

**AUDIT COMMITTEE MEETING WEDNESDAY 13 DECEMBER 2017**

<b>No</b>	<b>Item</b>	<b>Recommendations</b>
<b>2</b>	Declaration of Interest	<i>Councillor Deighan on Item 5.1.1 Waste Services</i>
<b>3</b>	Minutes of Audit Committee held 20 September 2017	<i>Information</i>
<b>4</b>	Northern Ireland Audit Office  4.1 Annual Audit Letter 2016/17 4.2 Report to those charged with Governance 2016/17 4.3 Improvement Audit and Assessment Report 2017/18 4.4 Report to those charged with Governance Statement 2015/16	<i>Information</i>  <i>Absenteeism Report to next meeting</i>
<b>5</b>	Internal Audit Reports – CC&GBC  5.1.1 Waste Services 5.1.2 Parks and Play Areas 5.1.3 Payroll  Internal Audit Reports – Moore Stephens  5.2.1 Environmental Health 5.2.2 Review of Improvement Targets 5.2.3 Prior Year Recommendations – Budgetary Control  5.3 Quarterly Internal Audit Report 2017/18 5.4 Internal Audit Progress Report from 2016/17 – Review of Prior Year Recommendations	<i>To recommend that Council approves the Internal Audit Reports items 5.1.1 – 5.2.3 inclusive</i>  <i>Update Committee on Councils Strategic Plan</i>  <i>Information</i> <i>Information</i>
<b>6</b>	Management Accounts – Months 1-6	<i>Note</i>  <i>Request details of signature events</i>
<b>7</b>	National Fraud Initiative	<i>Note</i>
<b>8</b>	Matters for Reporting to Partnership Panel	<i>None</i>

<b>No</b>	<b>Item</b>	<b>Recommendations</b>
<b>9</b>	Correspondence	<i>Note</i>
<b>10</b>	Risk Management Update	<i>Information</i>  <i>Provide Narrative</i>  <i>Contact NILGA and Assembly on their work on Brexit</i>
<b>11</b>	Legal Cases Activity	<i>Information</i>
<b>12</b>	Whistle Blowing/Fraud Verbal Update	<i>None</i>
<b>13</b>	Any Other Relevant Business	<i>None</i>

**MINUTES OF THE PROCEEDINGS OF THE MEETING OF  
THE AUDIT COMMITTEE  
HELD IN COUNCIL CHAMBER, CIVIC HEADQUARTERS ON  
WEDNESDAY 13 DECEMBER 2017 AT 7 PM**

**In the Chair:** Councillor Beattie

**Members Present:** Aldermen McKeown,  
Councillors Baird, Deighan, Hunter, Holmes,  
Knight-McQuillan, McCorkell, McShane C,  
McShane P and Watton

**Independent Member Present:** G Ireland

**Officers Present:** M Quinn, Director of Corporate Services  
L Clyde, Financial Accountant  
E McCaul, Committee and Member Services Officer

**In Attendance:** S Knox, NIAO Office  
Dr R Peters Gallagher, Moore Stephens

**1 APOLOGIES**

Apologies were recorded from Councillors Callan and McGlinchey.

**2 DECLARATIONS OF INTEREST**

- Councillor Deighan for Item 5.1.1 Waste Services.

**3 MINUTES OF AUDIT COMMITTEE MEETING 20 SEPTEMBER 2017**

The Chair advised that the minutes of Audit Committee meeting held 20 September 2017 had been ratified at the 26 September 2017 Council meeting.

**4 NORTHERN IRELAND AUDIT OFFICE (NIAO)**

**4.1 Annual Audit Letter 2016/17**

The NIAO Auditor presented the NIAO, Annual Audit Letter for Causeway Coast and Glens Borough Council 2016-17.

The main points outlined were as follows:

- The 2016/17 financial statements were certified without qualification
- The Council has in place proper arrangements to secure economy, efficiency and effectiveness in the use of its resources
- The governance statement reflects compliance with relevant guidance standards
- The whole of government accounts annual return has been submitted to HM Treasury's consolidation process
- The latest National Fraud Initiative exercise using 2017/17 data was commissioned in January 2017
- The audit work was completed within the estimated fee quoted
- The Local Government Auditor's report for 2017 was published in July 2017
- Performance improvement work and associated audit responsibilities continue to be phased in.

In response to concerns raised about stress and absenteeism, the Director of Corporate Services outlined processes in place to limit absenteeism and the care service offered to staff.

The Audit Committee were advised that negotiations were ongoing with the Unions to ensure all the legacy councils and Planning were using same set of guidelines around absenteeism.

***The Director of Corporate Services agreed to bring an Absenteeism Statistical Report to the March Audit Committee Meeting.***

#### **4.2 Report to Those Charged with Governance 2016/17**

The Local Government Auditor presented the report to Those Charged with Governance which summarised the key matters arising from NIAO Audit of the 2016-17 financial statements.

Committee was invited to review the findings set out in the report, including the Letter of Representation and Audit Report.

