

Audit and Risk Panel

Tuesday, 5th June, 2018

MEETING OF AUDIT AND RISK PANEL

Members present: Alderman Rodgers (Chairperson);
Councillors Armitage, Craig, Heading and Hutchinson;
and Mr. R. Cox.

In attendance: Mr. R. Cregan, Director of Finance and Resources;
Mr. A. Harrison, Head of Audit, Governance
and Risk Services;
Mr. M. McBride, Head of Finance and Performance;
Mr. P. Murray, Head of Human Resources;
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
Ms. E. McGoldrick, Democratic Services Officer.

Election of Chairperson

The Audit and Risk Panel noted that it was required to elect a Chairperson for the coming year.

Moved by Councillor Hutchinson,
Seconded by Alderman Rodgers and

Resolved – that Councillor Craig be elected to serve as Chairperson to the Audit and Risk Panel from July, 2018 until the date of the Local Government Election in May, 2019.

Apologies

No apologies were reported.

Minutes

The minutes of the meeting of 6th March were taken as read and signed as correct.

Declarations of Interest

No Declarations of Interest were reported.

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Absence Rates Year End March 2018

The Panel was advised that, for the financial year 2017/2018, the average number of days sickness absence per full time employee had been 13.72 days, against the target of 10 days. The Head of Human Resources pointed out that there had been an increase in the number of staff with recorded absence this period – 62.96% compared to 60.84% for the same period last year. He advised that absence classified as long term (20 days +) was 64.20%, a marginal decrease compared to the same period last year (65.01%).

He advised that analysis had been undertaken, as requested, in relation to

- Stress related absence for 2017/18;
- Musculo-skeletal related absence for 2017/18;
- Disability related absence for 2017/18;
- Absence by age and gender for 2017/18; and
- How absence was managed across the council for 2017/18.

He summarised that absence rates continued to rise despite the ongoing work between Corporate HR and departments. He advised that Departments were being briefed in relation to the Attendance Policy and retraining was also planned for managers.

He highlighted that the use of discretion by Managers in relation to the absence policy triggers was also under review and the new reporting system, scheduled to be in operation by October, would assist in monitoring absence rates faster and further analysis.

During discussion, the Head of Human Resources undertook to provide the Panel with analysis of issues which affected work related stress absence.

After discussion, the Panel noted the contents of the report, in particular that Directors had been advised that the current level of discretion must be addressed in order to achieve the proposed target. The Panel also expressed concern that the absence figures had increased over the last year and whilst acknowledging the work being undertaken by Human Resources, it hoped for major improvements in the future.

The Panel agreed that the corporate target of 10 days per employee remained the same and the departmental targets for 2017/18 remained unchanged due to the significant ongoing organisational change.

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 during the period ending 31st March, 2018. She reviewed the progress which had been achieved in relation to the key performance indicators, where the 74% compliance of actions had not reached the target of 80%.

She reported that there had been an upward trend in non-employee accidents, with one more from quarter three to 17. The Panel was advised that the number of

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employee accidents for quarter four was 70, which was fourteen more than in quarter three. She reported that the highest number of accidents had been caused by employees being injured while lifting/carrying or through a slip/trip or fall. She highlighted that a significant proportion of the increase had been attributed to the cold weather, as there were eight more snow and ice related slips in quarter four compared to the previous quarter.

The Panel was informed that the number of RIDDOR reportable accidents had remained the same from quarter three, at 18.

The Corporate Health and Safety Manager reported that there had been a decrease in the number of reported Work Related Violence incidents from quarter three, from 35 to 25 and the majority of which were of verbal abuse, threats and vehicle attacks against front line staff.

She advised that there were nine employee accidents and 125 customer accidents reported by Greenwich Leisure Limited (GLL) during quarter four for 2017-18 and no RIDDOR accidents had been reported.

In relation to a query from the previous Audit and Risk Panel meeting regarding whether the GLL customer accident numbers included sports related injuries which might not have been due to any fault of the service provider, it had been confirmed that these were included in this figure. The Corporate Health and Safety Manager pointed out that the GLL accident reporting system did not separate out injuries which might potentially be as a result of GLL / BCC provision (for example, defective or wet floor) from those which might be outside of their control (for example 5-a-side tackle resulting in a sprained ankle). She advised that arrangements were being established for an independent audit of GLL managed leisure centres in relation to Health and Safety Compliance to provide additional assurances over this area.

