

# Audit Panel

Tuesday, 13th May, 2008

## MEETING OF AUDIT PANEL

Members present: Councillor Hartley (Chairman); and  
Councillors Ekin, Mullaghan, Rodway and Stoker  
(nominee of Councillor D. Browne) and Dr. Smith.

In attendance: Mr. T. Salmon, Director of Corporate 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;  
Ms. H. Loudon, Head of Financial Services;  
Mr. M. Whitmore, Auditor;  
Mr. C. Campbell, Principal Solicitor;  
Mr. N. Malcolm, Committee Administrator; and  
Mr. S. Knox, Local Government Auditor.

### Apology

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

### Minutes

The minutes of the meeting of 2nd April were taken as read and signed as correct.

### Analysis of Travel

The Head of Audit, Governance and Risk Services introduced to the Panel Malachy Whitmore, an Auditor within the Section, who had carried out the analysis exercise into the travel which had been undertaken by members of staff during the period 2005-2007.

The Auditor then made a presentation to the Panel. He indicated that, during the period 2005/2006, of the 2,374 staff employed in the Council, 408 had undertaken 1052 trips to 26 different countries in order to attend 656 events at a cost of £445,638. Whereas during the period 2006/2007, of the 2,401 staff employed in the Council, 415 had undertaken 968 trips to 31 different countries in order to attend 606 events at a cost of £405,344.

These travel costs amounted to approximately 0.3% of the Council's total expenditure.

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The principal reasons why staff had travelled during the 2 year period is set out below:

Reason	Number of Trips	% of Trips	Total Cost £
Personal and Professional Development	792	39.21	404,709.34
Service and Operational Visits	602	29.80	177,358.33
Study Visits/Best Practice	272	13.47	100,029.97
Promoting the City	264	13.07	115,449.57
Research into Strategic Priorities	73	3.61	47,105.56
Professional Network Meetings	13	0.64	4,018.05
Miscellaneous	4	0.20	2,311.45
Total	2020		850,982.27

The Auditor indicated that 86% of the trips outside Northern Ireland during the period had been to Great Britain and Ireland. A further 13% of the visits had been to Europe, with the remaining 1% to the rest of the world. He pointed out that all the trips had been approved either by a Committee, a Sub-Committee or, in accordance with Council Policy, if staff had been travelling without Elected Members, by a Director or Head of Service.

He informed the Audit Panel that the number of trips outside Northern Ireland and the associated costs in the period under review broken down by Department was as follows:

Department	2005/2006 Number of Trips	2005/2006 Cost £	2006/2007 Number of Trips	2006/2007 Cost £
Chief Executive's	43	22,458.24	48	16,153.55
Community and Recreation	173	66,231.20	173	60,487.96
Contract Services	13	3,231.07	0	-
Core Improvement	40	21,232.91	20	13,085.96
Corporate Services	260	108,272.74	208	83,212.50
Development	244	113,474.83	234	119,800.24
Health and Environmental Services	272	107,904.15	273	109,051.69
Legal Services	7	2,833.01	12	3,552.22
Total	1052	445,638.15	968	405,344.12

He indicated that from the above-mentioned information it could be seen that the Community and Recreation, Corporate Services, Development and Health and Environmental Services Departments had spent most on staff travel. However, this was to be expected as those Departments had the largest number of employees and, since the Development Department was responsible for the promotion of Belfast, it was to be expected that staff would be required to travel as part of their duties.

He informed the Panel that travel bookings were made either directly with the carrier concerned or through a travel agent who was under contract to the Council. In addition, the amounts which were paid for motor mileage were those which applied to all local authority staff throughout the United Kingdom. Guidelines were also in place on the maximum amount payable regarding the allowances for accommodation, breakfast, lunch, tea and dinner, with receipts required to be produced in order to justify claim.

