

Audit and Risk Panel

Tuesday, 6th December, 2016

MEETING OF AUDIT AND RISK PANEL

Members present: The High Sheriff, Alderman Rodgers (Chairperson); Alderman Haire; Councillors Hargey, Hutchinson, Jones and Mullan; and Mr. R. Cox.

In attendance: Mr. R. Cregan, Director of Finance and Resources; Mr. M. McBride, Head of Finance and Performance; Mr. A. Harrison, Head of Audit, Governance and Risk Services; Mr. T. Wallace, Financial Accounting Manager; Mr. L. Mulholland, Audit, Governance and Risk Services Manager; Mrs. C. O'Prey, Audit, Governance and Risk Services Manager; Mrs. E. Eaton, Corporate Health and Safety Manager; Mrs. C. Kane, Director, Northern Ireland Audit Office; and Mrs. L. McLornan, Democratic Services Officer.

Pre-meeting with Director of NIAO

The Audit and Risk Panel met privately with the Director of the Northern Ireland Audit Office (NIAO), Colette Kane, before the meeting commenced.

Apologies

No apologies were reported.

Minutes

The minutes of the meeting of 13th September were taken as read and signed as correct.

Declarations of Interest

No declarations of interest were reported.

External Member

(Mr. R. Cox left the room while this Item was under consideration)

The Head of Audit, Governance and Risk Services, reminded the Panel that, in line with good practice, the Audit and Risk Panel had an external member who assisted it in fulfilling its terms of reference. He explained that the current external member, Mr Richard Cox, had held this position for just over a year, and that it was now incumbent upon the Council, in line with its contract with Mr Cox, to consider exercising its option to extend this contract for a further two years.

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The Panel was advised that Mr Cox played an important role in supporting the Chairperson and other Elected Members of the Panel in bringing an objective perspective to help the Council provide the highest standards of corporate governance arrangements.

The Audit and Risk Panel agreed to extend Mr Cox's contract for a further two years.

**Training session for Audit and Risk Panel, 11 October 2016 –
Summary and Improvement Actions Arising**

The Head of Audit, Governance and Risk Services (AGRS) provided the Panel with an overview of the outcomes from the training which had been provided to the Panel at Belfast Castle on 11th October, 2016, and highlighted the 'good practice' and improvement actions which had been identified.

He advised the Panel that there were a number of areas where the Members had agreed that there was scope for further improvement, including:

- Making 'Audit and Risk Panel Update' an item on the agenda at Budget & Transformation Panel meetings to raise the profile of the work of the Panel, to include consultation on annual audit plan;
- Improving the Panel's own annual reporting to the Strategic Policy and Resources (SP&R) Committee through the Chairperson's attendance / presentation of report;
- Ensuring the Audit and Risk Panel minutes were sent to the External Member after issue (i.e. prior to next meeting). It was noted that formal Panel review / approval prior to the issue of papers to SP&R / Council may prove impractical;
- That the Panel would consider holding 'de-brief' meetings, without officers, once a meeting had formally concluded;
- The Panel and Chair would meet privately, and separately, with external and internal audit at least annually. It was noted that this was scheduled for the NIAO in December but needed scheduled for the Head of AGRS;
- That another Member awareness training would be arranged on audit, governance and the role of the Audit and Risk Panel;
- That items arising out of Panel meetings which were to be considered at the next meeting would be highlighted at the end of the minutes;
- That an annual report on activity and assurances of the Audit Assurance Board would be sought;
- That NIAO comment on the assessment of the effectiveness of the Audit and Risk Panel would be sought;
- That the Panel would, where appropriate, consider inviting Directors in periodically to talk the Panel through their key risks and their approach to managing them (noting that there was now an enhanced process of risk reporting to the Committees);
- Consider, in consultation with the City Solicitor, whether health and safety accident reporting could include information on the

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approach / underlying issues which might give rise to compensation claims; and

- Review and, where possible, try to simplify the language and key messages in the Audit and Risk Panel reports, particularly in regards to relating the key issues to objectives and outcomes.

The Panel was advised that, in addition to the above exercise, it had also been agreed at the training session that AGRS would, on behalf of the Panel, review the CIPFA 'self-assessment' of the Panel's effectiveness and present the results of this exercise to the Panel for its approval, together with any proposed actions arising. The Head of AGRS advised the Panel that that exercise had now been completed and he pointed out that it had shown that arrangements were largely compliant with the guidance and that the key issues arising were as follows:

- Consideration of Risk Management Strategy – Members noted that this was being considered in the context of a wider piece of work linked to the development of corporate management frameworks; and
- Separate meetings with external and internal audit.

The Panel was advised that the improvement actions noted above had been captured in an Improvement Action Plan.

After discussion, the Panel:

1. reviewed and approved the improvement actions which had arisen from the training;
2. reviewed and approved the comparison of current practice with the 'CIPFA – Audit Committees: practical guidance for local authorities' checklist, which was available in more detail on modern.gov; and
3. approved the related 'Audit and Risk Panel – Improvement Action Plan', which was available on modern.gov.

