

Audit Panel

Tuesday, 12th March, 2013

MEETING OF AUDIT PANEL

Members present: Alderman Rodgers (Chairman);
Alderman M. Campbell;
Councillors Jones and Mullan; and
Mr. D. Bell.

In attendance: Mr. R. Cregan, Director of Finance and Resources;
Mr. A. Wilson, Head of Audit, Governance and
Risk Services;
Mr. A. Harrison, Audit, Governance and Risk
Services Manager;
Ms. C. O'Prey, Audit, Governance and Risk
Services Manager;
Ms. E. Eaton, Corporate Health and Safety Manager;
Mr. R. Allen, Director, Northern Ireland Audit Office;
Mr. A. Knox, Audit Manager, Northern Ireland Audit
Office; and
Mr. B. Flynn, Democratic Services Officer.

Apologies

Apologies for inability to attend were reported from Alderman Smyth and Councillor Lavery.

Minutes

The minutes of the meeting of 11th December were taken as read and signed as correct.

Declaration of Interest

Mr. Bell placed on the record that, since the last meeting of the Panel, he had taken up a position with the Northern Ireland Local Government Association.

Noted.

External Review of Health and Safety

The Panel was reminded that, as part of the process to provide independent assurance to Members and senior management in respect of risk management, control and the governance arrangements surrounding corporate health and safety, an external review in this regard had been undertaken by Quadra Management Consultancy. It was reported that officers were, in conjunction with the consultants, in the process of developing an action plan which would address the risks which had been identified and

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it was noted that this, in addition to the full review document, would be presented to the Panel at its meeting on 11th June.

After discussion the Panel noted:

- that the external review of Corporate Health and Safety had concluded an amber level of assurance to the Panel; and
- that the Quadra report and the Action Plan would initially target the high priority recommendations and would be considered by the Panel at its meeting in June; and
- that Quadra would be invited to undertake an independent follow-up review, as appropriate, to consider the progress made in respect of the implement of the action plan.

Corporate Health and Safety - Update

The Panel considered the undernoted report:

“1 Key Issues

Progress with Health and Safety priorities for 2012/13:

Stress Management

i. **Council wide training for both managers and staff on stress management and emotional resilience is continuing to be rolled out by the Corporate Human Resources Organisational Development team. Feedback from participants to date has been very positive. A stress audit programme for 2013/14 is being prepared for approval by the Health and Safety Assurance Board.**

ii. **Policy on Protection of Staff from Workplace Violence and Abuse from the Public**

Management briefings on the new Policy on Protection of Staff from Workplace Violence and Abuse from the Public have been completed.

iii. **Strategic Health and Safety Risk Management**
As reported last quarter, work is to be carried out on the identification, assessment and control of health and safety risks across the Council in advance of the introduction of new management software later in the year.

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Progress against key Performance Indicators at Q3 2012/13:

Strategic Element:	Actual	Target	
% Customer satisfaction with the health & safety training delivered	92.9%	70.0%	Customer satisfaction as rated by attendees on post training evaluation forms continues to be high with approximately 93% evaluating themselves as being 'very satisfied' or 'satisfied' with the training.
% Health & Safety service requests responded to within 5 working days	92.2%	70.0%	92% of health and safety requests received to the unit were responded to within the 5 working day target.
Review corporate health and safety training programme to ensure the mandatory courses make the most effective use of trainer and trainee time and other resources			This project to review the mandatory H&S training programmes has fallen behind target during Q3 as priority was given to other matters. At this stage it had been hoped that the programmes would be fully revised and ready for piloting. Effort will be made to bring this back on target for completion at year end with new revised programmes delivered during 13/14.
% Agreed Health & Safety recommendations implemented - Corporate Total	41.2%	80.0%	There has been a disappointing performance from departments in closing out health and safety actions which were due during quarters 1-3 of 12/13. The best performing departments were Chief Executives (100%); Health and Environmental (75%) and Finance and Resources (64%). The weaker departments in closing out their actions were Property and Projects (7%); Development (40%) and Parks and Leisure (44%). These results will be reviewed in detail at the next

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Health and Safety Assurance
Board.