The Panel noted the information which had been provided.

AGRS Progress Report - May 2018

The Panel considered a report which provided an overview of the specific internal audits which had been carried out for the period between March to May, 2018, by Audit, Governance and Risk Services.

The Head of Audit, Governance and Risk Services (AGRS) highlighted that a number of audits had been completed in the three month period, including Refuse Collection, City and Neighbourhood Services Change Programme, Gifts, Hospitality and Potential Conflicts of Interests (Officers) and Procurement and Contract Management, all of which required major improvement.

He advised that, in relation to the Refuse Collection audit, there were ongoing issues relating to the completion of the new waste collection routes, management information, customer service facing service standards and operating procedures, and a number of actions had been agreed with management to address the issues.

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He reported that the City and Neighbourhood Services Change Programme comprised of 15 projects with objectives to: improve customer focus; increase efficiency; create a fit for purpose departmental structure; improve service delivery / neighbourhood working; integrate services; and deliver on the Waste Agenda. However, the main findings were that the resources for delivery had not been identified, quantified or deployed and that project management arrangements needed to be significantly strengthened.

The Panel was informed that the Gifts, Hospitality and Potential Conflicts of Interests (Officers) and Procurement audit had identified a significant number of issues and reiterated the findings from our previous AGRS review in 2015. The Head of AGRS stated that it was unlikely, due to staffing issues, that the review of the policies and guidance would be completed before the end of 2018/19 and a number of recommendations had been discussed with management such as a renewed corporate communication of the existing policies.

He confirmed that the completed audits of the Innovation Factory and Cemeteries / Crematorium had specific control weaknesses and some improvement was needed.

He also advised that a number of reviews had been completed of Peace IV consultancy – advisory work on establishment of governance structures and arrangements for the Peace IV programme, Licencing – review of controls and records testing, HR / Payroll – assurance and advice on the implementation of the new HR / Payroll system and related processes.

He highlighted that the following audits were in progress:

- Waterfront & Ulster Hall - follow-up of implementation of audit recommendations (draft report to be issued to Company Audit and Risk Committee);
- Fire Safety;
- Staff Recruitment and Selection;
- Absence Management; and
- GLL Partnership Management.

During discussion, a number of Members expressed concern in relation to the non-compliance of the Gifts, Hospitality and Potential Conflicts of Interests (Officers) policy and requested that reasons why the former Parks and Leisure Department had not submitted any information regarding their Register be provided at a future meeting.

The Panel also agreed that information be submitted to the next meeting of the Panel with the occupancy levels and occupancy turnover rate of the Innovation Factory.

The Panel noted the Progress Report for the period March – May 2018.

Audit Recommendations Monitor

The Head of AGRS provided the Panel with an update on the progress which had been made by management to implement audit recommendations.

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He advised the Members that, out of 235 live actions at the start of the review, 72 actions had since been closed and 112 had been partially implemented.

He outlined that the highest number of high priority actions which remained open related to Procurement and Contract Management, a number of which formed part of the work being taken forward by Westminster Procurement Services. He highlighted that good progress was being made on the Externally Funded Physical Projects and that the City Centre Investment Fund had only one remaining recommendation to implement.

The Panel also enquired into progress on the catering contract of Belfast Castle and Malone House and the Director of Finance and Resources confirmed that this was in place.

The Panel noted the update on the progress which had been made.

Fraud and Whistleblowing - Annual Report and Policy Update

The Panel considered the Annual Report on the Fraud and Whistleblowing Policy and related arrangements, including the application of the policies during 2017/18.

The AGRS Manager reminded the Panel of the Council's participation in the National Fraud Initiative and explained that the investigations which had been completed to date highlighted 10 new instances or investigations into fraud and financial impropriety, 1 external (substantiated) and 9 internal (1 substantiated) and they related to:

- Alleged removal / theft of items from Civic Amenity Sites;
- Alleged acceptance of cash to facilitate waste disposal;
- Alleged operation of second business on council time;
- Alleged theft of fuel;
- Alleged preferential treatment to a contractor; and
- Provision of timesheets by an ex-agency assignee (External case - fraud was perpetrated against Grafton but involved an ex-council assignee).