The Auditor informed the Members that the information systems which were in use currently within the Council did not capture information regarding the number of days spent on travel. It had not been possible therefore to obtain accurate information in this regard nor to ascertain how many working days had been "lost" due to members of staff undertaking trips, which had been an issue which had been raised at the meeting of the Audit Panel on 11th March. However, for the purposes of producing a set of indicative figures, it had been assumed from the information which was available that trips with no associated accommodation costs had been of one day's duration, whilst trips with accommodation costs had been assumed to have lasted two days. Using this assumption, the indicative number of days spent on travel had been:

Department	Number of Staff on Trips 2005/2006	Approximate Number of Days 2005/2006	Number of Staff on Trips 2006/2007	Approximate Number of Days 2006/2007
Chief Executive's	17	69	22	80
Community and Recreation	87	265	92	258
Contract Services	5	17	0	0
Core Improvement	11	54	10	28
Corporate Services	95	363	100	303
Development	68	385	67	359
Health and Environmental Services	118	401	116	412
Legal Services	7	13	8	18
<b>Total</b>	<b>408</b>	<b>1,567</b>	<b>415</b>	<b>1,458</b>

He reminded the Panel that the radio programme which had discussed the costs associated with travel by staff of the Council had focused on cases where a number of employees had attended the same event. He pointed out that the undernoted figures indicated that such occasions were rare:

Number of Attendees at Events	Number of Events 2005/2006	Number of Events 2006/2007
1	421	392
2	146	142
3	45	33
4	29	22
5	10	10

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Number of Attendees at Events	Number of Events 2005/2006	Number of Events 2006/2007
6	1	2
7	2	1
8	1	2
9	0	1
10	1	0
11	0	1

The Auditor pointed out that the Council and its staff benefited from employees attending courses, conferences and events and that Audit, Governance and Risk Services had prepared the undernoted list of perceived benefits:

- (i) staff attending courses, conferences or study visits gained access to a skill set which they previously did not have and were unable to find within Northern Ireland;
- (ii) improved skills gained at such events could be used to help staff to do their job better and more efficiently, thus improving the services offered by the Council;
- (iii) staff who had acquired such skills could transfer them to colleagues, therefore reducing the need for other staff to attend similar events;
- (iv) study visits to other local authorities, particularly similarly-sized Councils in Great Britain, enabled staff to identify "best practice", which might in turn help staff to improve the services which they provided to ratepayers;
- (v) staff travelling outside Northern Ireland in order to promote Belfast helped to bring investment and tourism to the City; and
- (vi) attendance at events could be used by staff as a networking opportunity which, in turn, would provide them with further access to skills outside the Council.

He informed the Panel that Audit, Governance and Risk Services had identified the undernoted as a list of perceived risks which were associated with staff travel:

- (i) damage to the Council's reputation which would result from it being unable to demonstrate value-for-money from such trips;
- (ii) if proper controls were not applied effectively there was a risk of excessive staff travel; and
- (iii) the quality of courses and conferences might be poor.

The Auditor concluded his presentation by pointing out that the work which had been undertaken had highlighted the fact that the Council's processes for capturing information regarding staff travel needed to be more robust. Accordingly, a new travel approval form was being prepared, with staff being required to present a business case and a post-event evaluation report in connection with trips. A database to capture this information was being developed. In addition, periodic evaluations to assess the levels of compliance with the revised policies and procedures would be undertaken, with associated reports being submitted to the relevant Committee. Finally, information regarding staff travel would be made public, together with details of travel undertaken by Members as part of the Council's Publications Scheme.

During a lengthy discussion the Officers provided the following information:

- (i) the Council purchased the lowest cost tickets available, which did not on occasions preclude Business Class;
- (ii) hotels which were used were based on the subsistence rates payable for accommodation;
- (iii) travelling approval forms (T1 forms) were required to be completed even if no cost was incurred by the Council;
- (iv) the figures which had been provided included the occasions when officers had accompanied Members on trips;
- (v) since the majority of expenses claims resulting from staff travel were in accordance with the subsistence rates, very few claims were rejected and, on occasions where claims were above the set rate, the Director of Corporate Services was required to authorise the payment of the expenses;
- (vi) whilst staff were away on trips they were in touch with their office on a regular basis;
- (vii) the Panel would in future receive on a quarterly basis reports regarding the costs of staff travel.

Following further discussion, the Panel noted the results of the analysis which had been undertaken by Audit, Governance and Risk Services regarding the cost of staff travel and the actions which would be taken or were planned to improve the control of travel. In addition, the Panel agreed that the Council should publish information regarding the cost of Officer travel as part of its Publications Scheme. It was also agreed that Audit, Governance and Risk Services would review compliance with the new Travel Policy six months after its introduction. The Panel agreed further that the Audit Report on the Analysis of Staff Travel be circulated to the Strategic Policy and Resources Committee.