Strategic Element:	Actual	Target	
% Workplace Health and Safety inspections	36%	80%	At the end of quarter 2, there was a delay in commencing the 12/13 WIRES inspection programme due to a review of the 11/12 programme. This delay continued into quarter 3, hence the 80% target was not met. The inspection programme is now well underway and should be on target next quarter.
Number of 'Reporting of injuries, diseases and dangerous occurrence regulations' (RIDDOR) accidents	13	12	The number of RIDDOR accidents was one above target for the quarter but the level remains fairly static at 12 - 13 per quarter. This quarter there was an increase in the number of slip/trip/fall accidents which corresponded to a reduction in the number of manual handling related injuries. These remain the two main causes of employee accidents within the Council and this is in common with national statistics.
Number of workplace accidents	89	95	The number of workplace accidents reported from both employees and members of the public (excluding sports related injuries) has reduced slightly this quarter although it remains reasonably static overall. The highest cause of public related injuries is slip/trip/fall on a level. For employees it is slip/trip/fall and manual handling injuries.

2 Recommendations

The Audit Panel is requested to note the Corporate Health and Safety update report for Quarter 3.”

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Members expressed concern regarding the figures recorded against the number of recommendations which had been implemented in respect of health and safety. The Panel requested that its concerns be conveyed to the relevant Directors and requested that a further report in this regard be submitted to the Panel at its meeting on 11th June.

Noted.

Corporate Risk Management - Update

The Panel considered the undernoted report, together with the associated Risk Register, a copy of which was available on the Council's Modern.gov site: :

“1 Key Issues

Management Assurance

Each of the 14 risks in the corporate risk register has a nominated Risk Owner who is responsible for ensuring that the risk is managed effectively and evidenced as such in the relevant departmental risk action plans.

Management are responsible for ensuring that risks are properly identified, evaluated, managed and reviewed. Departmental Risk Champions co-ordinate and monitor the update of the risk registers and risk action plans within the Department.

In order to obtain assurance on the management of risk, on a quarterly basis each Chief Officer and the Head of Human Resources, prepares and signs a quarterly assurance statement to: confirm compliance with risk management processes; list the key risks that they have responsibility for managing (corporate risks and 'red' departmental risks); confirm that there are appropriate action plans in place to manage these risks; identify any proposed actions and, where applicable, explain any slippage and provide a formal assurance that the risks are being managed.

AGRS can confirm that, for the quarter ending December 2012, all Chief Officers and the Head of Human Resources, have signed assurance statements confirming that the corporate, departmental and operational risk registers and action plans have been reviewed and updated and that they are content that overall the Council's agreed risk management processes, as set out in the Council's risk management strategy, are being complied with.

AGRS Assurance

In order to provide assurance over the management of the 6 red corporate risks and also to inform the preparation of the Annual Governance Statement for the y/e March 2013 financial report, AGRS will undertake a follow-up review of the management of these risks in early April 2013. The relevant staff and directors have been informed of this forthcoming review and of the importance of key staff being available, given the tight reporting timeframe.

1. Corporate Risk Register

For the quarter ending December 2012, our review meetings with individual Directors to discuss the management of corporate risks identified the following updates to the corporate risk register:

Deletion of the corporate risk 'financial and management information does not meet the changing needs of the organisation and the city' as the Councils information requirements are being addressed in the management of corporate risk 6 'failure to ensure BCC is ready to meet the challenge of Local Government Reform (RPA) and effectively implement emerging legislative requirements' which includes community planning powers.

Following the development of the risk action plan for risk 14 'ineffective information systems and procedures result in non-compliance with legislation and best practice standards e.g. FOI, DPA' the corporate risk register now reflects the potential causes of this risk materialising.

Chief Officers did not identify any new corporate risks during the quarter ending December 2012. The corporate risk register has been updated to reflect the above changes and was agreed by CMT on 20 February 2013 and the Assurance Board on 5 March 2013.

