

Audit Panel

Tuesday, 11th March, 2008

MEETING OF AUDIT PANEL

Members present: Councillor Hartley (Chairman); and
Councillors Mullaghan and Rodway and Dr. Smith.

In attendance: Mr. T. Salmon, Director of Corporate Services;
Mr. C. Quigley, Director of Legal Services;
Mr. A. Wilson, Head of Audit, Governance and
Risk Services;
Mr. A. Harrison, Acting Corporate Assurance
Manager;
Mrs. G. Ireland, Corporate Risk and Governance
Manager; and
Mr. N. Malcolm, Committee Administrator;

Minutes

The minutes of the meeting of 10th December were taken as read and signed as correct.

Appointment of External Member to the Audit Panel

The Director of Corporate Services informed the Members that, following a recruitment process, Dr. William Smith had been appointed as the External Member to the Audit Panel. He then introduced Dr. Smith to the Members.

The Chairman welcomed Dr. Smith to his first meeting of the Audit Panel.

Audit, Governance and Risk Services – Draft Strategy and Plan 2008/2009

The Acting Corporate Assurance Manager informed the Members that each year, the Audit, Governance and Risk Services prepared an annual plan of work which set out the mission and strategic objectives of the Service, together with a detailed plan of audit and related work which it intended to undertake during the financial year. The Strategy and Plan had been developed in conjunction with the various Departmental Directors and the Local Government Auditor and provided for both conventional audit work and work which would help develop and improve the Council's arrangements for risk management, governance and business continuity, as well as value-for-money audits.

**Audit Panel,
Tuesday, 11th March, 2008**

He pointed out that the aim of the Section was to provide an independent assurance and advisory service to help the Council achieve its objectives and to help also improve the effectiveness of the Council's risk management, control and governance processes. The Audit Plan set out the work which the Section considered was required to be undertaken during 2008/2009 in order to fulfil these aims. The Plan was based on an audit needs assessment which took into account a number of factors to help determine the relative importance of different audit areas, such as the financial significance of the area in question, fraud risk, Member and management concerns and changes to systems and personnel. The Plan was based also on legislative requirements and was designed to enable the Head of Audit, Governance and Risk Services to provide an annual opinion to Members on the adequacy and effectiveness of the Council's risk management, internal control and governance arrangements. There would also be audit work in relation to significant projects and provision of risk, controls and fraud training and audit work on travel and subsistence.

In answer to Members' questions, the Director of Corporate Services informed the Panel that the work which would be undertaken by Audit, Governance and Risk Services in connection with ARC21 would be done so through a Service Level Agreement. In response to a question regarding savings of £350,000 which had been reported to the Health and Environmental Services Committee at its meeting on 5th March, the Director of Corporate Services indicated that the underspend had resulted from a planned programme of efficiency savings and that the underspend had been taken into account when the Revenue Estimates for the 2008/2009 financial year had been prepared.

Following further questions regarding value-for-money audits, the Director of Corporate Services indicated that it was its intention that at least two special meetings of the Audit Panel be held to consider areas where such work should be undertaken.

After further discussion, the Panel noted the information which had been provided by the Director of Corporate Services and approved the Audit, Governance and Risk Services Draft Strategy and Plan for the period 2008/2009.

**Statement of Purpose on Terms of Reference
of the Audit Panel**

The Audit Panel was reminded that, at its meeting on 10th December, 2007, it had considered its Statement of Purpose on Terms of Reference and, having been satisfied with them, had recommended that the Strategic Policy and Resources Committee approve them. The Committee had subsequently agreed the Terms, subject to the issue of Governance be included within the Terms of Reference and noted that a Member of the Panel had expressed concern that the issue of scrutiny had not been included within the Terms of Reference.

At the Council meeting on 7th January, the matter had been taken back for further consideration. At the meeting of the Strategic Policy and Resources Committee on 25th January, it had been agreed that a further report be submitted which would examine how a scrutiny role could be embraced within the Panel's Terms of Reference.

The Audit Panel then considered a report, which had been prepared by the Directors of Legal Services and Corporate Services, relating to the issue of scrutiny and how matters could be referred to it.

The Director of Legal Services indicated that, in the context of Local Government legislation as applicable in Northern Ireland, it would be inappropriate and contrary to the legislation to make provision for a Member to refer an issue directly to the Audit Panel. However, a Member who had concerns about any particular issue should raise that issue through the relevant Committee or, in the case of urgency, with the Chief Executive.

During discussion, the External Member indicated that, in his opinion, the amended Statement of Purpose and Terms of Reference strengthened the Audit Panel's situation and the Chairman indicated that he was confident that, if a serious issue were raised at Committee by a Member, it would be unwise for the Council not to deal with it.