**Review of Travel Policy and Processes**

The Head of Financial Services reminded the Panel that, at its meeting on 11th March, it had been advised that a taskforce group had been established to review the approval and control processes associated with staff travel and the travel policy. She indicated that this taskforce had met on a number of occasions and had:

- (i) reviewed the current approval and control processes and recommended a number of actions to improve the approval process. These included clarity around which events needed approval, the need for a business case to support any application and a post-evaluation of the event to be signed-off by an officer at Head of Service or senior manager level;
- (ii) developed a new application form for approving the attendance of staff at conferences, seminars and study visits, which was currently being considered by Departments;
- (iii) developed a draft policy on the attendance of staff at events to ensure the control processes were consistent across the Council, which was also currently being considered by Departments;
- (iv) notified the Trade Unions of the scope of the review and the intention to publish information regarding staff travel as part of the Councils' Publications Scheme;
- (v) commenced the development of a computer system to improve the accuracy and extent of information captured and in the interim a manual system would be operated whilst this was being developed; and
- (vi) commenced the updating and review of related staff policies.

The Head of Financial Services indicated that the work undertaken by the taskforce had highlighted that the Council would be required to establish a comprehensive set of management guidelines in connection with the travel policy. She indicated that it was anticipated that the policy would be agreed by the Departments during May and that a report on the matter would be presented to the Audit Panel at its meeting on 12th June.

Noted.

**Freedom of Information Request regarding  
Gifts and Hospitality Registers**

The Head of Audit, Governance and Risk Services informed the Panel that, in responding to a Freedom of Information request, it had become apparent that there was a difference in the manner in which the Council's Gifts and Hospitality Registers for Elected Members and Officers were handled. Whilst Council officers were required to declare in a Register such offers, whether they were accepted or rejected, there was no

statutory obligation on Members to disclose such offers. Accordingly, the Chief Executive had requested that this matter be drawn to the attention of the Audit Panel. He reminded the Panel that the Northern Ireland Code of Local Government Conduct indicated:

- (i) "You should avoid placing yourself under any obligation (financial or other) that might be considered to influence you in the performance of your duties as a Councillor. You should avoid any appearance of improper behaviour and take personal responsibility for your view and vote on Council business.
  
- (ii) You should not seek or accept gifts and hospitality that might be intended (or might be considered) to influence your judgement on Council matters. Similarly it is your duty to discourage gifts and offers of hospitality to a family member. As a general rule, you should refuse any such offers except for:
  - 'one-off' gifts of a trivial nature or inexpensive seasonal gifts;
  - civic gifts on behalf of your Council; and
  - normal hospitality associated with the performance of your duties as a Councillor."

He pointed out that under the Code there was no requirement to record such offers in a formal Members' Register. However, as the Code was under review as part of the implementation of the Review of Public Administration, it was possible that it might be amended/strengthened. The Head of Audit, Governance and Risk Services pointed out also that the maintenance of such a register would demonstrate compliance with Core Principle 3 of the Belfast City Council Code of Good Governance, That is, "Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour"

During discussion in the matter, several Members pointed out that if a Gifts and Hospitality Register were established for Councillors there was no guarantee that Members would enter into it the required information. They pointed out also that Councillors were required to sign a declaration which covered such issues when they were elected and that they were guided by the Nolan Principles. They therefore were of the opinion that there would be no necessity or benefit in introducing such a Register.

Other Members expressed the opinion that such a Register should be introduced to enable the Council to demonstrate transparency to the public.

In response to these comments, the Director of Corporate Services indicated that Members of Parliament were required to complete such a Register and that a voluntary Register was available for the Members of the Northern Ireland Assembly. In addition, he pointed out that Members were required to report pecuniary interests and, by operating a Gifts and Hospitality Register, the Councillors would be demonstrating best practice and would not be susceptible to any adverse comment from the public or the press.

Following further discussion, the Audit Panel agreed in principle that a Voluntary Register for Members be established to record offers of gifts and hospitality which were either accepted or declined, subject to the matter being discussed further by the various Party Groupings represented on the Council.

### **Belfast City Council Code of Governance**

The Audit Panel considered the undernoted report:

#### **“Relevant Background Information**

At the Audit Panel meeting of 2 April 2008, the Head of Audit, Governance and Risk Services presented a paper entitled ‘Annual Governance Statement 2007/08.’ The paper dealt with the implications for the Council of DoE Circular No LG/04/08. The Circular provides guidance to local authorities on how to implement the Local Government (Accounts and Audit) (Amendment) Regulations (NI) 2006. To recap, one of the key requirements of the Regulations is that the Council must conduct a review each year of the effectiveness of its system of internal control and prepare a ‘governance statement’ to this effect in accordance with ‘proper practices.’ This statement will be signed off as part of the annual accounts. The Head of Audit, Governance and Risk Services submitted a separate report to the Strategic Policy and Resources Committee meeting of 18 April 2008 drawing attention to the reporting and ‘sign-off’ arrangements.