**Audit and Risk Panel Dates and
Indicative Programme of Business 2017**

The Panel agreed to the Indicative Programme of Business 2017 as presented by the Head of Audit, Governance and Risk Services, and agreed that it would meet on the following dates in 2017:

- 7th March;
- 13th June;
- 5th September; and
- 5th December.

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Report on Actions Arising From Internal Audit of Planning Service

(Mr. P. Williams, Director of Planning and Place, and Mr. E. Baker, Development Engagement Manager, attended in connection with this item)

The Director of Planning and Place introduced to the Panel Mr. Ed Baker, who had recently been appointed Development Engagement Manager in the Planning Department.

The Panel considered the undernoted report on the actions which had arisen from the internal audit of the Planning Department:

“1.0 Purpose of Report or Summary of main Issues

1.1 This report provides an update on the action plan arising from the internal audit of planning. An Executive Summary from the audit report was presented to the Audit and Risk Panel in September 2016, highlighting that major improvement was needed within the planning service and that an action plan based on audit recommendations would be brought to the December meeting of the Panel.

2.0 Recommendations

2.1 The Panel is requested to note the:

- **Action plan to implement audit recommendations;**
- **Planning Service Improvement Plan; and**
- **Update on the project to replace the Planning Portal.**

3.0 Main Report

3.1 In April 2015, under the Local Government Reform programme Belfast City Council became responsible for delivering planning functions in Belfast. This involves:

- **receiving and making decisions on the majority of planning applications;**
- **enforcing breaches of planning permission;**
- **making tree preservation orders;**
- **protecting and preserving built heritage; and**
- **producing a local development plan outlining how land should be used and developed in the future.**

3.2 In August 2016 following an internal audit of the planning service, the AGRS team provided an audit opinion that major improvement was needed. A number of high, medium and low priority recommendations were made to improve the control environment across five main areas:

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- **Customer Service**
- **Member Engagement**
- **Development Management**
- **Planning Portal**
- **Governance – including risk management, gifts, hospitality and conflicts of interest.**

3.3 The Planning Service has agreed an action plan to address the audit recommendations. All of the agreed actions are to be in place by March 2017. A copy of the plan, including management progress updates, is attached in Appendix 1.

3.4 All of the audit actions have been incorporated into the Planning Service Improvement Plan which was reported to SP&R on 18 November 2016 and is attached in Appendix 2. The Improvement Plan reflects the City Council's corporate priorities and objectives with a clear focus on an efficient and effective development management service. It is a continuation of previous improvements and covers both 'internal' and 'external' measures to bring about the necessary changes to the way business is conducted and how the public can enjoy an enhanced service. Updates on some of the key aspects of the Improvement Plan are highlighted below.

Member/Customer Engagement Update

3.5 Work is ongoing to improve engagement with customers and elected members. A series of engagement events have been held with stakeholders and all planning staff have received customer service training. Key priorities over the next few months are to finalise an engagement protocol with members, reviewing the scheme of delegation, finalising guidance on levels of interaction and service standards with the public and industry, and to further improve linkages across the Council including key internal stakeholders.

3.6 For example, reception processes are currently being reviewed in anticipation of the establishment of a joint reception with Building Control next month. These new arrangements will include a duty planner being based at reception to improve face to face customer contact.

3.7 A number of issues with the NI Direct call handling service were identified in the audit report. Over the next few months we will be reviewing the NI Direct service and working with Digital Services to investigate options to introduce an alternative corporately aligned call management solution. In

the short-term, the NI Direct system is providing performance information on call handling which is valuable to the service as we aim to improve accessibility/understanding of the planning process to all users of the planning system,

Planning Portal Replacement Update

- 3.8 The current contract for the ePIC Planning Portal runs to March 2019. The Department of Infrastructure (DFI) has advised Councils that it will not be responsible for the management of a new replacement system and has stated that a new system must be funded by Local Government. In response to this BCC has investigated a range of alternatives for system replacement and has looked at the following options:**
- 1. Belfast City Council procuring a replacement Planning system based on its own requirements.**
 - 2. Local Government collectively procuring and implementing a new Planning system.**
 - 3. The Department of Infrastructure - Planning Portal Management Board - taking responsibility for the Planning Portal replacement.**
- 3.9 A market testing exercise was undertaken and suppliers were provided with key high level requirements. Market Testing indicated that there are a number of commercial off-the-shelf systems that could meet the requirements of the Belfast Planning Service. 5 year costs are estimated as follows - Internally hosted - £220,000 or Externally hosted - £300,000 plus additional storage costs. Additional costs would also be required for data migration, and integration with other systems.**
- 3.10 Following this initial evaluation, Option 1 appears to be the most advantageous option which would allow Belfast City Council to procure a replacement Planning System based on its own requirements.**
- 3.11 Shortly after our options appraisal was completed the Planning Governance board and DFP Enterprise Shared Services invited Councils to participate in a 'Pre-Discovery' exercise to review the options for replacement of the Planning Portal. This resulted in a recommendation that a bespoke development of a new Planning Portal should be taken forward by the DoI as a shared service. The cost of this bespoke development was estimated at approximately £5 million which included a cost for data migration of**

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£450,000 and annual costs of £30,000. This equates to a 5 year cost for BCC of £560,000.

