

| Causeway Coast and Glens Borough Council | | | | | |
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| Report to Those Charged With Governance 2019 | | | | | |
| Progress Report - 9th September 2020 | | | | | |
| No | Finding | Priority Rating | Recommendation | Management Response (including target date) | Progress as at 9th September 2020 |
| 1 | Agency staff costs | | | | |
| | As noted in previous years, the Council has significant spend in relation to Agency staff. Such costs account for 31% of the Council's total wages bill, and increased by 11% from £6.5m in 2017-18 to £7.3m in 2018-19. | 1 | The Council should undertake an analysis to establish the reasons why Agency staff costs continue to increase year on year. | Agreed - A full analysis has been completed and will be reviewed on a quarterly basis from September 2019 and progress reported to Audit Committee | Agency Analysis and details reviewed on a monthly basis with relevant Director/HoS to monitor and review progress |
| | | | | | Internal Audit being carried out re Agency Staff, report to be presented to December Audit Committee |
| | The Council was unable to provide NIAO with an analysis of Agency staff costs, detailing the reasons for the increase, the cost of seasonal workers and how many Agency staff have been employed for more than one year. | | The Council should identify its permanent staff requirement and commence recruitment as appropriate. | Agreed - In line with the above, and restructuring within the relevant departments. September 2019. Progress reports to be communicated to relevant committees on a regular basis. | Detailed reports now being produced, circulated, and analysed by both HR Business Partner and relevant Directorate/HoS as above. Service Reviews underway in both the Leisure and Development Directorate and the Environmental Services Directorate, which identify permanent staffing requirements. |
| 2 | Leases | | | | |
| | Whilst acknowledging the work of the Land and Property Officer to date, we note that the spreadsheet which the Council uses to identify when rent reviews are due and leases have expired is incomplete. | 1 | The Council should ensure that all property leases held are identified and full details recorded on its spreadsheet. | Agreed - Work is progressing steadily in this area. | Update on leases was provided to L&P Sub-Committee in January 2020. February 2020, schedule/spreadsheet of Commercial Leases/Licenses complete |
| | We also noted that a number of leases have expired and some rent reviews have yet to take place. | | The Council should allocate sufficient resources to ensure that rent reviews and leases renewals are dealt with as soon as they are due. | Agreed - December 2019 | Leases are being renewed on a phased basis, with the highest value being prioritised, subject to resources. |
| | | | | | A temporary payment holiday was granted to tenants in May 2020, in line with the Covid Act, Section 83 |
| 3 | Land and Property Registration | | | | |
| | Review of the minutes of Land and Planning Sub-Committee meetings and subsequent discussion with the Senior Accountant revealed that some 80% of the land and property owned by the Council has yet to be registered with Land and Property Services (LPS). | 1 | The Council should ensure that all land and property owned is registered with LPS. | Agreed - Land and Property Solicitor currently addressing these issues, with updates presented through Land and Property Sub-committee. | L&P Sub-Committee updated on a monthly basis. Legal activity report lists out those cases currently being progressed |
| | In addition, the Council does not hold title deeds to a number of sites including the Limavady, Portstewart and Coleraine Town Halls and the Joey Dunlop Leisure Centre in Ballymoney. | | | | Being progressed according to priority. Quarterly progress report provided to Audit Committee under Legal Activity |
| | This issue was raised in our report on the 2017-18 audit and we note that an additional staff member was recently recruited to address this issue. | | | | |