The DoE Circular refers councils to the CIPFA / SOLACE Framework ‘Delivering Good Governance in Local Government’ as guidance containing ‘proper practices’ with regard to an effective system of internal control / governance. The Framework is recommended as best practice for developing and maintaining a local code of governance and for discharging accountability for the proper conduct of public business, through the publication of an annual governance statement that will make the adopted practice open and explicit.

The purpose of this report is to apprise members as to:

1. The content of the CIPFA / SOLACE Framework ‘Delivering Good Governance in Local Government’
2. The specific actions that the Council has taken / proposes to take to meet the requirements of the CIPFA / SOLACE Framework, in particular, the adoption of a local Code of Governance. Members are asked to approve this Code.



### Key Issues

#### 1. CIPFA / SOLACE Framework 'Delivering Good Governance in Local Government'

Governance, in the context of local government, is about how a 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. It comprises the systems and processes, culture and values, by which the Council is directed and controlled and through which it accounts to, engages with and, where appropriate, leads its community.

The CIPFA / SOLACE 'Good Governance in Local Government: A Framework' was published in July 2007 and represents best practice for developing and maintaining a local code of governance and making adopted practice open and explicit. It sets out 6 principles of good governance:

1. Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.
2. Members and officers working together to achieve a common purpose with clearly defined functions and roles.
3. Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
4. Taking informed transparent decisions which are subject to effective scrutiny and managing risk.
5. Developing the capacity and capability of members to be effective and ensuring that officers – including the statutory officers - also have the capability and capacity to deliver effectively.
6. Engaging with local people and other stakeholders to ensure robust local public accountability.

The guidance recommends that Councils develop and implement a Code of Governance based on the above principles and recommends that councils:

- (a) Review existing governance arrangements against the Framework

- (b) Develop and maintain an up to date local code of governance, including arrangements for ensuring its ongoing application and effectiveness
- (c) Prepare a governance statement in order to report publicly on the extent to which they comply with their own code on an annual basis, including how they have monitored the effectiveness of their governance arrangements in the year, and on any planned changes in the coming period.

2. **Belfast City Council – Actions Taken and Proposed to Meet Requirements of CIPFA / SOLACE Framework**

**Action Taken / Proposed to meet the requirements of the CIPFA / SOLACE Framework**

- (a) **Audit Governance and Risk Services (AGRS) has assessed the Council's governance arrangements against the CIPFA / SOLACE Framework. This review found that, while the Council already has many arrangements in place for good governance, there was scope for further improvements (see (b) below).**
- (b) **We have developed a draft Code of Governance for Belfast City Council based on the 6 core principles set out in the CIPFA Solace Framework. This is attached at Appendix 1. Appendix A to this Code is a table summarising the key systems, processes and documents that provide evidence of compliance with the core and supporting governance principles, along with the individual or committee responsible for monitoring and reviewing the same. In addition, the table summarises the planned improvement actions (as per the corporate value creation map) that will strengthen governance arrangements. The majority of the planned improvement actions set out within our Code have been taken from the corporate Value Creation Map, so there is no significant additional resource required in terms of implementing improvement actions. We are recommending that the Audit Panel approves the adoption of this Code of Governance.**
- (c) **We have produced a high level one page summary showing the measures that the Council has in place or is developing to address the key principles of our Code.**

- (d) The Council will produce an annual governance statement from 2007/08. In line with DoE requirements, this will comply fully with the CIPFA / SOLACE Framework by 1 April 2009.
- (e) In addition, from 2008/09, AGRS will undertake an annual review of our Code to ensure that the Council is complying with it. The results of this review will be reported to the Audit Panel and will inform the preparation of the Annual Governance Statement. It will form one of the assurances that senior managers and Members receive on the Council's internal control environment.

#### Resource Implications

There are no significant resource implications.

#### Recommendations

That the Audit Panel approves the proposed Belfast City Council Code of Governance, as set out at Appendix 1 to this report.