In relation to Whistleblowing and Anonymous Concerns, during 2017/18, 21 concerns had been received compared with 10 cases received during 2016/17.

At 31st March 2018, 19 of the 21 investigations had been completed with two cases ongoing. If these 19 investigations closed in 2017/18 were added to a further case that has also been closed during 17/18. Of the 20 investigations closed:

- Allegations were fully substantiated in 3 cases (these cases related to the alleged removal of items from a civic amenity site, a member of staff being absent from work without approval and inadequate pre-employment checks being carried out as part of a recruitment exercise).

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- Allegations were partly substantiated in 1 case (relating to safety issues in Parks).
- Allegations were not substantiated in 15 cases (the majority of which related to conduct issues and preferential treatment being given to contractors as well as the alleged theft of items / facilitation of the disposal of commercial waste).

It was reported that, where appropriate, the issues arising from investigations had been followed up, for example through referral to management of cases for consideration under the council's disciplinary procedures or through review / tightening of controls over particular areas.

The Audit, Governance and Risk Services Manager pointed out that, in October, 2017, the legislation governing whistleblowing in NI – (the Public Interest Disclosure (NI) 1998), was updated, bringing it into line with the rest of the UK. He advised that the Council's Whistleblowing Policy had been subsequently reviewed and updated to reflect these changes and a protocol would be developed in consultation with Legal Services. He highlighted that the most significant changes had been to remove references to whistleblowers making disclosures in 'good faith', as this was no longer required under the law and to reiterate the potential implications for staff and employers where whistleblowers allege that they had been victimised or harassed as a result of raising concerns.

He informed the panel that Fraud Policy had also been updated to include current developments. For example, to set out ongoing work that the section would be undertaking in relation to conducting a corporate fraud risk assessment and related activities as well as giving greater prominence in the policy to potential bribery risks in recognition of the new and diverse range of activities that the Council now undertook.

During discussion, the Audit, Governance and Risk Services Manager confirmed that volunteers of the Council would be covered under the Whistleblowing Policy, but would not be protected by the law, as this applied specifically to workers.

The Panel noted the updates on fraud, whistleblowing and related cases handled in 2017/18 as set out at 3.2 – 3.3 of the report, the outcome of the National Fraud Initiative and approved the updated fraud and whistleblowing policies.

Corporate Risk Management

The Panel considered the undernoted report:

“1.0 Purpose of Report or Summary of main Issues

1.1 The purpose of this report is to apprise the Audit & Risk Panel regarding:

- a) the Council's key corporate risks, as identified and assessed by senior management**

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- b) the action management has taken in quarter 4 in terms of reviewing these risks and related actions and the key issues pertaining to each of these corporate risks
- c) business continuity management arrangements

2.0 Recommendation

- 2.1 The Audit & Risk Panel is asked to note the report and consider the further action it can take / direct to secure improvements to the management of the corporate risks and related processes.**

3.0 Main report

3.1 Summary of BCC Risk Management Arrangements

- 3.1.1 The Council is required by statute to have arrangements in place for the management of risk. Moreover, we need to manage risk in a fast changing environment to achieve our objectives. To address this, the Council has a process for identifying, assessing, managing and reporting on risks at a number of levels, including corporate, departmental and service / unit level. In addition, risk management arrangements are put in place for major projects. The purpose of the process is to enhance the likelihood of successful achievement of objectives. By taking effective action, risk levels should theoretically reduce over time (though it is rarely possible to eliminate risks).**

- 3.1.2 Senior management has identified 18 corporate risks (see Appendix 1). These risks are considered by management to present the greatest threat to the achievement of corporate objectives and / or compliance with key statutory requirements. These risks have been assessed by management in terms of the likelihood of them occurring and the impact if they did, using a 5x5 scoring matrix, with 5 being 'high' and 1 being 'low' (see Appendix 2). They are assessed at current and target levels. The 'gap' between the current and target risk assessments reflects action that management considers it needs to take before it can be satisfied that the risk is managed to the appropriate level.**

- 3.1.3 Corporate risks are allocated to Directors and, for each one, the controls that help manage the risks and the additional actions required to each mitigate risk, have been identified and recorded on the Council's risk management system, MKInsight. There is a requirement for these risks and the associated controls / actions to be reviewed by risk owner on a quarterly basis. Directors are asked to sign quarterly**

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assurance statements, personally attesting to their risk management arrangements and completion of this review.