In terms of overall conclusion and opinion, the Committee was advised that the Audit Report includes an opinion as to the truth and fairness of the financial statements and that certain information given in the Narrative Report is consistent with the financial statements. The audit report also includes an opinion on whether the part of the Remuneration Report to be audited has been properly prepared in accordance with the Department for Communities directions made under the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015.

The Local Government Auditor certified the 2016-17 Financial Statements with an unqualified audit opinion, without modification.

In terms of Audit judgement, Committee was advised that in reaching opinion, the following key audit judgement had been made:

- The total landfill provision of £12.6 million in respect of future closure and aftercare costs from the 3 landfill sites, appears to be a reasonable estimate.

There were 14 observations & recommendations as detailed in the table below, which the auditor outlined in further detail to the Audit Committee.

No.	Description	Priority
1	Management Accounts	1
2	Debtors	1
3	Bank – Savings Account / General Revenue account	1 and 3
4	Declarations of interest	2
5	IT	2
6	Income	2
7	Credit card expenditure	2
8	Leases	2
9	Heritage assets not reflected in the accounts	2
10	Journals Authorisation and Audit Trail	2
11	Expenditure	2
12	Agency Staff costs	2
13	Procurement	2
14	Carryover Annual Leave	3

The Local Government Auditor provided clarification regarding best practice in completing Declaration of Interest and Conflict of Interest forms on an annual basis and at Committee or Council meetings. He also pointed out that several Councils were now carrying out automated procurement.

The Director of Corporate Services advised that two of the legacy councils ran staff saving accounts. These accounts were now closed.

The Audit Committee **NOTED** the report to Those Charged with Governance on the Audit of the 2016-2017 Financial Statements.

#### 4.3 Improvement Audit and Assessment Report 2017/2018

Part 12 of the Local Government Act (Northern Ireland) 2014 (the Act) sets out that all councils are under a general duty to make arrangements to secure continuous improvement in the exercise of their functions. It sets out a number of council responsibilities under a performance framework.

The report set out index of key findings on general duty to improve, governance arrangements, improvement objectives, consultation,

improvement plan, arrangements to improve, collection use and publication of performance information.

As the result of assessment, Council has as far as possible, discharged its duties under Part 12 of the Act and has acted in accordance with the department of Communities guidance sufficiently.

The Audit Committee **NOTED** the Improvement Audit and Assessment report.

#### **4.4 Audit of 2015-2016 Financial Statements, NIAO Report to those Charged with Governance**

The Committee received a progress report on the Audit of 2015-2016 Financial Statements from NIAO to those charged with governance. The report listed 13 Audit recommendations, management response and position at November 2017 on issues being addressed.

The Audit Committee **NOTED** the progress report.

## **5 INTERNAL AUDIT**

### **5.1 Internal Audit Reports – CC&GBC**

#### **5.1.1 Waste Services**

The Director of Corporate Services presented the Internal Audit Report which summarised the findings arising from a review of waste services.

Based on the audit testing, the Internal Auditor was able to provide a satisfactory level of assurance. Overall there is a satisfactory system of governance, risk management and control in place. While there may be some residual risk identified this should significantly impact on the achievement of system objectives.

The Audit did not identify any findings, leading to a priority 1,2 or 3 recommendation and there were no recommendations to make in relation to the risk areas.

#### **5.1.2 Parks and Play Areas**

The Director of Corporate Services presented an Internal Audit Report which summarised the findings arising from a review of Parks and Play Areas.

Based on the audit testing, the Internal Auditor was able to provide a satisfactory level of assurance. Overall there is a satisfactory system of governance, risk management and control

in place. While there may be some residual risk identified this should significantly impact on the achievement of system objectives.

It was noted that there were two priority 1 recommendations, where controls could be enhanced.

### **Risk 1 - Health and Safety Arrangements:**

**Observation** – Overall appropriate policy and procedures are in place in relation to parks and play areas and relate to regulatory standards of health and safety. However, it was noted during the audit that Council does not have a Parks and Play Strategic Plan in place.

**Recommendation** – A strategic Plan process should be developed to assess the status of parks and play within the Council area and plan a future that reflects the Corporate Priorities of the Council and needs of the community.

### **Risk 2 – Maintenance of Play Equipment and Play Areas**

**Observation** – It was noted that Ballycastle and Limavady inspectors use a manual system for recording inspections whereas Coleraine and Ballymoney inspectors use an iPad with TABS software installed. The TABS system captures inspection records which can be emailed directly to management to facilitate reactive and planned maintenance.

**Recommendation** – The TABS system should be rolled out to all inspectors to ensure there is streamlined and robust inspection and maintenance records in place.

There were no management response to the recommendations for Parks and Play Areas.

### **5.1.3 Payroll**

The Internal Auditor presented an internal audit report which summarises the findings arising from the audit of payroll. Based on the audit testing, the Internal Auditor was able to provide a satisfactory level of assurance. Overall there is a satisfactory system of governance, risk management and control. While there may be some residual risk identified this should significantly impact on the achievement of system objectives.

There were no findings or recommendations made in relation to risk identified in changes to payroll standing data; protection of sensitive payroll data or starters and leavers controls.