3.12 Following concerns raised by SOLACE regarding the lack of analysis of all potential options and costs, Fiona McCandless (DFI) wrote to Councils asking that they participate in a ‘Discovery Phase’ that would now look at all options, produce an Outline Business Case and an Economic Appraisal.

3.13 BCC has responded to this request agreeing to participate as long as:

- 1. Participation in the Discovery phase does not commit Belfast City Council to accept any recommendations arising out of this work.**
- 2. All options will be given equal consideration before a final recommendation is made.**
- 3. A collaborative procurement of a commercial off-the-shelf product will be included as an option for taking forward a shared services approach.**
- 4. The feasibility of a Hybrid approach will be further investigated and detailed within the report (Multiple back office systems with a single online customer portal)**
- 5. Data Migration will be thoroughly explored.**
- 6. Agreed and costed approaches to data migration will include both the scenarios where a council opts in or out of any future collaborative development or procurement.**
- 7. A detailed specification of requirements will be provided to each of the participating councils at the end of the Discovery phase.**

3.14 The Planning Portal Governance Board will meet on 24 November 2016 to discuss the Discovery Phase of the process. Draft terms of reference for this work have been issued to the eleven Councils and will be discussed at the meeting. Officers will ensure that Belfast City Council’s requirements for Discovery, as outlined above, will be fully met. It is expected that the meeting will provide clarity around the timescale for the Discovery Phase.

4.0 Equality and Good Relations Implications

4.1 None

5.0 Resource Implications

5.1 To be met within approved structure and budget.”

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The Director and the Development Engagement Manager advised the Panel of the key actions which were being taken to address the audit recommendations. They also advised Members of some of the key systemic improvements which are being considered in the medium term including the replacement of the current portal system, the introduction of a suite of local key performance indicators and the use of the Council's telephony system as an alternative to NI Direct. .

In response Members raised concerns about the timeliness of the implementation of the audit recommendations and stressed the need to incorporate a planning CRM solution with a corporate one.

The Head of Audit, Governance and Risk Services reminded the Panel that a report on the audit recommendations for the Planning Service would be analysed through their next Recommendations Monitor Exercise, and that a report would be submitted to the Panel for its consideration at its meeting on 13th June, 2017.

After discussion, the Panel:

1. agreed to recommend to the Strategic Policy and Resources Committee, that a meeting be sought between Senior Management in the Council and the Statutory Consultees in relation to the response time taken by agencies in relation to planning applications; and
2. noted the recommendations within the report.

**Update on Belfast City Council Grant Funding and Proposed Improvement
Actions to current processes**

The Panel considered the undernoted report:

“1.0 Purpose of Report or Summary of main Issues

1.1 Belfast City Council has been gradually centralising its grants process following an independent review in 2011/12, which had three main objectives:

- **Improve accountability and governance**
- **Provide greater consistency in process and decision making**
- **Take a more customer focused approach**

1.2 Since 2011/12, significant effort has gone in to co-ordinating the central administration of the Council's large and small grants to ensure a consistent, fair and coordinated approach across council - from summer schemes to Community Services Capacity & Revenue to Culture and Arts Multi-Annual Funding. Several strands of work have taken place during 2015/16 to continue the improvement journey for

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grants management processes and for the recipients with most significantly the procurement and introduction of a Grants Management System featuring an on-line application process for the first time.

1.3 This report focuses on the results of a recent AGRS review of grants and an externally facilitated review / series of workshops with key stakeholders regarding grants and the actions that management is proposing to take to improve the effectiveness of the current processes.

1.4 Other results from the AGRS Review and the external review will inform planned future work to align the grants programme and approach to the Belfast Agenda.

2.0 Recommendations

2.1 In relation to improving the effectiveness of current processes Assurance Board / Audit and Risk Panel are asked to:

- Note the outcome of a recent AGRS audit of grants and the key issues arising
- Note the outcome of a recent externally facilitated review of grants, including feedback from various stakeholders and the key issues arising
- Note the actions that management is proposing to take to address the issues arising from the above reviews

3.0 Main report

3.1 Key Issues

3.2.1 Several strands of work have been undertaken during the last year to continue to improve and share the learning and experience across services in relation to the Council's grants process. To date, the strands of work have been undertaken independently and each has had a slightly different focus; however, there are a number of common messages. With the developing Belfast Agenda and outcomes framework there is an opportunity to use the findings to date to take a more holistic approach to grants.