#### Key to Abbreviations

AGRS – Audit, Governance and Risk Services  
CIPFA – Chartered Institute of Public Finance and Accountancy  
DoE – Department of the Environment  
HR – Human Resources  
KPIs – Key Performance Indicators  
LGA – Local Government Auditor  
OPM – Office for Public Management  
SOLACE – Society of Local Authority Chief Executives  
VCM – Value Creation Map  
VFM – Value for Money  
WDP – Workforce Development Plan

#### Document Attached

Appendix 1 – BCC Code of Governance (excluding Appendix A of the Code)

Appendix 1

#### Introduction

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.

It comprises the systems and processes, culture and values, by which the Council is directed and controlled and through which it accounts to, engages with and, where appropriate, leads its community.

The CIPFA Solace 'Good Governance in Local Government: A Framework' was published in July 2007 and represents best practice for developing and maintaining a local code of governance and making adopted practice open and explicit.

Belfast City Council is committed to the principles of good governance and this Local Code of Governance is a public statement of that commitment.

The Audit Panel approved this Code on...

#### The 6 Principles of Good Governance

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:

1. Focussing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.
2. Members and officers working together to achieve a common purpose with clearly defined functions and roles.
3. Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
4. Taking informed transparent decisions which are subject to effective scrutiny and managing risk.
5. Developing the capacity and capability of Members to be effective and ensuring that officers – including the statutory officers - also have the capability and capacity to deliver effectively.
6. Engaging with local people and other stakeholders to ensure robust local public accountability.

### Compliance with the Code

Our Local Code of Governance is supported by systems, processes and documents that determine and control the way in which the Council manages its affairs.

Appendix A demonstrates how the Council currently complies with the Code, in addition to detailing the tasks, projects and initiatives within the corporate Value Creation Map that will further enhance the governance arrangements within the Council.

### Monitoring and Review

Using the Corporate Plan Portfolio where appropriate, we have identified the individual or Committee responsible for monitoring and reviewing each system, process and document that underpins our governance arrangements.

The Head of Audit, Governance and Risk Services will undertake at least annual reviews of the Council's governance arrangements to ensure that governance arrangements are adequate and operating effectively in practice.

The results of these reviews will be reported to the Audit Panel and will inform the preparation of the Annual Governance Statement<sup>1</sup> which forms part of the published financial statements."

Following discussion, the Panel adopted the recommendations contained within the foregoing report.

### Belfast City Council – Proposed Assurance Framework

The Panel considered the undernoted report:

#### “Relevant Background Information

In simple terms, assurance is about knowing what is actually going on and having the evidence to prove it.

In a large organisation, it can be difficult for senior managers, Members and other stakeholders to know what assurances they are getting on the way their organisation is run, whether they are adequate or address their real areas of concern. To aid understanding, progressive Councils in GB, NHS Trusts and other government bodies have begun to map their 'assurance frameworks' and have related these to the process of producing their annual governance statement to aid greater understanding of how their organisation is gaining its assurances.

**An assurance framework shows the key sources of assurance and the basis upon which this assurance is provided.**

**Key Issues**

**Over the past 2-3 years there has been considerable effort put into developing and implementing the key elements of an assurance framework within Belfast City Council. Significant progress has been made in terms of:**

- implementing a process whereby managers are required to sign annual assurance statements**
- implementing risk management**
- developing business planning and related performance reporting arrangements**
- re-constituting the Audit Panel**
- further developing the professionalism of the internal audit function, including the commissioning of an external review of the service and the planned implementation of risk-based audits, whereby the actions taken to manage key risks in risk registers will be examined**
- developing a Code of Governance.**

**It is now possible to begin to map the key elements of the Council's proposed Assurance Framework. The proposed Assurance Framework is attached at Appendix 1. The proposed framework shows:**

- the main sources of assurance, such as financial control, performance management, internal and external audit**
- the basis on which these key sources of assurance are provided**
- how the Code of Governance relates to these assurances**
- how the Audit Panel and the Strategic Policy and Resources Committee have a key role to play in reviewing and approving the annual governance statement and overseeing the assurance framework as a whole.**

As the elements within the proposed assurance framework are developed further over the next year, it will be important to provide an assurance to the Audit Panel that each source of assurance is reliable, that the framework as a whole is adequate and that there are no significant gaps.