2. Integrated Corporate Action Tracking, Risk Management and Audit Management System

The contract for the procurement of the integrated corporate action tracking, risk management and audit management system is being finalised, with the pilot now due to take place within the Finance and Resources Department by the end of June 2013, with further phased roll out to other Departments from July 2013 onwards. All risk registers and risk action

plans within the Finance and Resources Department have been subject to a thorough review and update in preparation for the pilot. In addition, at the quarterly risk and audit update meetings, AGRS has reminded each Director and Departmental Risk Champion of the importance of having good quality information in their risk registers and risk action plans in readiness for the roll out of the system during 13-14.

3. Business Continuity Management - Update

Business continuity is a risk within the corporate risk register. One of the key ways that Members and Chief Officers can gain assurance over the arrangements we have in place to manage a disruption to our services, is that the Business Continuity (BC) plans are up to date and have been exercised (at least annually) to ensure their effectiveness.

The BCM champions now meet twice a year for an information / training session and the next meeting is scheduled for 27 March 2013.

There are 15 critical services in total. As at the end of February, 10 services have either undertaken their BC plan exercise or have an exercise scheduled for 12/13. All BC plans should be tested before the 31 March 2013. At the quarterly risk and audit update meetings, AGRS has reminded each Director of the need for these critical services to undertake the annual test of their BC plans and to complete the new format exercise report.

4. Pandemic Planning - Update

The current pandemic alert level 3 (of 6), while not causing alarm, does according to the WHO "correlate with preparedness, including capacity development and response planning activities". This means that the Council has a responsibility to ensure that there are good plans in place to manage the effects of a pandemic, should there be one.

Following a request for update from AGRS, 6 of the 14 services have reviewed and updated their pandemic plans, which set out how they will deliver their service in the event of a pandemic. AGRS has written to the remaining 8 services reminding them of the need to review and update their pandemic plans."

Ms. O' Prey, Audit, Governance and Risk Services Manager, provided an overview of the report and outlined the training and other support which Audit Governance and Risk Services would provide to the nominated risk champions within Departments of the Council to enable them to carry out their role in an effective manner.

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After discussion, the Panel agreed that it would consider a report on the follow-up review of the management of the key corporate risks in June and welcomed the additional steps which had been taken to manage risk across the Council and noted the contents of the report.

Audit, Governance and Risk Services - Progress Report

The Panel considered the above-mentioned report which provided an overview of the work activities of the Audit, Governance and Risk Services Unit.

Mr. Wilson, Head of Audit, Governance and Risk Services, provided an overview of the work ongoing regarding internal audits and the implementation of recommendations which had arisen from previous audits and answered a number of Members' queries in relation thereto.

Noted.

Annual Strategy and Plan

The Panel considered the undernoted report and associated strategy document, a copy of which was available on the Council's Modern.gov site:

"1 Relevant Background Information

- 1.1 Belfast City Council faces its biggest change for over 40 years. The implementation of Local Government Reform, incorporating boundary changes and the proposed transfer of functions will have a major impact on all services. The Council needs to begin to deliver on its Investment Programme commitments. It also needs to deliver year-on-year efficiencies. At the same time, it still needs to deliver its 'business as usual' work, delivering statutory and other functions to the best possible standards and ensure that its governance arrangements are robust and stand scrutiny. All of this must take place in the context of a difficult economic climate.**
- 1.2 More than ever before, given the extent of expected change, Members and Chief Officers need to ensure that there are effective arrangements in place to manage the key risks and opportunities that exist and may arise in the future. In particular there has to be robust and dynamic processes for risk management, programme and project management to ensure change is effectively implemented.**
- 1.3 Audit, Governance and Risk Services has a key role to play. In 2013/14 it will support the organisation in achieving its objectives in a number of ways:**