3.2 AGRS audit

3.2.1 In late 2015, AGRS conducted an internal audit of grants, which included a detailed analysis of the grants, the system and process. While the audit provided a reasonable level of assurance, several areas for improvement to processes and

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the system were identified. Areas identified that required attention included:

- Proportionality of control, so that the level of control applied is reflective of the value of the grant and the risk profile of the funded organisation / grant stream
- Timeliness of processing, so that there is formal tracking, monitoring and reporting of the timeliness of grant processing to identify the causes and trends as well as potential solutions
- Focus on outcomes, so that there is improved monitoring and reporting on outcomes of the grants programme

3.2.2 A copy of the Executive Summary from the audit report (which has already been provided to management, the Audit Assurance Board and the Audit and Risk Panel) is attached at Appendix A.

3.3 Externally Facilitated Review

3.3.1 In September 2015, an independently facilitated workshop was carried with internal stakeholders in relation to those grants administered and delivered by the Development Department. At this stage it was also acknowledged that feedback from grants recipients would be essential to inform any overall lessons learned and that this should also consider the views of other Council services involved in delivering grants.

3.3.2 In November 2015, over 100 grant applicants across all grants streams participated in a short workshop to assess their views and experiences of the current grant process and to identify potential areas for improvement. Participants had the opportunity to provide feedback (both in writing and through discussion) on all stages of the process. This workshop was independently facilitated by Anne McMurray and officers across Council assisted during the session.

3.3.3 The report from the grant applicants workshop (attached at Appendix B) includes suggestions for improvement in terms of :

- Timescales and timeliness of the grant calls, payments and processing
- Promoting and providing clear guidance and feedback at all stages of the process

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- Continuing to provide one-to-one contact points and support for applicants in terms of (i) building capacity and (ii) assistance with grant applications
- Addressing the proportionality of the levels of administration and the value of grants
- System improvements to include automatic alerts e.g. upload limits and process improvements such as reviewing the need for compulsory attendance at the awareness workshops.

3.3.4 Although there is a clear difference in approach / methodology between the audit and external review, there is clear commonality in message.

3.4 Proposed Action

3.4.1 Following a meeting involving relevant Directors, senior management and AGRS an action plan to address the current issues raised in the audit report has been developed, lead officer assigned and implementation dates set and is attached at Appendix C. In line with established processes, AGRS will input these actions on to the MK Insight system and report on implementation progress.

3.4.2 A further action plan addressing the current additional issues / recommendations arising from the external review is attached at Appendix D. These suggestions have been included in the overall Central Grants Unit improvement action plan which is monitored by the Business Support Manager, Development Department. The completion date is 31 March 2017.

3.4.3 The key actions that are to be taken are summarised below:

- Two senior responsible officers have been identified for grants. The Director of Development will have responsibility for events / tourism / culture / arts, while the Director of City & Neighbourhood Services will have responsibility for all other streams. It was agreed at the meeting that the Central Grants Unit would continue to sit in the Development Department, but would report to the relevant SRO depending on the grant stream.
- A number of 'quick win' improvements have been identified and will be implemented in the short term. These will aim to improve the administration process for grants.

3.5 Equality & Good Relations implications

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3.5.1 Equality and good relations considerations are factored into the design and delivery of the grants and associated process and will feature as part of any ongoing improvements and programme of work.

3.6 Finance & Resource Implications

3.6.1 None at present.”

The Panel noted the contents of the report.

**AGRS Progress Report
(September - November 2016)**

The Panel considered a report which provided an overview of the specific internal audits which had been carried out for the period between September, 2016 and November, 2016, by Audit, Governance and Risk Services.

The Head of Audit, Governance and Risk Services highlighted that audits of Waste Management, Estates Management and Government Procurement Cards had been completed, where the opinion for the latter two was determined as ‘Some Improvement Needed’ and Waste Management determined as ‘Major Improvement Needed’.

A number of Members expressed concern regarding the findings of the Waste Management audit, particularly given the large budget involved and the backlog of contracts. The Panel requested that the Director be asked to attend the next meeting of the Panel to provide an update on the actions being taken address the issues identified in the audit, and that this update includes an update on arc21. The Head of AGRS indicated that the implementation of the audit recommendations would be reviewed as part of the action tracking review, with a reportsubmitted to the Panel at its meeting on 13th June, 2017.

The Head of Audit, Governance and Risk Services advised the Members that a number of important assurance audits were ongoing, namely, on the Review of ERDF projects post-delivery arrangements, Budgetary Control and Financial Reporting, Major Projects, Payroll and Payments to Members, Business Continuity Management, Follow up review of Visit Belfast, Follow up review of the Capital Programme, and Annual Compliance Review of Police and Community Safety Partnerships, and advised that the outcomes of these would be reported to the Panel in March, 2017.

The Panel was also advised that the enquiries into concerns which had been referred to the Council by the Northern Ireland Audit Office (NIAO) was nearing completion and the Head of AGRS updated the Panel on the outcome of the investigation, and AGRS was continuing to liaise with the PSNI in relation to two ongoing fraud investigations and with the Department of Finance in relation to a case involving a suspected fraud against Sport NI.