3.1.4 Audit, Governance and Risk Services (AGRS) monitors compliance with this process and also audits the management of key corporate risks as part of its audit plan. The Audit & Risk Panel has an important role in seeking assurances regarding both the process and the management of key risks.

3.2 Risk Reporting for the year-end March 2018

3.2.1 Appendix 1 to this report shows the Council's 18 corporate risks and the management assessment of these risks. It also provides:

- details of the controls, oversight and audit / review arrangements in relation to each risk – the three lines of defence, where these specifically relate to the risk
- the key issues that need to be addressed to manage the various risks
- whether review of the risk / actions took place at the end of quarter 4 ('compliance').

3.2.2 Key points arising from the quarter 4 exercise are as follows:

- No new risks have been proposed by senior management in the quarter, although some changes to existing risk descriptions (and hence required actions) have been made (see below, Property & Projects and the Director of City and Organisational Strategy)
- The Director of Property and Projects has proposed a reduction in the risk assessment for the externally funded physical projects risk from High to Major, reflecting the controls that have been established over this area, though further work is required to fully complete the handover protocol and, as part of this, to formalise monitoring arrangements, this action is scheduled for completion by the Director of Property and Projects by the end May 2018.
- The Director of Property and Projects has proposed that the corporate asset maintenance risk is more explicitly linked to the risk of not having a (related) corporate asset management strategy. The risk now reads as follows, 'Failure to strategically manage the Council's assets in line with an agreed asset management strategy, appropriate maintenance plan

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(vehicles, buildings, and open spaces) and appropriate resources will result in further deterioration of assets with resultant financial implications, poor investment decisions, and non-compliance with statutory requirements.' It is in this context that it is proposed that the risk increases from 'major' to 'high' and that an action has been identified to determine what work and resource is required to develop a corporate approach to asset management and maintenance by end June 2018. The Director also highlighted that there is an issue with inconsistent property maintenance standards for buildings owned by the Council but managed by external organisations.

- The Deputy Chief Executive and Director of Finance and Resources has proposed a slight change in wording to procurement and contract management risk to reflect that it is not just poor departmental planning that contributes to the risk, but also limited corporate procurement resources. The Director has captured a critical action around the Committee paper on Procurement Service restructuring and recruitment. The Director will also work with the Head of AGRS to review the information coming through to the Commercial Panel and look to better align this to its purpose / terms of reference.
- The Deputy Chief Executive and Director of Finance and Resources highlights that while there is no change to the risk assessment for the Leisure Estates Programme risk, the risk action plan reflects the need for tight change control to enable the programme to be completed to budget.
- Physical investment programme – the Director highlighted that staffing issues will arise if resources are not put in place for the delivery of future externally funded physical projects such as Urban Villages and DfC. In addition, given the increasing trend towards BCC being a delivery agent for physical programmes of other funders, there is a need to review and update the current method of funding BCC programme management costs.
- Following his recent appointment, the Director of City and Organisational Strategy has proposed that he will reframe the current risk on Organisational Transformation around Continuous Improvement in quarter 1 of 18/19 to better reflect the risks around

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aligning the organisation to support delivery of the Belfast Agenda. The new Director has identified the key risk causes, controls in place and actions that are needed to manage the corporate risk on continuous improvement.