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| 4 | Proper Arrangements | | | | |
| | There was a significant delay in the return of a proper arrangements questionnaire which NIAO had sent to the Council on 25 February 2019. Although NIAO had asked for completion by 31 March 2019, we did not receive a fully completed questionnaire until 12 September 2019. | 1 | The Council should ensure that a complete proper arrangements questionnaire is submitted to NIAO on a timely basis in future. | Agreed - March 2020 | The Proper Arrangements document (blank version) was circulated to relevant officers in January 2020 in advance of Audit Office Questionnaire being received, to allow sufficient time for responses and to ensure fully completed in accordance with the timescales |
| | Review of the completed questionnaire indicated that: | | | | Proper Arrangements questionnaire completed and returned within the deadline |
| | <ul style="list-style-type: none"> A Capital Asset Management Strategy has not been developed and approved by the Council. This issue was raised in our report on the 2017-18 audit and the Council advised that one would be in place by December 2018. | | A Capital Asset Management Strategy should be developed and approved by the Council as soon as possible. | Agreed - Draft Asset Management Strategy presented to Council in October 2019. Final draft presented for approval in November 2019 | CAMS developed and presented to L&P Sub-committee in October for consultation with Members. Presented then again in November, along with a Draft Land and Property Policy Document. Members requested further time to consider and a workshop has been arranged for 16th January 2020 to progress. The Estates Management Strategy and Land and Property Policy were presented again through Land and Property Sub-committee, and Corporate Policy and Resources Committee in February, and approved by Council on 3rd March 2020. |
| | <ul style="list-style-type: none"> The Business Continuity Plan has not been tested. This was raised in our reports on the 2016-17 and 2017-18 audits and we had advised that testing was due to commence 17 September 2018. | | Testing of the Business Continuity Plan should be completed as soon as possible. | Agreed - Aug 19 | Sections of the Business Continuity Plan were tested in August (Payroll/Finance and SLT/HOS Emergency Planning scenario planning workshop in October/November. Emergency Planning Implementation Group meet on a regular basis. Business Continuity Plans for all service areas now complete and held in a central register. Updated in service specific areas in light of COVID 19. |
| | <ul style="list-style-type: none"> The Council does not have a register of all contracts awarded. | | The Council should ensure that it has a listing of all contracts with suppliers to enable it to undertake appropriate contract monitoring and identify when contracts need to be extended or are due to expire. | Agreed - contract register to be updated | Jan - Mar - Unfortunately due to the pressure of the rate setting process this has not yet been completed. (DW) As a result of the COVID 19 health crisis urgent home working measures were put in place to protect staff. These initial measures did not allow for access to the finance network and therefore the contracts register is yet to be updated. As restrictions are lifted it is Council's intention that the register will be updated following updates from finance staff. |
| | <ul style="list-style-type: none"> The Council did not have a listing of all Direct Award Contracts awarded in 2018-19. | | The Council should ensure that it compiles a listing of all Direct Award Contracts. | Agreed - Revised procurement policy provides guidance and process for direct awards and has been implemented since 1 April 2019 | DAC report presented to Audit committee in December, and quarterly thereafter |

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| 5 | Procurement | | | | |
| (a) | During the period 1 April 2015 to 31 March 2019, the Council spent £1.9 million on the hire of vehicles. A large part of this spend was for the hire of refuse vehicles. However, the Council was unable to provide NIAO with a copy of a documented policy for the hire of vehicles or a cost/benefit analysis of purchase/hire. | 1 | The Council should complete an assessment to establish if the hire of vehicles is better value for money compared with the purchase. The Council should also document its policy with regards to hiring vehicles. | Agreed - An initial assessment of buy v hire scenario has been completed however further analysis is required. A copy of the current analysis has been provided to NIAO. | Report presented to Environmental Services Committee in June 2020 with options re Purchase v Hire of Council Vehicles in Estates |
| | NIAO was informed that the contract for the hire of vehicles expired recently and that whilst an EU procurement process took place, the Council did not award a contract. | | The Council should re-commence the EU tendering process as soon as possible in relation to the hire of vehicles. In addition, staff should be reminded of the need to ensure that where an EU procurement process has commenced, there should be strict adherence to required procedures and timeframes. | Tender currently being finalised prior to advertising | |
| (b) | We identified a number of issues in our expenditure testing. Similar issues were raised in our report on the 2017-18 audit: | | | | |
| | <ul style="list-style-type: none"> The Council was unable to provide evidence of a tender/quotation process or direct award contract for 14 expenditure items tested. | | The Council should ensure that relevant procurement policies are followed and evidence retained for all items of expenditure. | Revised procurement policy provides guidance and process for direct awards and has been implemented since 1 April 2019 | Revised procurement policy requires that all staff purchasing goods or services within a given threshold should seek quotations relevant to the value of the goods or services they are purchasing. The policy has been circulated and should be followed by all staff when engaging in purchasing activity. |

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| | <ul style="list-style-type: none"> There was no purchase order or the purchase order was dated after the invoice was raised for a number of items tested. We also noted that staff were able to reserve purchase order numbers and complete them once the invoice has been received. Absence of purchase orders effects the accuracy of the Council's monthly management accounts, as finance staff are unable to accrue the related expenditure of these items. | | The Council should ensure that when a purchase order is required, it is raised before any expenditure is incurred. | Purchase ordering procedures have been reinforced since June 2019. Electronic POP being rolled out to all sites during Oct/Nov 2019. | Electronic POP is now fully operational for all areas of council. The electronic authorisation of purchase orders went live to all staff on 9th January. Finance attended each of the Budget Holders' management team meetings during Oct-Dec and provided them with guidance on how to authorise the orders, the revised procurement policy, and it was reiterated that suppliers must not be provided with a purchase order until the Budget Holder has approved the order electronically. The ability to reserve orders was removed from all staff. Agency and utility expenditure do not operate under the POPs system. Forced to implement changes to procedures regarding the authorisation of invoices due to Covid-19. To facilitate working from home and reduce the amount of paperwork being transported around the various locations it was agreed that non purchase order invoices could be approved for payment via email. We also had to issue reserved purchase order numbers to the Operations & Estates departments so they could continue to deliver front line services. These reserved numbers are then raised on the system as soon as the admin support can get into the office. The need for reserved numbers has reduced as more staff are connecting to their PC remotely. |
| | | | The practice of reserving purchase order numbers should cease. | Functionality removed June 2019. | As stated |
| © | We also noted that the Council's Procurement Officer is currently on secondment. Therefore, although procurement is being completed by capital teams and finance, there is no longer a person responsible for ensuring that the Council's procurement complies fully with its own guidance and appropriate EU requirements. | | The Council should ensure that a Procurement Officer is in post as soon as possible. | Procurement officer post currently under review due to budgetary pressures. Duties of post being reallocated to other staff | The Procurement Officer has returned to post on 18 th March 2020. |

