



<b>Subject:</b>	Belfast City Council's Assurance Framework and Annual Governance Statement for 2016/17
<b>Date:</b>	23 June 2017
<b>Reporting Officer:</b>	Ronan Cregan, Deputy Chief Executive & Director of Finance and Resources
<b>Contact Officer:</b>	Andy Harrison, Head of AGRS

<b>Restricted Reports</b>	
<b>Is this report restricted?</b>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
<b>If Yes, when will the report become unrestricted?</b>	
<b>After Committee Decision</b>	<input type="checkbox"/>
<b>After Council Decision</b>	<input type="checkbox"/>
<b>Some time in the future</b>	<input type="checkbox"/>
<b>Never</b>	<input type="checkbox"/>

<b>Call-in</b>	
<b>Is the decision eligible for Call-in?</b>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

<b>1.0</b>	<b>Purpose of Report or Summary of main Issues</b>
1.1	The end of the financial year is a busy time of year for the Council. We are required by statute to produce a complex set of draft accounts and accompanying audit and governance related information.
1.2	The purpose of this paper is twofold; <ul style="list-style-type: none"><li>• Firstly, to explain to Members the key elements of the 'year-end' process and the 'assurance framework' that the Council has developed over recent years to help ensure that the Council complies with statutory requirements and Members and senior officers can have effective, ongoing oversight of the Council's governance and</li></ul>

1.3	<p>assurance arrangements. It will also help explain the context of the various reports now being presented to the Strategic Policy and Resources Committee.</p> <ul style="list-style-type: none"> <li>Secondly, to present the Annual Governance Statement for 2016/17, for consideration and inclusion in the unaudited statement of accounts which will be certified by the Chief Financial Officer by 30 June 2017 and then subject to NIAO audit. The Statement has been considered by the Audit &amp; Risk Panel but must be signed by the Committee Chair.</li> </ul> <p>The Annual Governance Statement is an important document and it is important that the committee is fully aware of its contents. The disclosures in the statement are based upon the Council's corporate risk register and take into consideration the disclosures made by Chief Officers in their individual annual assurance statements. The Annual Governance Statement also incorporates a summary of the Head of Audit, Governance and Risk Service's annual assurance statement.</p>
<b>2.0</b>	<b>Recommendations</b>
2.1	<p>The Committee is asked to</p> <ul style="list-style-type: none"> <li>Note the Council's Assurance Framework, described in section 3 below and <b>illustrated at Appendix 1</b>.</li> <li>Review the draft Annual Governance Statement for 2016/17 and, in particular, the disclosure of the significant governance issues contained in the statement. See <b>Appendix 2</b>.</li> </ul>
2.2	<p>Following review, the statement will be incorporated into the Council's unaudited financial statements for 2016/17 and certified by the Chief Financial Officer by 30 June 2017. It will be subject to review by the LGA (NIAO) as part of their annual audit.</p>
2.3	<p>Following the audit, the Annual Governance Statement, as part of the audited statement of accounts will be approved by the Chair of Strategic Policy and Resources, the Chief Executive and the Deputy Chief Executive and Director of Finance and Resources.</p>
<b>3.0</b>	<b>Main report</b>
3.1	<p><u>Key Issues</u></p> <p>The Council's Assurance Framework is summarised at Appendix 1. It shows how different sources of assurance and related key elements / control measures combine to enable the</p>

3.2	<p>Council to monitor its governance arrangements and produce the information which enables the Council to prepare their Annual Governance Statement. The diagram also shows how the Council's Audit &amp; Risk Panel, the Strategic Policy and Resources Committee and Council provide oversight of these governance arrangements. The key elements of the framework are described below.</p> <p><u>Financial Control</u></p>
3.3	<p>A Financial Report for the y/e 31<sup>st</sup> March is prepared annually and submitted to the Department for Communities by 30<sup>th</sup> June. The Report is then audited by the NIAO and published by 30<sup>th</sup> September each year (after approval by Committee). There is a budgetary control process including budget setting, budget monitoring and budget reporting. The process is challenged corporately by Corporate Management Team (CMT) and Strategic Policy and Resources (SP&amp;R) Committee when budgets are approved annually and performance is reported quarterly. Standing Committees are also responsible for challenging and approving their annual budget and subsequently scrutinizing their budget performance at the end of each quarter in the following financial year.</p> <p><u>Performance Management</u></p>
3.4	<p>The Council's performance management framework supports the implementation of the corporate, departmental and service plans through regular monitoring, reporting and review and, in future, will support monitoring / reporting on Community Planning / Belfast Agenda outcomes. These plans set out what the Council intends to deliver over the course of the year and through the performance framework regular performance reports are produced detailing progress against key milestones and targets. These reports are considered by Departmental Management Teams (DMTs) and the Corporate Management Team (CMT) and actions for improvement are agreed. These arrangements are also designed to ensure that the Council meets its statutory duties in relation to performance improvement and our performance and related plans are subject to annual NIAO audit.</p> <p><u>Internal Audit</u></p>
3.5	<p>Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. The Council has an Audit Governance and Risk Services (AGRS) section, which prepares an annual Strategy and Plan of work designed to ensure that:</p>

- there is a robust system of internal audit of key Council activities and processes through a plan of work which affords suitable priority to the Council's objectives and risks
- there is a process of ensuring improvements to the Council's control environment, by providing management with advice, training and recommendations to improve risk management, governance and control arrangements, including the formal monitoring of the implementation of audit recommendations
- the Head of AGRS will be in a position to provide, at the end of each year, a professional, evidence-based opinion on the adequacy of the Council's risk management, control and governance arrangements which, in turn, will support the preparation of the Council's Annual Governance Statement
- the Council meets its legislative responsibilities for internal control, risk management and internal audit.