- The Director of City and Organisational Strategy has also confirmed that he is the new Risk Owner for the corporate risk on the Community Plan / Belfast Agenda. The risk has also been refocused around implementation and delivery of targets. New actions have been agreed around action planning, development of an Inclusive Growth Framework, communications strategy and governance model.
- Discussions are ongoing between the Director of City and Organisational Strategy and the Director of Finance and Resources and Deputy Chief Executive regarding the ownership and management of the corporate risk on Corporate Frameworks.
- The Development Plan and Policy Manager reiterates that there remains a significant risk around timescales and the potential for challenge to the Local Development Plan and related process.
- To obtain greater assurances over the operation of the controls in place and to monitor the external threats relating to the corporate risk on Digital Information Security, the Digital Services Manager has established a Security Oversight monthly meeting.
- The outgoing Director of City Development and Regeneration has indicated that the current risk around failure to deliver the City Centre Regeneration Strategy should be updated to include the City Development dimension and this may be considered by the new Strategic Director of Place and Economy.
- The risk profile presented is significant and presents considerable challenges. The key issues pertaining to each risk have been highlighted in the table at Appendix 1.
- AGRS audit work during 2017/18 and planned for 2018/19 has included considerable focus on management of these risks, as indicated in the table at Appendix 1. We have and will be presenting audit opinions / assessment of the management of these

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risks to the Assurance Board / Panel, in particular focusing on the strength of oversight arrangements (the so called, 'second' line of defence').

3.2 Compliance with process

3.2.1 For the year-end March 2018, all Chief Officers and Senior Managers have signed their Annual Assurance Statements to confirm compliance with the risk management process and to declare any significant governance issues for consideration in the preparation of the Councils Annual Governance Statement (a separate agenda item).

3.3.2 The table below summarises compliance with the risk review process for the year-end March 2018. While the quarterly review process is an agreed part of Council governance arrangements some issues of non-compliance have been noted, these are detailed in the following table.

Chief Officer	Assurance regarding compliance with the risk management process
Deputy Chief Executive and Director of Finance and Resources	Full compliance for the corporate risks, with the exception of the corporate risk on corporate frameworks and HR risks require review.
Director of City and Neighbourhood Services	Full compliance.
City Solicitor	Full compliance for the corporate risks. Departmental risks to be reviewed.
Director of Property and Projects	Full compliance for all of the corporate level risks. The Director has also confirmed that risk registers are in place and up to date for all of the high risk capital projects. Departmental risks rationalised, further review expected.
Director of City Regeneration and Development	Full compliance. Risks likely to be reviewed in 18/19 in context of new Department.
Director of Development	Full compliance. Risks likely to be reviewed in 18/19 in context of new Department.

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Development Plan and Policy Manager	Full compliance. Risks likely to be reviewed in 18/19 in context of new Department.
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3.4 Quarterly and Annual Assurance Statements 2018/19

3.4.1 The standard wording of the Assurance Statements has been updated following the external review of the Council's risk management arrangements (appendix 3) and will be communicated to all relevant staff and be used from quarter 1 in 2018/19. In addition to providing assurance over the management of risk, the updated Assurance Statement requires management to also provide assurance over the implementation of audit recommendations. All Strategic Directors, City Solicitor, Director of City and Organisational Strategy and the Director of Property and Projects will complete the statements on a quarterly basis. The tier below will be required to complete the annual assurance statements.

3.4.2 AGRS will be reviewing the Council's risk management policy in early 2018/19 and will be consulting with the new Director of City and Organisational Strategy to ensure the approaches complements the development of management frameworks (e.g. planning, programme management etc.).

3.5 Business Continuity Management (BCM)

3.5.1 Business Continuity Management is about being able to respond and continue with the delivery of key services in the event of disruption or in an emergency. To this end, the Council has identified a number of critical services and they are required to have BCM plans and test these each year. AGRS checks to see that plans are in place, tested annually and BCM contacts receive training. AGRS does not however, manage or coordinate the implementation of plans either, when activated in one specific service or across a number of services in the event of an emergency.

3.5.2 Following the departure of the previous Head of Corporate Communications, the Service has not tested their BCM arrangements during 17/18. The new Head of Marketing and Corporate Communications, appointed in March 2018, intends to undertake a comprehensive review and update the BCM plan for the Unit and test the plan during 18/19.

3.5.3 In addition, Civic Headquarters have not tested their BCM plan during 17/18 as instead they directed their resources

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towards developing the new Emergency Accommodation Plan.