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- We will provide support to the Council to further develop and improve the quality of the risk management processes. In 2013/14 this will include the implementation of a new risk management system.
- We will challenge management on the action it is taking to manage key corporate risks and provide independent, written assurance on the management of these risks to management, the Assurance Board and the Audit Panel.
- We will audit, on a cyclical basis, the Council's key areas of activity / functions, to provide management, the Assurance Board and the Audit Panel with independent assurance on the robustness of risk management and internal controls in these areas.
- We will monitor and report upon the implementation of audit recommendations to verify improvement.
- We will work to improve the capacity of management to deliver effective risk management, control and governance through delivery of a programme of education and awareness training to Council managers and staff through the core skills (governance) training, fraud awareness training and provision of advisory services.
- We will ensure that the Council meets its statutory obligations and good practice with regard to internal audit and governance.

1.4 The Audit Strategy and Plan 2013/14, summarised below, explains exactly how we will do this.

2 Key Issues

2.1 The draft Audit Strategy and Plan sets out the work we consider necessary during 2013/14 to meet the Council's requirements.

2.2 Completion of the plan is designed to enable the Head of Audit, Governance and Risk Services to provide an annual opinion to Members and senior management on the adequacy and effectiveness of the Council's risk management, internal control and governance arrangements and to assist the Council in improving these processes.

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2.3 The Plan provides for both audit assurance and advisory work. The assurance work covers a range of financial, operational and IT audit areas. In relation to advisory work and improving the capacity of the Council to manage risk, control and improve governance, the plan includes a range of relevant areas of work, including provision of staff training on fraud / governance issues and facilitation of risk management. There is also provision for any necessary advice and assurance on the Investment Programme.

2.4 We have consulted with all Departments and the Assurance Board on the draft Strategy and Plan. The Plan will also be submitted to the NIAO for information as part of the issue of Audit Panel papers.

3 Resource Implications

3.1 Human Resources

The Service has a complement of 11 staff. As at February 2013, the Service had the full time equivalent of 8 staff in post, plus the services of an agency worker. In line with the newly agreed structure, the Service expects to recruit a new PO4 in May 2013 to bring the actual FTE in post to 10. We propose to consult with Procurement with a view to arranging a call-off contract which we could draw upon to meet this and other shortfalls in resources (subject to the Service's annual budgetary constraints).

4 Recommendations

4.1 The Audit Panel is asked to review and approve the Audit, Governance and Risk Services – Draft Strategy and Plan 2013/14."

Mr. Bell enquired as to whether the provision of days for Local Government reform was adequate. In response, Ms. O'Prey, indicated that the plan had included a contingency which would be used to absorb unexpected demands on the Section's time. Mr. Bell also endorsed the potential usefulness of call-off contract as a way of completing work when resource shortfalls arose.

After further discussion, the Panel approved the Annual Strategy and Plan.

Review of Terms of Reference

The Panel considered the undernoted report and associated documents, copies of which were available on the Council's modern.gov site:

“1 Relevant Background Information

- 1.1 ‘On Board’ recently completed an external review of Audit, Governance and Risk Services (AGRS). The report made a number of recommendations for improvement, including the update of the Service’s terms of reference or ‘charter.’**
- 1.2 In addition to the external review, a further factor driving review of terms of reference is the introduction, from 1 April 2013, of a newly unified set of professional standards for internal audit in the public sector. These standards are based on agreement between government, the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (CIIA) – the main professional bodies who provide standards for internal audit. The new standards require internal audit functions to have a charter / terms of reference and practices that are consistent with the new standards. The new standards are, in effect, the ‘proper practices’ for internal audit as required by law.**
- 1.3 In addition to looking at AGRS’ terms of reference, Members will also be aware that, at the recent Audit Panel training exercise held at Belfast Castle, there was agreement that the Audit Panel’s terms of reference should be reviewed on a regular basis.**
- 1.4 The opportunity has therefore been taken to review the three sets of terms of reference relating to AGRS, the Assurance Board and the Audit Panel. In essence, very few changes have been made but this review does provide the opportunity for discussion, agreement and affirmation of the remit of the AGRS service and the two internal groups that provide oversight of AGRS and the Council’s risk, governance and control processes.**

2 Key Issues

2.1 AGRS Terms of Reference

These set out the purpose, authority, responsibility, access and scope of internal audit in Belfast City Council and address all aspects of the newly integrated professional standards including a definition of what constitutes senior management and the Board in the context of internal audit reporting in BCC.