#### External Audit

3.6 Each year, the Local Government Auditor (LGA) (the Northern Ireland Audit Office) (NIAO), completes an audit of the Council's accounts in accordance with legislation and the Local Government Code of Audit Practice issued by the Chief LGA. The LGA Annual Report sets out their opinion on the Council's financial statements and is included within the annual Financial Report. The NIAO also examines annually whether the Council has proper arrangements in place to secure economy, efficiency and effectiveness in the use of resources and that public money is properly accounted for and undertakes an annual audit and assessment of the Council's performance improvement arrangements. Their findings are summarised in an Annual Audit Letter, a Performance audit report and a Report to those Charged with Governance.

#### Assurances from Management & Governance Statement

3.7 Each quarter, each Chief Officer, signs a Quarterly Assurance Statement confirming:

- Their responsibility for ensuring that there is a sound risk management and internal control system which supports the achievement of the corporate, departmental and service plans.
- compliance with the risk review process and outlining progress to manage key risks

3.8	<p>In addition, at the year-end, the quarterly process is extended to all Senior Managers who are required to complete an Annual Assurance Statement and to highlight any significant governance issues that should be considered by the Chief Officers for inclusion within the Council's Annual Governance Statement.</p> <p><u>Risk Management</u></p>
3.9	<p>There is an agreed risk management strategy which sets out the processes the Council has put in place to manage risk. Risk registers and risk action plans are in place at corporate, departmental, service and, where appropriate, unit level and are recorded on the corporate risk management system, MK Insight. There is reporting to CMT, the Assurance Board, the Audit &amp; Risk Panel and relevant Committees on risk management.</p> <p><u>Programme Management</u></p>
3.10	<p>A team of Programme and Project Managers support and provide assurance over the delivery of the Council's Capital and Investment programmes and other projects and regular reports on the progress and future delivery plans are taken to a senior management Oversight Board and the SP&amp;R Committee.</p> <p><u>Health and Safety (H&amp;S)</u></p>
3.11	<p>The Council has an H&amp;S Policy in place with an associated Organisation Structure and Arrangements to deliver on the Policy. The Corporate Health and Safety Unit reports on a quarterly basis to a senior management H&amp;S Assurance Board and then on to the Audit Assurance Board and Audit &amp; Risk Panel on compliance and strategic matters regarding the Council's health and safety management system. Operational matters are dealt with through the quarterly H&amp;S Committee structure. Routine reports include information on performance against health and safety targets, accident statistics, policy changes, legislative changes and emerging health and safety issues. The Corporate H&amp;S Unit deliver an annual programme of health and safety inspections, audits and training to monitor and support the management system. Risk assessments are in place at an operational level to identify and manage health and safety risks.</p>

	<p><u>Our Code of Governance</u></p>
3.12	<p>Underlying our Assurance Framework is our Code of Governance. The Council is committed to the principles of good governance and our Code of Governance is a public statement of that commitment. Our Code has been prepared in line with best practice and a summary is contained in the Annual Governance Statement (para 3.15).</p>
	<p><u>Policies, procedures and processes</u></p>
3.13	<p>Policies, procedures and processes are designed to underpin day to day operations. A new policy management and compliance process is currently being developed.</p>
	<p><u>Audit Assurance Board</u></p>
3.14	<p>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. The Board comprises the Chief Executive, Deputy Chief Executive &amp; Director of Finance and Resources and the City Solicitor.</p>
	<p><u>Audit and Risk Panel</u></p>
3.15	<p>The Audit and Risk Panel in Belfast City Council is established as a working group reporting to the Council's SP&amp;R Committee. It undertakes the functions of an Audit Committee. Its purpose is to provide an independent assurance on the adequacy of the Council's risk management framework and associated control environment. It may also report, with the approval of the SP&amp;R Committee, to other standing committees on matters that are of direct relevance to the responsibilities of these committees.</p>
	<p><u>Strategic Policy &amp; Resources Committee (SP&amp;R) reporting</u></p>
3.16	<p>An accompanying report and the minutes of the Audit and Risk Panel are approved by the SP&amp;R Committee. The SP&amp;R Committee also oversees directly the financial management / stewardship of the Council.</p>

	<u>Preparation of Annual Governance Statement</u>
3.17	<p>The Council has a statutory responsibility to annually prepare and publish an Annual Governance Statement (AGS) as part of the Financial Report. Many different processes inform the preparation of the AGS as can be seen from the Assurance Framework at Appendix 1. Specifically, the AGS sets out:</p> <ul style="list-style-type: none"> <li>▪ scope of the responsibility of the Council in relation to governance</li> <li>▪ the purpose of the governance framework</li> <li>▪ the governance framework in place</li> <li>▪ the review of effectiveness of the governance framework</li> <li>▪ an update on the significant governance issues disclosed at year-end 2016</li> <li>▪ significant governance issues to be disclosed for year-end 2017 and action proposed to address them.</li> </ul>
3.18	<p>The AGS for 2016/17 is presented at Appendix 2. The Annual Governance Statement will be incorporated into the unaudited statement of accounts and certified by the Chief Financial Officer by 30 June 2017. It is subject to review by the LGA (NIAO) as part of their annual audit.</p>
3.19	<p>Following the audit, the Annual Governance Statement, as part of the audited statement of accounts will be approved by the Chair of Strategic Policy and Resources, the Chief Executive and the Deputy Chief Executive and Director of Finance and Resources.</p>
	<b>Financial &amp; Resource Implications</b>
3.20	None
	<b>Equality or Good Relations Implications</b>
3.21	None
<b>4.0</b>	<b>Appendices – Documents Attached</b>
	<p>Appendix 1 – Key Components of the Council's Assurance Framework</p> <p>Appendix 2 – Annual Governance Statement for Council for 2016/17</p>