3.5.4 Of the remaining 13 critical services, as at 8 May 2018, only one service, that has undertaken their BC exercise for 2017/18 has not yet returned their report on the outcome of their BC exercise [Bereavement Services]. We are following this up with management.

3.5.5 In addition, we have reminded management of the need to plan and agree their BC exercises for 2018-19 with the relevant Senior Manager / Director by 31 July 2018.”

The Panel noted the information which had been provided.

Head of Audit, Governance and Risk Services Annual Assurance Statement

The Panel reviewed the contents of the Head of Audit, Governance and Risk Services' Annual Assurance Statement for 2017/2018. The Head of Audit, Governance and Risk Services reported that the Statement represented his professional opinion on the adequacy and effectiveness of the Council's risk, control and governance arrangements. He highlighted the basis of his annual assurance opinion, including relevant supporting evidence.

It was reported that some weaknesses and areas for improvement had been identified and had been reported in detail to the Council's Assurance Board and Audit Panel throughout 2017/18 through quarterly progress updates.

The Head of Audit, Governance and Risk Services advised that, in comparison with previous years, there were more assurance audits falling into the 'major improvement needed' category. He stated that he had highlighted to senior management that while no 'red' audit reports had been issued, it was important that some of the recurring themes arising in the audits were addressed.

These included ensuring that:

- Roles and responsibilities for the management and maintenance of key policies were clear. This includes ensuring clear ownership and accountability. In this regard, the proposed policy management process, which was due to be implemented by Legal Services during 2018/19, had the potential to secure improvements;
- There was effective management of change, whilst also ensuring ongoing management of risks and performance of 'business as usual'. In this regard, management had proposed a new taskforce approach to oversee organisational change;
- Appropriate programme / project management arrangements were in place to deliver changes and improvements. This applied in

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particular to revenue spend programmes / projects. The establishment of the new Strategic Hub presented an opportunity to implement improvements in this regard; and

- There were robust management, oversight and assurance mechanisms in relation to key risk areas and functions, supported by appropriate management information. AGRS would continue to emphasise the importance of this through its audit and risk management (facilitation) work.

The Panel noted the Annual Assurance Statement for 2017/18.

Review of Code of Governance

The Panel considered the undernoted report:

“1.0 Purpose of Report or Summary of main Issues

1.1 In line with best practice, the Council has developed a Code of Governance based on the 7 core principles set out in the new CIPFA Solace Framework.

1.2 The Code was initially reviewed and approved by the Audit Panel on 13th May 2008 and has been reviewed and updated annually thereafter (see section A of the appendix for the summary version of the Code and section B for the detailed Code). The results of the annual review and update of the Code informs the preparation of the Annual Governance Statement, which forms part of the published annual Financial Report for the Council.

1.3 This paper presents the updated Code to the Audit & Risk Panel for review and approval.

2.0 Recommendations

2.1 The Audit & Risk Panel is asked to review and approve the attached updated Code of Governance for Belfast City Council, which has been prepared in line with the new CIPFA framework (2016 edition).

3.0 Main report

Key Issues

This section of the report is laid out as follows:

3.1 - Introduction

3.2 - AGRS review of arrangements

3.3 - Ongoing improvements planned for 18/19

3.1 Introduction

3.1.1 Governance is about how Belfast City Council ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

3.1.2 Belfast City Council is committed to the core and supporting principles of good governance set out within the CIPFA Solace Framework, namely that good governance means:

- a) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**
- b) Ensuring openness and comprehensive stakeholder engagement**
- c) Defining outcomes in terms of sustainable economic, social and environmental benefits**
- d) Determining the interventions necessary to optimise the achievement of the intended outcomes**
- e) Developing the entity's capacity, including the capability of its leadership and the individuals within it**
- f) Managing risks and performance through robust internal control and strong public financial management**
- g) Implementing good practices in transparency, reporting, and audit, to deliver effective accountability**

3.2 AGRS review of arrangements

3.2.1 AGRS has undertaken an annual review of the Council's Code of Governance. The main purpose of this review was to confirm that the Council has arrangements in place to address the 7 principles of good governance as set out in the Code and to ensure that the Code reflects new initiatives and changes. To undertake this review, AGRS contacted various Council officers and inspected supporting documents to determine whether the systems, processes and documents provide evidence of compliance with the 7 principles of good governance set out in the Code.