2.2 Assurance Board Terms of Reference

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The Assurance Board is a mechanism established by the Chief Executive to ensure senior corporate management oversight of risk, control and governance issues arising from AGRS and other sources. As such, it is not a statutory or regulatory requirement. The terms of reference have been updated from the most recent (2005) version, to reflect changes in job titles etc but are largely unchanged.

2.3 Audit Panel Terms of Reference

The Audit Panel in Belfast City Council is established as a working group reporting to the Council's Strategic Policy and Resources Committee. It undertakes the functions of an Audit Committee. While new unified audit standards have been agreed, more detailed, updated guidance on the functioning of audit committees has not yet been issued. It is expected that new guidance will be issued in the next 12 months. As such, the Audit Panel terms of reference continue to reflect the CIPFA model for local government, but they will be reviewed when further guidance is issued and also to take account of governance requirements arising from Local Government Reform. The terms of reference are therefore largely unchanged for now since they were last approved in March 2008, except for reference to health and safety.

2.4 Communication

AGRS terms of reference will be incorporated into the relevant section of the Council's Financial Regulations, within the Council's Interlink (intranet) site and referenced in the audit planning memorandum issued for each audit assignment. An abbreviated audit charter is also available on Interlink as an on-line source of reference

2.5 The Assurance Board terms of reference are maintained the Council's Interlink (intranet) site.

2.6 The Audit Panel's terms of reference are also maintained on the Council's Interlink (intranet) site.

2.7 Review

The general policy will be that the terms of reference will be reviewed every 3 years in future or more frequently where required. In the case of the Audit Panel terms of reference, these will reviewed as soon as new guidance is issued.

3 Recommendations

3.1 The Audit Panel is asked to:

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- **Approve AGRS terms of reference**
- **Note the Assurance Board's terms of reference**
- **Approve the Audit Panel's terms of reference and note that these will be re-reviewed upon receipt of any revised guidance."**

The Panel adopted the recommendations and requested that the Audit Panel's terms of reference would include the proviso that regular reports on its work be submitted to the Strategic Policy and Resources Committee.

Self Assessment of the Effectiveness of the Audit Panel

Mr. Harrison, Audit, Governance and Risk Services Manager, reminded the Panel that a Members' training and self-assessment session had taken place at the Belfast Castle on 22nd January. The Panel had reviewed its own performance against the standards for audit committees as set out in the good practice guidelines of the Chartered Institute of Public Finance and Accountancy in local government. It was reported that the exercise had assisted the Panel in meeting the requirements of the Accounts and Audit Legislation and had complemented the recent external review of the Audit, Governance and Risk Services. Accordingly, the undernoted action plan had been formulated by the Panel and it was noted, once approved, that it would be submitted for the formal endorsement of the Strategic Policy and Resources Committee at its meeting on 22nd March. It was agreed also that party briefings could also be offered to promote the understanding of the work of Audit and the Panel.

Accordingly, the Panel adopted the undernoted Improvement Plan:

Audit Panel Improvement Plan

No.	Improvement Area	Proposed Actions	Responsibility	Implementation date
1	The need to better promote the role / the work of the Audit Panel at Strategic Policy & Resources Committee level	Chair of Audit Panel to address meeting of SP & R every six months and provide a briefing (assisted by Head of AGRS)	Chair of Panel (assistance from Head of AGRS)	June 2013
2	Where required, the Panel to have a brief, informal meeting immediately prior to the start of the Panel meeting to consider any issues arising that require discussion	Implement process with immediate effect / Members to advise Chair / Chair to advise Members if pre-meet required	Chair of Panel / Members	June 2013