After discussion, the Panel:

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1. noted the Audit, Governance and Risk Services Progress Report for the period September – November 2016; and
2. agreed to invite the Director of City and Neighbourhood Services to attend the next meeting in relation to the Waste Management Audit Report and in relation to arc21.

Audit Recommendations Monitoring Report

The Audit, Governance and Risk Services (AGRS) Manager, Mr. Mulholland, reported that AGRS undertook, on a twice yearly basis, a monitoring and validation exercise to determine the progress of actions arising from agreed audit recommendations.

He advised the Panel that the previous validation exercise, which had been undertaken by AGRS and reported to the Panel on 7th June, 2016, focussed on a review and validation of open audit recommendations in relation to 10 specific areas where a significant number of actions had required attention. The Panel was advised that the most recent exercise had encompassed a review of all audit recommendations which were open as of 22nd September, 2016. The Panel was advised that the exercise began with 230 'live' actions and that 68 of those actions had been closed. The Manager pointed out that this had left 162 'live' actions on the system, 93 of which had been partially implemented. He advised the Members of the Panel that there had been a 29% decrease in the number of open actions during the period ending 31st October, 2016.

The Audit, Governance and Risk Services Manager advised the Panel that approximately a third of the recommendations which remained open were classified as high priority but he explained that a number of these related to substantial pieces of work, such as the Council's procurement process, overtime and IT systems. The Panel was advised that these were significant areas of work for the Council and the Manager stressed the importance of the monitoring process to address the issues.

The AGRS Manager highlighted that detailed action plans for both the Planning and Grants audits had recently been received and that those actions would be followed up in the next recommendations monitor exercise.

The Panel noted the update on the progress which had been made by management to implement audit recommendations.

Corporate Risk Management

The Panel considered the undernoted report in conjunction with associated appendices:

“1.0 Purpose of Report or Summary of main Issues

1.1 The purpose of this report is to:

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- a) report to the Audit and Risk Panel on the assurance provided by Directors, in consultation with their departmental risk champions, on the risk management processes within their departments, including any updates on the corporate risks
- b) update the Audit and Risk Panel on the timeframe for management providing committees with corporate risk updates
- c) update the Audit and Risk Panel on the timeframe for AGRS reviews of the corporate risks
- d) update the Audit and Risk Panel on business continuity management.

2.0 Recommendations

2.1 The Audit and Risk Panel is asked to note:

- the corporate risk register and compliance with the quarterly risk management process
- the timeframe for management providing committees with corporate risk updates
- the timeframe for AGRS reviews of the corporate risks
- business continuity management update

3.0 Main report

3.1 This section covers:

- Compliance with the quarterly risk management process (3.2)
- Monitoring and Reporting on the Management of the Corporate Risks – Assurance from Management (3.3)
- Reviewing the Management of Corporate Risks – Assurance from AGRS (3.4)
- Business Continuity Management update (3.5)

3.2 Compliance with the Quarterly Risk Management Process

3.2.1 A one page summary of each of the 16 corporate risks is set out in the Corporate Risk Register at Appendix A).

3.2.2 Management are responsible for reviewing the corporate risks / progress on actions on a quarterly basis on MKinsight.

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3.2.3 We can confirm that 14 of the 16 corporate risks have been allocated action owners and timeframes and have been input to the Council's risk management system, MKinsight.

3.2.4 Specific information in terms of action owners and timeframes is still required for the following 2 corporate risks – we are liaising with the relevant officers to get this information:

- **Strategic Planning and Corporate Frameworks**
- **Agreement and Delivery of Community Plan / Belfast Agenda**

3.2.5 The table below summarises compliance with the risk review process for the quarter-end September 2016. The majority of assurance statements have been completed and are due to be returned shortly.

Chief Officer	Assurance regarding compliance with the risk management process
Deputy Chief Executive and Director of Finance and Resources	Full compliance, with the exception of a small number of departmental level risks which require review.
Director of Organisational Development	Full compliance
Director of City and Neighbourhood Services	Full compliance
Town Solicitor	Full compliance
Director of Property and Projects	There has been an issue in respect of service level risks where a number of these have not yet been reviewed. The Director confirmed that he will seek assurance from his management team that the reviews will be brought up to date.
Director of Planning and Place	Compliant re building control and corporate risk. Work is underway to develop a risk action plan for the delivery of the replacement Planning Portal.
Director of Development	Full compliance
Director of City Centre Development	This is the first time that the Director of City Centre Development has been brought into the quarterly assurance process. Full compliance in terms of the review of the corporate risk.

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	Further work to be undertaken to develop the project risk management processes.
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3.2.6 In addition to the management of corporate wide risks, the Council’s risk management process provides for formal project risk management in respect of major, high risk, capital projects, as part of overall project management. This process is overseen by the Director of Property and Projects. He has indicated to us that he was reviewing the list of ‘high risk’ projects to confirm that it was up to date and would provide assurance regarding risk management within his signed assurance statement.