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| 6 | Management Accounts | | | | |
| (a) | Whilst we note that there has been significant progress in the production of management accounts in 2018-19: | 2 | The Council should produce the management accounts on a more timely basis and present these to Council committees along with a detailed variance analysis. | Agreed - Detailed management accounts produced for periods 3, 4 and 5 thus far, period 5 presented to finance committee 24 October 2019. Period 6 due to be issued to management by end of Oct 2019. Variance analysis accompanies. | P12 Management Accounts (MA) presented to Finance Committee on 30th June. Months 1-3 MA presented to Finance Working Group in August and M1-4 MA will be presented to Finance Committee on 10th September 2020 |
| | <ul style="list-style-type: none"> they were not produced for the entire year; | | | | |
| | <ul style="list-style-type: none"> there is still a significant time delay in monthly management accounts being presented at Council committees. For example Period 6 (September 2018) management accounts were not presented to the Corporate Planning and Resources Committee until 15 January 2019; and | | | | By September 2020 - SLT to receive and agree Management Accounts Policies and Procedures to include the following a) content and layout of MA b) timescales and c) associated narrative d) Finance Business Partner associated with each Directorate. Due to Covid and resourcing this has been extended to December 2020. |
| | <ul style="list-style-type: none"> the variance analysis information presented with the management accounts is still limited. | | | | |
| (b) | In addition, it was noted from discussions with the Accountant and review of the management accounts that, due to a limitation of the current finance system, management accounts are produced on a net balance basis. Therefore, for locations such as leisure centres the management accounts show net expenditure rather than separately disclosing income and expenditure. | | The Council should ensure that any new financial system is capable of preparing management accounts which report income and expenditure separately. | This is a fundamental requirement identified in the need for a new system. | March DW "New system currently being specified" No further update available at this time |
| c | Closing Ledgers | | | | |
| | Our testing of transactions identified that ledgers are being kept open to accommodate the production of management accounts. | | The Council should endeavour to close its ledgers on a monthly basis to avoid the risk of mispostings. | General ledger closed up to and including P5 | March DW "All ledgers closed once draft accounts agreed for the period in question" June - Policies and Procedures to be documented regarding closing of ledgers and associated control accounts to ensure accuracy and timeliness of Management Accounts. SLT to receive progress report on Draft Policies and Procedures and review prior to September Audit Committee. No further update available at this time |

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| 7 | Heritage Assets | | | | |
| | We noted that whilst an inventory and valuation of heritage assets held in museums was completed in year, a similar exercise was not undertaken for civic regalia and artefacts held in Town Halls and Civic Centres. Therefore, the Council is unable to confirm the completeness of the heritage asset listing. In addition, those assets held in Town Halls and Civic Centres are included in the asset register based on a valuation received more than 5 years ago. | 2 | The Council should ensure that a valuation is obtained for all civic regalia and artefacts held in Town Halls and Civic Centres, as soon as possible to ensure the completeness and accuracy of the asset register. | Agreed - Valuation of remaining heritage assets to be carried out for 2019/20 accounts | March 2020 - Will be included in year-end processes. September 2020 - no further update available |
| 8 | Income | | | | |
| (a) | We reviewed the cash handling procedures at a number of the Council's locations, and noted the following issues: | 2 | The Council should review the income procedures at all of their locations and ensure that a consistent and appropriate approach is enforced. | Agreed | |
| | <u>Roe Valley Leisure Centre</u> - Daily cash totals are not being checked by management, nor signed by the staff member who had prepared them for lodgement. In addition, daily cash reconciliations are not always signed as evidenced, contrary to required procedures. | | | Procedures for the 3 Tier 1 sites (including RVLC) have now been reviewed. Changes have been made to the reconciliation of each receptionists tills. Duty Officers now count all cash before it is signed off Legend as correct. It has been re-enforced that Daily Cash reconciliations all require the relevant signatures. | Completed |
| | We also noted that income held overnight is in excess of the current safe limits. | | | A request has been sent to finance and council's Insurance Officer for the limit of RVLC's safe to be raised from £1000 to £4000. | Completed |
| | <u>Dungiven Sports Centre</u> | | | Agreed | |
| | Lodgements are being carried out by a single member of staff who takes the cash to the post office in their own vehicle, often later in the week than specified by policy. | | | A review of the cash procedures for the Tier 2 sites will be carried out in Dec 2019. Due to the fact the staffing levels in these centres are a lot lower than the Tier 1's, it may be a recommendation that the money is collected from Dungiven on the same day as RVLC's. | Audit carried out, waiting on recommendations so the review can include these. |