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No.	Improvement Area	Proposed Actions	Responsibility	Implementation date
3	Review the Panel's terms of reference more regularly	Review terms of reference	Head of AGRS / AGRS Manager (for submission to Panel)	Implemented – March 2013 and scheduled for review
4	Consider / request specific training / briefings either within scheduled meetings or separately In addition, new Panel members to receive 1-2-1 briefings	Annual plan of business to incorporate briefing (training sessions) as required Briefing to be provided to all new Members appointed	Head of AGRS / AGRS Manager	June 2013
5	Capture action points arising from the previous minutes of the Panel more effectively / clearly	To raise issue with Democratic Services	Head of AGRS	March 2013
6	Receive six monthly performance reports from Audit, Governance and Risk Services (AGRS) – mid-year and year end.	To include six month update in December progress report (to supplement information in June annual report)	AGRS Manager	June 2013

**Northern Ireland Audit Office –
Draft Audit Strategy 2012/2013**

The Panel was reminded that the Northern Ireland Audit Office was the appointed independent external auditor under the Local Government (NI) Order 2005 and was required to examine, certify and report on the financial statements of the Council. Accordingly, the Panel considered the contents of a document which outlined the procedures and processes by which the Audit Office would undertake the audit of the Council's 2012/13 financial statements, a copy of which was available on the Council's modern.gov system. Mr. Knox and Mr. Allen outlined the principle aspects of the strategy document in terms of the respective responsibilities of the Council and the Audit Office, the scope and timescale of the audit, together with the records which would be provided for inspection

The Panel noted the information provided.

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Absence Management – Update

The Director of Finance and Resources reminded the Panel that the Strategic Policy and Resources Committee, at its meeting on 22nd June, 2012, had agreed to set a Council target to reduce sickness absence across the Council of 10.30 days, per full-time equivalent, by March, 2013. He submitted for the Panel's consideration a report which provided information in respect of sickness absence for the third quarter of 2012/2013. The report indicated that sickness absence, per employee, for that period had been 8.49 days, which had exceeded the corporate target by 0.76 days, per employee. He outlined the extent of the work which had been undertaken to manage attendance in those units which were deemed at risk of not meeting their targets for 2012/2013, should their current level of absence continue.

In addition, he highlighted the fact that employees who were on long-term absence were being monitored and managed by the relevant Departments and by the Human Resources and the Occupational Health Sections and that reports on absence management would continue to be submitted on a quarterly basis to both the Audit Panel and the Strategic Policy and Resources Committee.

The Panel expressed its disappointment that the anticipated corporate target had been exceeded and noted the information which had been provided.

Corporate Mobile Phone Contract – Update

The Director of Finance and Resources reminded the Panel that the Council had, in February, 2012, entered into a corporate contract for Mobile Telephony services with Vodafone. He pointed out that the Council provided mobile phones to staff where there was a supporting business case which indicated that the use of a phone was essential to enable an officer to carry out their duties. He outlined the management arrangements which had been implemented to oversee the contract and indicated that the Council oversaw the administration of its mobile phones through two accounts, namely, a staff account which consisted of 899 phones and approximately 25 iPads and 3G data cards; and a Members' account which consisted of 39 iPhones, 3 Blackberries and 48 iPads.

The Director reported that the Council was in discussions with Microsoft in respect of the licensing of mobile devices for email access. This, he pointed out, would most likely require the procurement of additional licensing to allow access to email from mobile phones and tablets. He pointed out also that, given the number of mobile devices which the Council had provided to staff, it was anticipated that, over the coming months, an exercise would be undertaken to review all of the business cases for mobile phones.

After discussion, the Panel noted the information which had been provided and agreed that a review be commenced on the existing business cases for the provision of mobile phones.

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Date of Next Meeting

The Panel agreed that its next meeting would take place at 1.00 p.m. on Tuesday, 11th June, 2013. It was noted that an informal meeting between Members and the officers Northern Ireland Audit Office with commence at 12:30 p.m. prior to the formal meeting.

Chairman