Much of the detailed work of AGRS is related to reviewing the various sources of assurance and the key elements of the Council's internal control framework and we will continue to report to the Audit Panel on these areas. We are also planning on reporting on the adequacy of the assurance framework as part of the process of completing the 2008/09 Annual Governance Statement.

The framework will also be useful as a communication tool, enabling those involved and affected by the various assurance reviews / processes to see how particular pieces of work and functions 'fit in' to an overall framework.

#### Resource Implications

There are no significant resource implications.

#### Recommendations

That the Audit Panel notes the contents of the report and the Council's proposed assurance framework as set out at Appendix 1.

A review of the adequacy of this framework will be undertaken on an annual basis by AGRS at the end of the 2008/09 financial year, as part of the process of producing of the Annual Governance Statement.

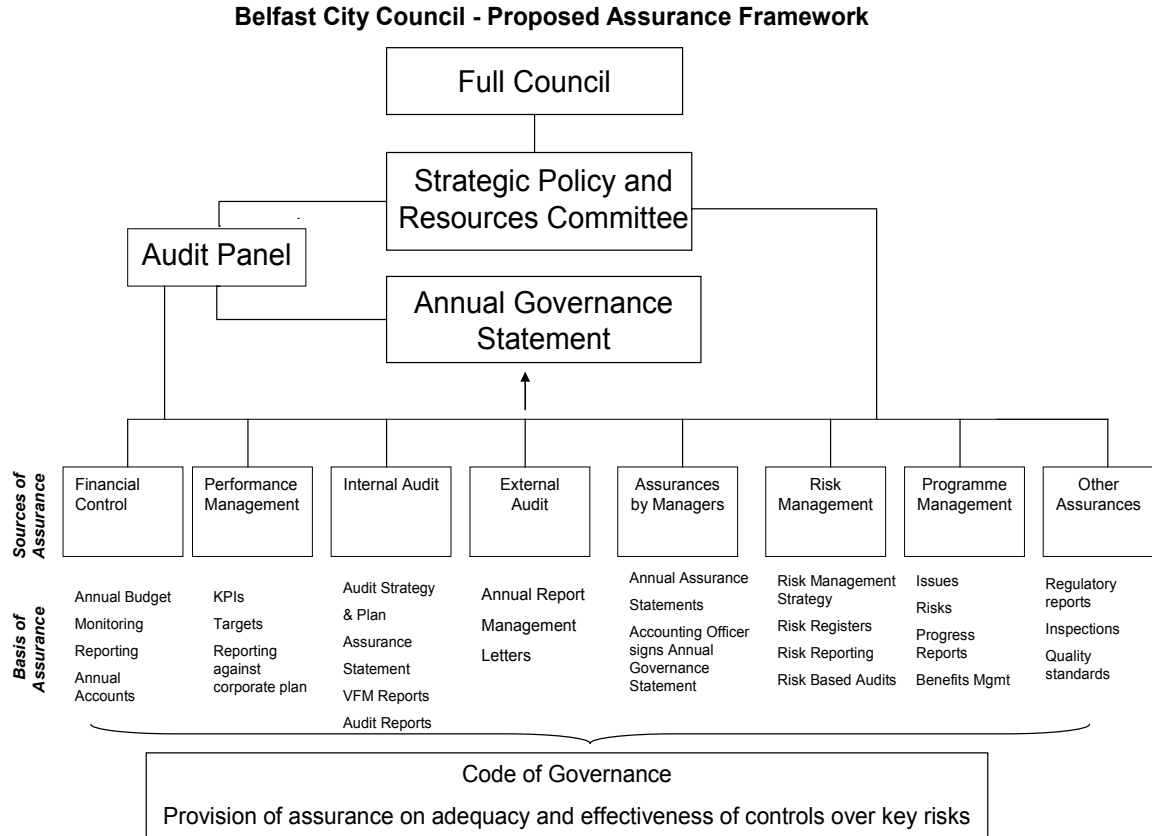
#### Key to Abbreviations

AGRS – Audit, Governance and Risk Services  
GB – Great Britain  
KPIs – Key Performance Indicators  
NHS – National Health Service  
VFM – Value for Money

#### Documents Attached

Appendix 1 – Belfast City Council - Proposed Assurance Framework

**Appendix 1**



During discussion in the matter, Dr. Smith indicated that in his opinion the contribution of Elected Members to service delivery within the Council should be included in the Assurance Statement.

Following further discussion, the Panel adopted the recommendations contained within the report.

Chairman