be held provisionally online, with the possibility of a meeting in person should the regulations/guidelines allow, including proposed timing and outline objectives, The Panel also noted the contents of the report and noted the progress update against the actions arising from the previous Audit and Risk Panel training / workshop in October 2019.

**Performance Improvement 2019-20 Year End Assessment  
and Arrangements for 2020**

The Panel considered the undernoted report:

**“1.0 Purpose of Report**

**1.1 The purpose of this paper is to:**

- Update the Panel on progress to comply with the performance improvement duty as laid in in Part 12 of the Local Government (NI) Act 2014 in the context of the Covid-19 emergency; specifically in relation the 2019-20 Audit;
- Update the Panel on recent work carried out by the Performance Improvement Working Group in relation to the arrangements for 2020-21 and arrangements for performance improvement in the longer term.

**2.0 Recommendations**

**2.1 The Panel is asked to:**

- Note the update on the 2019-20 Audit in the context of the Covid-19 emergency including correspondence from the NIAO received by the Chair of the Performance Improvement Working Group (Chief Executive M&EA);
- Note the update on work carried out by the Performance Improvement Working Group on the arrangements for 2020-2021 including correspondence from DfC to the Chair of the Performance Improvement Working Group outlining proposed way forward.

**3.0 Purpose of Report or Summary of Main issues**

**Year End Corporate Performance Assessment**

- 3.1 The Performance Unit within the Finance and Resources Directorate produced a Year End Operational Update for 2019-20 which was considered by the Panel at the September meeting. Subsequently as required the report was published online by the 30 September 2020.**

**NIAO audit and assessment 2020**

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- 3.2** As previously advised, the NIAO audit and assessment of BCC's Improvement activity normally takes place between July and October each year. This timeline has understandably had to shift given the current situation. The NIAO have advised that they have begun to contact Councils, with audits due to commence in the next few weeks. The deadline for the completion of audits has been extended to allow for the necessary change in legislation to be completed with a proposed new deadline of 31 March 2021.
- 3.3** The Performance Improvement Working Group, made up of representatives from each of the 11 Councils and chaired by the Chief Executive of M&EA, on behalf of SOLACE NI, have been involved in recent discussions with the Department for Communities and the NIAO. The NIAO recently issued correspondence to the Chair (Appendix 1) to confirm that the primary focus of 2019-20 audit will be the 2019-20 Self-Assessment Report, it will not be looking at the performance improvement plan as these were not required to be published for 2020-21. Given a full audit isn't required this year it is anticipated that input from NIAO this year will be in the region of 25% to 30% of the previous years' work, which will be reflected in the fees to Councils. The Panel will be updated once the audit has been completed. BCC's progress against NIAO's proposals for improvement in 2019 is included at Appendix 2.

**Arrangements for Performance Improvement 2020-21 and beyond**

- 3.4** The Performance Improvement Working Group, recently considered the most appropriate steps to be taken in the short, medium and longer term for Performance Improvement in the coming years. Mindful of the long-term impacts of the COVID pandemic on local government, it was also highlighted that a more generic and pragmatic approach to improvement will be required. As evidenced by the significant outputs and outcomes achieved by Councils during the COVID pandemic, an ability to respond to constraints and opportunities as they arise will be critical.
- 3.5** A letter was issued to the Department for Communities by the Chair of the Performance Improvement Working Group in October, outlining the proposed next steps in the short, medium and longer term. In summary the following key actions were proposed:

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**Short Term (1 month) Clarification and official correspondence on the scope, process and timeline for the Performance Audit and Assessment in 2020/21.**

**Medium Term (12 months)**

**Clarification on:**

- **the scope and focus of the Performance Improvement Plan for 2021/22 and timeline for publication;**
- **whether each Council must consult on the draft performance improvement objectives 2021/22 (or recovery objectives) and timeline**
- **content of the Self-Assessment 2020/21, in the absence of the Performance Improvement Plan 2020/21**
- **the scope process and timeline of the Performance audit and assessment 2021/22**

**Long Term (24 months)**

**A full review of Part 12 of the Local Government Act (NI) 2014 including a review of The Performance Indicators and Standards Order.**

- 3.6 The Department for Communities' response to this letter is attached for Members' information (Appendix 3). The working group will continue to work with the Department over the coming months and the Panel will be updated as this work progresses. Members should note that whilst this work is ongoing there may be differences to the usual annual reporting timetable to the Panel.**

**Financial and Resource Implications**

- 3.7 Audit fees will be calculated on the basis of the time spent by the NIAO on Belfast's audit and as outlined should be reduced this year to 25%-30% of the previous cost in line with the reduced audit.**

- 3.8 Equality and Good Relations Implications**

**None associated with this report."**

The Panel noted the information which had been provided, in particular:

- the update on the 2019-20 Audit in the context of the Covid-19 emergency including correspondence from the NIAO received by



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the Chair of the Performance Improvement Working Group (Chief Executive M&EA); and

- the update on work carried out by the Performance Improvement Working Group on the arrangements for 2020-2021 including correspondence from the Department for Communities to the Chair of the Performance Improvement Working Group outlining proposed way forward.

Chairperson