Following further discussion, the Panel agreed that the Strategic Policy and Resources Committee be recommended to approve the amended Audit Panel's Statement of Purpose and Terms of Reference and noted that a separate report in this regard would be submitted to the Committee. In addition, the Panel agreed that the Statement and Terms be reviewed within a period of six months.

**Project to Review Approval and Control
Processes and the Travel Policy**

The Audit Panel considered the undernoted report:

“Relevant Background Information

The Council received a Freedom of Information (FOI) enquiry on 18 January 2008 from Kevin Magee of the BBC. He requested the following:-

- 1. Details of the extent and cost of travel outside Northern Ireland taken by members of staff and City Councillors over the past three years.**
- 2. Details of the reason for the trips, who embarked on the travel, the date, destination, duration and overall costs involved.**
- 3. A breakdown of the planned costs and people, staff and Councillors, likely to participate in the forthcoming trip to Nashville.**

The statutory Regulations require the Council to make available, on request, the information on allowances and travel payments made to Members. Several years ago the Policy and Resources Committee took the decision to meet this requirement by publishing this information annually as a matter of course under the Publication Scheme for FOI. This information requested by Mr Magee was therefore readily accessible and already in the public domain.

The current database of payments to staff only holds the information for the last two years requested (2005/06 and 2006/07) and does not hold details of duration. Under the Freedom of Information Act (FOIA) an applicant has the option of either paying any fee or charge which a public authority assesses as the cost of carrying out additional work to meet a request or to amend the request to match the information which can be provided without charge. When contacted Mr Magee opted to amend his request to staff information for the two years and not to seek the information relating to duration.

The Nashville information was substantially already in the public domain through Committee report.

All of the information requested and amended was sent to Mr Magee within the 20 day time limited defined in the FOIA.

Dealing with this enquiry revealed that the current data held for staff was difficult to handle and, more importantly, cumbersome to validate quickly. There was no connection between the raw data and the business case for the expenditure as the data was not being captured to assist management interrogation. The information on Members was more accessible and intelligible because of its routine production for the FOI Publication Scheme.

To deal with these shortcomings a cross-departmental review team, including Audit Governance and Risk Services, has commenced work under the chairmanship of the Head of Financial Services and reporting to me. The first meeting of the group will be on 4 March.

The review will have the following objectives and outputs:-

Objectives

1. To review current approval and control processes and the travel policy
2. To identify improvements to both processes and policy which matches the new financial systems, takes account of the human resources strategy and workforce development plan's needs and which provides for continuous improvement

3. To ensure that the new processes enable improved access to information which enables improved on-going scrutiny of value for money and greater accountability, both internally and externally

Outputs

1. A travel policy which it is agreed is fit for the purpose for the organisation
2. Reviewed and where necessary improved control mechanisms and processes
3. A framework for compliance monitoring, value for money audit and continuous review
4. An action plan for implementation including communication and training

It is anticipated that the project will be completed by the end of June 2008 with the exception on any technological changes which cannot be accomplished within this timeframe. The initial focus will be on ensuring that any improvements which can be made to improve control and accountability through accessibility are put in place as quickly as possible. Ideally these should be put in place for the new financial year.

Key issues

The Strategic Policy and Resources Committee at its meeting on 22 February referred the matter to this Panel 'to scrutinise the costs and reasons for all journeys being undertaken by Council employees and to ensure that existing controls and systems continued to be reviewed and tightened'. It was indicated that the Panel should report to the Committee in the near future.

The Committee also agreed that the Council would move towards publishing all details of staff trips under the Publication Scheme, as is currently the case for Members, in order to become more transparent and open to the public. The mechanism for doing this will be identified by the group which has been established and consultation with the trade unions will commence.

Resource Implications

Financial

None.

Human Resources

None.

Asset and Other Implications

None.

Recommendations

The Audit Panel are requested to note the Terms of Reference for the Review and Approval and Control Processes and Travel Policy.

Key to Abbreviations

FOI – Freedom of Information

FOIA – Freedom of Information Act 2000.”

During discussion in the matter, the Chairman suggested that the Panel receive a report regarding travel by staff which analysed the issues, the number of trips which had been undertaken, the number of officers involved and the reputational risk to the Council of the travel policy. In addition, he pointed out that it would be beneficial to ascertain how many working days were “lost” due to members of staff undertaking trips and the impact which the absence of senior officers had had on the work of the Council. Another Member suggested that an evaluation should be undertaken on the benefits which the Council obtained from each visit undertaken by a member of staff.

In response, the Director of Corporate Services indicated that the report, which would be submitted to a future meeting of the Audit Panel, would take into account the suggestions made by the Members, explain the current travel policy and approval and control processes in connection therewith, together with any proposed changes. It was also envisaged that the list of visits undertaken by members of staff would become part of Council’s Publications Scheme, which would mean that the information would be available to members of the public, in a similar manner to those trips undertaken by Councillors.

Noted.

Chairman