3.3 Monitoring and Reporting on the Management of the Corporate Risks – Assurance from Management

3.3.1 In terms of receiving assurance on the progress being made to manage these corporate risks, management will report to the relevant committee’s as follows:

Committee	Risks	Date
Strategic Policy and Resources Committee	<ul style="list-style-type: none"> ▪ ERDF Projects ▪ Physical Investment Programme ▪ Asset maintenance ▪ Leisure estates programme ▪ Financial position of the Council ▪ Strategic planning / corporate frameworks ▪ Change Management. ▪ Information Governance ▪ Agreement and delivery of community plan / Belfast Agenda <p>[H&S was reported to committee in September 2016]</p>	20 January 2017

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People and Communities Committee	<ul style="list-style-type: none"> ▪ GLL ▪ Waste management ▪ Safeguarding all ages 	10 January 2017
City Growth and Regeneration Committee	<ul style="list-style-type: none"> ▪ City Centre Regeneration Strategy 	11 January 2017
BWUH Shareholders' Committee	<ul style="list-style-type: none"> ▪ Performance Management at the Belfast Waterfront and Ulster Hall Ltd. 	12 January 2017
Planning Committee	<ul style="list-style-type: none"> ▪ Local Development Plan. 	17 January 2017

3.4 Reviewing the Management of Corporate Risks – Assurance from AGRS

3.4.2 AGRS are responsible for undertaking specific reviews to provide independent assurance that risks are being managed in line with the agreed action plan in order to achieve the target risk rating within the required timeframe. AGRS will undertake these reviews in 2 tranches and will report the results of these reviews to the relevant Director, the Assurance Board and the Audit and Risk Panel as follows:

Tranche 1

3.4.2 Reviews of the risks listed below will be undertaken in December / January 2017, with the results reported to the Audit and Risk Panel in March 2017

- Information governance
- H&S
- Asset maintenance
- Agreement / delivery of Community Plan
- Change management
- Strategic Planning / corporate frameworks
- Local development plan
- City Centre regeneration strategy
- Financial position of the Council

Tranche 2

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3.4.3 Reviews of the risks listed below will be undertaken in March / April 2017, with the results reported to the Audit and Risk Panel in June 2017

- ERDF projects
- GLL
- Managing performance at BWUH
- Waste management
- Physical investment programme
- Leisure estates programme
- Safeguarding all ages

3.5 Business Continuity Management update

3.5.1 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.

3.5.2 All services, with the exception of Digital Services, have planned their BC exercise for 2016-17 and have been reminded of the need to ensure that BC exercises are scheduled and undertaken by the 31 March 2017. We have been liaising with Digital Services and have been assured that the BC exercise will be undertaken during November 2016 and that the relevant reports will be provided.

3.5.3 An external review of the councils BCM arrangements is due to take place in early 2017 in order to provide Members and management with independent assurance on the adequacy and effectiveness of the arrangements along with any proposed improvements.”

Regarding the safeguarding risk, members were advised that a management report was being prepared for submission to the People and Communities Committee. The Head of AGRS undertook to advise management of the need for this paper to cover the safeguarding arrangements that the Council has in place for clubs using Council facilities and coaches employed by the Council.

The Panel noted the contents of the report.

Report to those charged with governance (including management responses to audit recommendations)

The Head of Finance and Performance advised the Panel that the Local Government Auditor had certified the 2015/2016 statements for Belfast City Council with unqualified opinions.

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He advised the Panel that the Report had identified two significant risks as part of the Audit Strategy, namely:

1. Landfill aftercare cost provision; and
2. Local Government Reform

The Panel was advised that the Local Government Auditor had identified three areas where recommendations had been made, which were prioritised as 'important issues to be addressed by management in their areas of responsibility':

1. Procurement of Capital Investment Programme Review 2015 –this related to diversions from normal procurement practice and AGRS was currently carrying out an investigation into this area;
2. Funding Request for Groups – This related to awards to seven organisations previously approved by the Council under section 37 of the 2011 Act, and recommended developing an open and transparent process in assessing funding requests; and
3. Contract Management Issues – This related to issues raised by a whistleblower and had been subject to a detailed review by AGRS.

The Head of Finance confirmed to the Members that management would monitor the progress made in implementing the recommendations and would report back to the Audit and Risk Panel on progress which had been made.

The Panel noted the report to those charged with governance Audit Results for 2015/16 and agreed the management responses.

Final NIAO Annual Audit Letter

The Panel considered the undernoted report which outlined the key aspects of the Council's Annual Audit Letter for 2015/2016, which had been received from the Local Government Auditor:

“1.0 Purpose of Report or Summary of main Issues

1.1 As an independent auditor of the Council, the Local Government Auditor seeks to examine that the Council has managed its affairs having regard to a combination of economy, efficiency and effectiveness and that public money is properly spent or in the case of income properly accounted for. The Annual Audit Letter is issued under Article 13 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006. The Regulations require the Council to publish this Annual Audit Letter as soon as reasonably possible.