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| | We also noted that the lodgement book and cash up sheets are not being signed off by staff. One float is used by all staff. Consequently, if errors were to occur, it would be difficult to trace who was responsible. | | | With the installation of the new Leisure Management System staff will now sign on using their account details. This will mean they will have to open and close their shift, therefore meaning we now have a responsible person when/if errors are made | Completed |
| <u>Drumaheglis Caravan Park and Marina</u> | | | | | |
| | Collection of money from coin boxes is carried out by a single member of staff. Collection is infrequent and amounts vary. | | | Collection is now weekly, and performed by 2 staff during shift overlap as appropriate. | Complete |
| | There is no safe facility at the site. Income is stored in a locked desk drawer in an office which is not fully covered by CCTV. | | | A previous request for a safe has been repeated. All entrances to the building are covered by CCTV. | Being progressed |
| | Lodgements are being carried out infrequently by a single staff member, and income is left with reception at Cloonavin rather than in the strong room. No receipt is given. | | | Weekly cash amounts average £90: collection by RMS from the safe will be arranged. | Being progressed |
| <u>Coleraine Leisure Centre</u> | | | | | |
| | Lodgements are not collected from the Leisure Centre. Three times a week two members of staff travel to Cloonavin with a substantial amount of money for collection by RMS. Finance informed us that this process changed with effect from 7 March 2019 and that lodgements are now collected directly from the Leisure Centre. | | | RMS now come to CLC twice a week to collect lodgements. This now means 2 members of staff do not have to travel to Cloonavin which also saves time away from their desks. This has been a very successful change. | Completed - Will be reviewed in line with above in time for new season |
| (b) Zoggs Contract | | | | | |
| | Roe Valley Leisure Centre and Coleraine Leisure Centre both sell merchandise on behalf of swimwear retailer Zoggs at 50% commission. Following audit enquiry we were advised that no contract is in place for these arrangements. Instead the two leisure centres are using a contract signed by the Joey Dunlop Leisure Centre. | | The Council should ensure that there is signed contract in place with the retailer for each leisure centre. | Council have now withdrawn from this arrangement with Zoggs. Council will now go back to a purchase for resale process, whereby we will order what we want to sell at wholesale price from DC Sports, Dublin and sell on. | Completed |

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| 9 | Information provided to the Audit Committee | | | | |
| | We noted that the Corporate Risk Register and a listing of Direct Award Contracts are not presented at each Audit Committee meeting. | 3 | The Council should ensure adherence to good practice as set out in HM Treasury's Audit Committee Handbook with regards to the information presented at each meeting of the Audit Committee. | Agreed - A listing of Direct Award Contracts will be presented at each Audit Committee meeting. | December 2019 DAC Report presented to Audit Committee, and quarterly thereafter. Corporate Risk Register Report to be circulated in advance of meeting |
| 10 | Prompt Payments | | | | |
| | NIAO noted that in 2018-19, 82% of the invoices received by the Council are paid within 30 days and 44% are paid within 10 days. | 3 | The Council should remind staff of the importance of authorising invoices on a timely basis to allow timely payment to suppliers. | The purchase ordering process referred to in point 5 will be of major influence in improving this performance. Staff reminded to ensure invoice authorisation does not be left unactioned. | Prior to the Covid-19 pandemic Council had introduced electronic purchase order processing (POPs) in January 2020, staff were trained and this was working well. For staff to access the system they need access to the Council network which has caused issues for some staff working from home without VPN connection. Many staff enter the council buildings at designated times to raise and approve orders but it is anticipated that as more staff return to the workplace this will improve. Year-end 2019/20, and Quarter 1 statistics were presented to CPR in August 2020. |
| | | | | | Year-end - 40.28% 10 days, 79.28% 30 days and 20.72% > 30 days. Avg payment days 22.53. Quarter 1 2020/2021 - 10 days 70.53%, 30 days 83.03, > 30 days 16.97% and Avg payment days 15.89 days. |
| | | | | | |