3.2.2 Following the annual review, the Code has been updated to include the following:

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- a) **Creation of a Strategic Hub and appointment of the Director of City and Organisational Strategy;**
- b) **Launch of the Equality and Diversity Framework 2017-21;**
- c) **Publication of the Preferred Options Paper (POP) for Consultation in January 2017 as part of the local development plan process designed to promote debate on issues of strategic significance and provide an opportunity for the public and other key stakeholders to shape the future plan. A POP Public Consultation Report was subsequently issued in July 2017;**
- d) **Completion of the CIPFA Financial Resilience Review;**
- e) **Development of a Commercial Panel Working Group to support the Commercial Panel;**
- f) **Introduction of a Social Outcomes Fund;**
- g) **The Council has also taken steps during 17/18 towards compliance with the new EU General Data Protection Regulations which comes in to force in May 2018.**

3.2.3 Our review confirmed that arrangements were in place to address the principles of the code and also identified areas where ongoing improvements are planned (see below). The AGRS review of the Code of Governance has not sought to validate the quality and application of all of these arrangements (although some elements of the framework have been subject to audit during the year).

3.3 Ongoing improvements planned for 18/19

- a) **Reviews of Procurement, Finance and Human Resources**
- b) **A Year 2 Update of the Corporate Plan and a draft Improvement Plan for 2018 – 2019, that proposes six improvement objectives, has been developed that is currently open to consultation until 30 June 2018;**
- c) **Implementation of governance arrangements for the Belfast Agenda;**
- d) **Identification of the work required to develop an overarching Asset Management Strategy during 18/19, aligned to the Belfast Agenda;**
- e) **A process to monitor and improve compliance with the Council's Scheme of Delegation is currently under development and will include reporting on the exercise of procurement (delegated) authority powers;**
- f) **Review and update of the conflict of Interest and Gifts and Hospitality policies and processes for Belfast City Council officers underway;**

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- g) Implementing a new Payroll/HR system;**
- h) Development of a Customer Focus Strategy;**
- i) Working with external partners in the development of a Belfast Region City Deal;**
- j) Development of a city infrastructure strategy to highlight current provision and identify gaps, in particular additional infrastructure investment required to support the ambitions of the Belfast Agenda; and**
- k) A number of ICT improvements are planned for 18/19 including updating of the ICT strategy and policies, a security strategy review and the implementation of electronic records management.**

Equality or Good Relations Implications

Equality and good relations implications are integral to the Code of Governance.”

The Panel approved the updated Code of Governance for Belfast City Council, which had been prepared in line with the new CIPFA framework (2016 edition).

Performance Improvement - 2017-18 Year End Report and Arrangements for 2018-19

The Director of Finance and Resources provided the Panel with details of the reporting arrangements which were in place to ensure that the Council complied with the performance improvement duty 2018-2019, as laid out in Part 12 of the Local Government (NI) Act 2014 and the associated guidance from the Department for Communities and the NI Audit Office (NIAO). That ‘duty’ sought to measure the performance of councils and the arrangements which were in place to meet with the Audit Office’s performance improvements objectives, specifically as they related to Community Plans.

The Panel was advised that the Council had recently received correspondence from the NIAO outlining its proposals for this year’s audit. The Director explained that it would include both a forward looking assessment of the Council’s ability to deliver the improvement objectives outlined in the Corporate Plan, as well as a retrospective assessment of progress against the previous year’s improvement objectives.

The Director reported that legislation provided that the Council’s Improvement objectives for 2017-18 must be published by 30th June and he explained that they would be presented to the Strategic Policy and Resources Committee at its meeting on 22nd June.

The Panel noted the information which had been provided.

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Draft Annual Governance Statement 2018

The Director of Finance and Resources explained that, in addition to the financial statements, the Council was required to produce Annual Governance Statements, which highlighted the key elements of the Council's assurance and governance arrangements. He described the key elements of the framework and explained that various reviews and assurances were reflected within the statements, which included the disclosure of the significant governance issues facing the Council.