2.0 Recommendations

2.1 To note the comments and review the Annual Audit Letter.

3.0 Main report

1. Financial Statements

The Chief Local Government Auditor had noted a number of adjustments to the draft accounts as a result of her audit work and these are covered in a separate report. The accounts for the 2015/16 year were given an unqualified opinion.

The Chief Local Government Auditor has indicated that the Council will need to prepare group accounts from 2016-17 to consolidate the activities of the BWUH Ltd.

2. Proper Arrangements

The Chief Local Government Auditor is required to satisfy herself that proper arrangements have been made for securing economy, efficiency and effectiveness in the use of resources.

The Chief Local Government Auditor has confirmed that she is satisfied that the council has proper arrangements in place.

3. Performance Improvement

The Chief Local Government Auditor is responsible under statute to review the performance improvement plans, and the arrangements made to deliver on those plans, for each financial year.

As the 2015-16 financial year was the first cycle of this process, there were limited requirements for councils and the audit process was aligned accordingly. However, from next year (2016-17), the results of performance improvement audit work will be published on the NIAO website.

4. Annual Governance Statement

The Chief Local Government Auditor has indicated that the Annual Governance Statement reflects compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015-16, it also complies with proper practices as specified by the Department of the Environment, and it is not

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misleading or inconsistent with other information from the audit.

5. Absenteeism

The annual rate of absenteeism has shown an increase of 0.41 days from 2013/14.

Average number of days sickness absence per full time employee

2011/12	2012/13	2013/14	2014/15	2015/16
10.47	10.33	9.9	10.31	10.3

There has been a considerable reduction in sickness absence since 2005 and the robust, fair and consistent management of attendance continues to be a key priority for Belfast City Council.”

Mrs. Kane summarised the findings of the Auditor’s Letter and highlighted that the Council would be required to prepare group accounts from 2016-2017 to consolidate the activities of the Belfast Waterfront and Ulster Hall Ltd.

The Auditor had been satisfied that the Council had put in place ‘proper arrangements to ensure economy, efficiency and effectiveness in the use of its resources and that public money had been properly accounted for’ during the financial year 2015/2016.

After discussion, the Panel thanked the staff of the Audit Office for the work which they had undertaken and agreed to note the information which had been provided.

Local Government Auditor's Annual Report 2016 (all Councils)

The Director of the Northern Ireland Audit Office advised the Panel that the Local Government Auditor was required to produce an annual report which summarised, from an external audit perspective, the key issues which had arisen in all Councils across Northern Ireland. She advised that the report provided the Local Government Auditor’s perspective on the audits of all local councils based on the key messages from audits performed up to 31st March, 2016.

The Chief Local Government Auditor explained that the report had raised a wide variety of issues arising from the audits, including local government reform, the management of resources, good governance and absence. She pointed out that, with regard to Belfast City Council, the report did not include any specific issues but that a number of tables were included to allow comparison with other councils

After discussion, the Panel noted the contents of the report of the Local Government Auditor for 2016 and noted that a copy was available on modern.gov.

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Update on Corporate Health and Safety Performance Report

The Corporate Health and Safety Manager provided the Panel with an update in relation to the Council's Health and Safety performance for the second quarter of 2016/2017. She explained that 42 accidents involving employees and 18 involving non-employees had been reported during the quarter, which represented a decrease of nine and two respectively on the previous three months. The majority of those accidents could be attributed to slips, trips and falls, lifting or carrying, wasp stings and being struck by a moving object.

She reported that seven accidents had been categorised under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR), which was five less than in the previous quarter. Finally, the number of reported accidents occurring in GLL-managed facilities during the quarter had been 95, with the number involving employees and non-employees having been 11 and 84 respectively. Of those, one accident had been categorised under RIDDOR reportable to the Health and Safety Executive NI (HSENI). She informed the Panel that there had been 16 incidents of work-related violence during the quarter, which had decreased from 44 in the previous three months.

The Corporate Health and Safety Manager provided information on seven visits to Council premises which had been undertaken by the HSENI in August 2016. She reported that, while this was a higher figure than usual, the Council had been able to demonstrate a responsible approach to health and safety management throughout and was able to provide the necessary documentation to support its position. She confirmed that a meeting had taken place between the Director of City and Neighbourhood Services and GLL to inform the HSENI of the contractual relationship between the two parties and their respective health and safety responsibilities.

The Corporate Health and Safety Manager concluded by reviewing the progress which had been made in relation to the Corporate Health and Safety Unit's key health and safety priorities for 2016/2017 and by confirming that work would continue on the development of effective arrangements for the monitoring and reporting of the key corporate risks set out within the Corporate Health and Safety Risk Register.

The Panel noted the information which had been provided.

Absence Rates Q/E September 2016

(Mrs. J. Minne, Director of Organisational Development, attended in connection with this item.)

The Panel considered a report providing information on the absence figures for the second quarter of 2016/2017. The Director of Organisational Development reported that sickness absence per employee for that period had been 5.27 days, which meant that the Council was above its target to reduce sickness absence to 10 days by the end of March, 2017. She advised that the number of absences which had been classified as long term (20 days or more) during the quarter had been 65.5%, with no change compared to the same period last year. The Panel was advised that the number of staff

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with recorded absence had increased to 37.67%, and that it had been 35.94% in the same quarter in the previous year.