He explained that, as required, the Statement for the year 2017/18 had been prepared in line with the template outlined in the Accounts Directive provided by the Department for Communities and that it was consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. He highlighted the significant governance issues that the Council was disclosing in the Annual Governance Statement.

He stated that, following the Panel's consideration, the statement would be incorporated into the Council's financial statements for 2017/18 and certified by the Chief Financial Officer and Chief Executive by 30th June, 2018.

The Panel endorsed the contents of the Draft Annual Governance Statement for the Council for 2017/18 and approved the disclosure of the significant governance issues contained in the statement.

**Annual report from Audit and Risk Panel to Strategic Policy and Resources
Committee**

The Panel considered the undernoted report:

"1.0 Purpose of Report or Summary of main Issues

- 1.1 The Audit and Risk Panel is constituted as a working group of the Strategic Policy and Resources Committee. The purpose of the Panel is to provide an independent assurance on the adequacy of the Council's risk management framework and associated control environment. The Panel also oversees the Council's financial reporting process.**
- 1.2 The purpose of this report is to provide a summary to Committee of the key issues that have been considered and discussed by the Panel during the 2017/18 financial year, the assurances received and the areas requiring attention and present minutes of the last meeting of the Panel for approval.**

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2.0 Recommendations

2.1 That the Strategic Policy and Resources Committee notes the summary of the work of the Panel during 2017/18 as set out at Section 3 below.

2.2 That the Strategic Policy and Resources Committee approves the minutes of the Audit and Risk Panel of 5 June 2018.

3.0 Main report

3.1 Summary of the work of the Audit and Risk Panel in 2017/2018

3.1.1 During 2017/18, the Panel met 5 times (including a training session at Belfast Castle).

3.1.2 The Panel has considered audit plans and issues arising from audit activity, such as the findings, assurance levels and recommendations arising from audit work and the progress being made to implement audit recommendations. It also received regular updates on:

- the Council's financial position, as set out in its financial statements
- reports from the Council's external auditors
- risk management
- business continuity
- fraud, financial irregularity and whistleblowing investigations
- governance related matters
- financial control
- health and safety
- performance management
- staff attendance.

3.1.3 The key assurances that the Panel has received on are as follows:

- the Council's financial statements and annual governance statement, as prepared by the Deputy Chief Executive and Director of Finance and Resources and his team; this provided a management assurance on the Council's financial position

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- **the audited accounts and the associated external audit annual letters for 2016/17 (providing an opinion on the accounts) and report to those charged with governance (setting out control issues arising from the annual external audit), as prepared and presented by the Northern Ireland Audit Office. This provided an external assurance on the Council's financial position for 2016/17. (The accounts for 2017/18 are in the process of being audited)**
- **NIAO assurance on the Council's performance management arrangements, specifically in reference to the Improvement Duty placed upon the Council by relevant legislation. The NIAO's audit of this area provided an unqualified opinion**
- **the Head of Audit, Governance and Risk Service's annual assurance statement on the adequacy and effectiveness of the Council's risk management, control and governance arrangements, based on the findings of audit work completed throughout the year.**

3.1.4 Where areas for improvement have been identified, these have been reported and implementation of agreed recommendations is actively monitored and reported back to the Panel. The Panel has, on occasions, raised issues where either audit reports have identified significant issues or progress against recommendations has not been satisfactory, with Directors asked, where necessary, to attend the Panel and provide further explanation. The key areas considered during 2017/18 have included grants, procurement, agency staffing and absence management, where relevant Directors and senior managers have attended Panel meetings and provided information on current arrangements and improvement plans.

3.1.5 The Audit and Risk Panel have also received updates during the year on the Council's risk management arrangements, including reports on the management of the Council's key corporate risks. This process has been supplemented by direct reporting to Committees on their key risks.

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4.0 Financial and Resource Implications

4.1 None.

5.0 Equality or Good Relations Implications

5.1 None.”

The Panel noted the information which had been provided and agreed that it should be submitted to the Strategic Policy and Resources Committee.

Chairperson