She informed the Panel that a detailed analysis had been undertaken of the management of attendance in each Council department and set out the main reasons for absence across each department. She pointed out that Chief Executive's, City and Neighbourhood Services and Property and Projects were at risk of not meeting their target for 2016/2017.

The Panel was advised that the figures were, in part, a result of an ageing workforce and highlighted that a number of the long-term absences were due to cases of cancer or organ transplants. The Director acknowledged that, while there was a high number of difficult and sensitive absence cases which had warranted a considerable level of discretion to be applied, there was a need to refocus on attendance management compliance to ensure all efforts were in place to reach the target. She advised the Members that Corporate HR would continue to robustly monitor the implementation of the Council's Attendance Policy to ensure that timely and appropriate action was taken to manage attendance fairly and effectively across the organisation.

The Panel noted the information which had been provided.

Performance Improvement Arrangements

The Panel considered the undernoted report:

1.0 Purpose of Report or Summary of main Issues

1.1 To provide assurance to the Panel that Council's arrangements to monitor performance of the delivery of its Improvement Objectives are in place to ensure compliance with the performance improvement requirements of Part 12 of the Local Government (NI) Act 2014.

2.0 Recommendations

Members are asked to:

2.1 Note that the Strategic Policy and Resources Committee received a full mid-year update on all the activity relating the delivery of the Council's Improvement Objectives

2.2 Note the NIAO has undertaken their annual audit and assessment on the Council's arrangements to secure continuous improvement. The NIAO report and any proposed actions for improvement will be presented to the next meeting of the Audit and Risk Panel.

3.0 Main report

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3.1 BCC Plan 2016-17

BCC's Corporate Plan 2016-17 was agreed by Council in May 2016. Contained within the Plan is the Council's commitment to securing continuous improvement through delivery of 11 Improvement Objectives in line with Part 12 of the Local Government (Northern Ireland) Act. The projects underpinning these improvement objectives are delivered through strategic programmes of work, which are reported to the appropriate Committee on an ongoing basis and managed through the Corporate and Departmental Management teams. Members of the Panel will also be aware that additional delivery structures are also in place for large scale programmes of work, such as Leisure, and these are also reported through CMT and Committee.

3.2 However there is a need to provide a full performance update on the plan in line with Improvement Duty. The Strategic Policy and Resources Committee as the Committee responsible for overall performance received this report at its meeting on 19th November. The overall update had been compiled from a range of sources and provided a detailed overview of progress to date on all programmes of work. A separate update on the council's extensive capital programme and support for physical development across the city was also provided.

3.3 A presentation was tabled at the meeting by way of a summary document which also allowed members to see that many of our projects and programmes of work are already aligned with the Priorities outlined in the Community Plan / Belfast Agenda.

3.4 A half year Finance update was also presented to the Committee.

3.5 Performance Improvement Duty

In line with Part 12 of the Local Government Act the NIAO must undertake an annual audit and assessment of the Council's arrangement to secure continuous improvement. This review took place during August and September and the Audit Office will issue their final report to the Chief Executive by 30 November 2016. An initial draft which has been reviewed by officers states that the Local Government Auditor is

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‘Satisfied that the Council has discharged its statutory performance improvement and reporting duties and that it acted in accordance with the Guidance.’

3.6 A few proposals for improvement are included in the report and actions to implement these including the full report will be presented to the next meeting of the Panel.

3.7 **Corporate Plan and Improvement Objectives 2017-20**

The Panel should note that work has begun on the development of the Council’s Corporate Plan 2017 – 20 and associated Improvement Objectives, with an initial workshop held with the Committee in October. This new plan will build on the programmes and projects already underway and further align with the outcomes, priorities and actions within the Belfast Agenda.

3.8 **Financial Implications**

The Council is required to cover the cost of the Performance Improvement Audit and The NIAO have advised that fees will be calculated on the basis of the time spent by NIAO on Belfast’s audit and on the levels of skill and responsibility involved.

3.9 **Equality and Good Relations**

None associated with this report.”

The Panel adopted the recommendations within the report.

Date of next meeting

The Panel agreed to hold its next meeting at 1.00 p.m. on Tuesday, 7th March, 2017.

Local and Belfast Investment Funds – Ald. Rodgers to raise

The Panel noted a recent article in the media in relation to the Local Investment Fund and the Belfast Investment Fund. The Director of Finance & Resources confirmed that, in keeping with the Terms of Reference of the Audit and Risk Panel that, where any individual Member wished to raise an issue under the terms of reference, the Member should either raise the matter through the Strategic Policy and Resources Committee or, in the case of urgency, with the Chief Executive.

The Panel agreed that the Terms of Reference for the Audit and Risk Panel should be circulated to all Members of the Panel and Party Group Leaders for their reference.

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Chairperson