## 5.2 Internal Audit Reports – Moore Stephens

### 5.2.1 Environmental Health Service

The representative from Moore Stephens presented the Internal Audit Report on Environmental Health Service (EHS). .

Based on the audit test, Moore Stephens were able to provide a satisfactory level of assurance. Overall there is a satisfactory system of governance, risk management and control. While there may be some residual risk identified, this should not significantly impact on the achievement of system objectives.

The findings and recommendations from the Audit were as follows:

#### **Risk 1 (Issue 1) – Inadequate Policies and Procedures**

**Observation** – There are policies, procedures and other guidelines available for the areas reviewed during the audit. There are stored in various folders on the shared drive. These include procedures from many sources, some of which Council has not yet had an opportunity to brand as specific procedures. There is no evidence of recent review and update of the policies and procedures. Within the new structure EHS staff have increased responsibilities, such as planning consultations are required to be involved across a number of EHS areas. EH Management are also striving to ensure common procedures evolve from legacy practices.

**Recommendation** – Council should identify the most cost and time efficient way to ensure all Environmental Health Services policies and procedures are easily accessible to all relevant staff and are reviewed and updated regularly. Council should consider the benefits of existing central repositories such as the RIAMS system which would allow CCAG EHS to assimilate existing procedures and template procedures that RIAMS have already carefully considered and produced. Significant efficiencies can result from being able to reduce management and staff time spent creating and reviewing procedures.

**Management Response** – A review will be undertaken of the RIAMS system and other available alternatives to consider the benefits of standard Northern Ireland specific operating procedures and guidance to ensure consistency and enhancement of service delivery. If appropriate a business case will be prepared for consideration and recommendation to the Director of Environmental Services.

## **Risk 2 – Lack of Oversight of Staff Terms and Conditions**

### ***Issue 2 – Staff Location***

**Observation (summarised)** – A traditional whiteboard is in place in each office where EHS staff are located. Due to the fact that teams are split over different locations, this does not allow individual managers to be aware of the location of his/her team without having access to the physical whiteboards.

**Recommendation** – The Management of EHS should review the use of the virtual whiteboards; identify ways to make the board more user friendly and flexible; and reinforce the need for staff to use the virtual whiteboard.

**Management Response-** A review of the existing virtual in-out board will be undertaken to ensure that it is being used by all officers. It is not possible to access the current software remotely. A review of other providers will be undertaken and if appropriate a business case will be made to move to another provider will be tested and if available implemented. In the meantime, service area managers will remind users to access and update the current software each time they leave and return to the office. Regular monitoring will be undertaken and the findings reported at monthly team meetings.

### ***Issue 3 – Lone Workers***

**Observation (summarised)** – Lone workers registration forms have been used in the past to record key details of lone workers including emergency contact details. There is lack of clarity around the process for retaining lone workers registration forms.

**Recommendation** - The management of EHS need to agree (with HR) and action a process to ensure lone worker registration forms are completed, updated and are easily accessible in any emergency (even if it is out of hours).

**Management Response-** A review of Lone Worker Risk Assessment will be undertaken to ensure that each officer has completed and supplied “In Case of Emergency” details together with an appropriate contact number. Service Area Managers will hold details of ICE contacts for each officer allocated to that functional team which will be accessible both in and out of office hours. HR will continue to hold next of kin details for all HBE staff

## **Risk 3 – Distribution of EHS Activities and Response Times**

### ***Issue 4 – Taecomi Records***

**Observation (summarised)** – Discussions with management, review of team meeting minutes and review of procedures revealed that there is a balanced approach for distributing inspections and other EHS work, including queries from members of the public, which are to be dealt with within agreed response times.

**Recommendation** - Environmental Health and Built Environment management should remind staff of the need to record all relevant information e.g. actions undertaken, actions planned, close out dates etc. and also to upload all relevant checklists and documents to Tascomi in a timely manner.

**Management Response-** All staff are reminded at monthly team meetings of the need to complete full records and attached all relevant documentation to the web-based complaint management premise database system (Tascomi). The missing checklists were stored on the shared HBE drive and have since been uploaded. A written procedure for processing planning consultations has been prepared. An agreed percentage audit of all applications will be carried out on a monthly basis and the results discussed at monthly team meetings.

#### **Risk 4 – Mis Information Leading to Poor Decision Making**

##### ***Issue 5 – Tascomi Reports for Monitoring and Reporting***

**Observation (summarized)** – Tascomi Reports are not used to inform discussions on ongoing activities at the meetings.

**Recommendation-** Environmental Health and Built Environment management should run reports from Tascomi e.g. outstanding activities for use at team meetings.

Management should also use reports from Tascomi and other relevant information to discuss progress against the Annual Service Plans at team meetings at least every 6 months. This use of Tascomi for monitoring would reinforce with staff the importance of entering timely and complete information and documents onto Tascomi in order to provide management with complete, accurate and up to date information at all times.

**Management Response-** Better use will be made of the complaint management software. Agreed reports will be prepared for each functional area to include planned, completed and outstanding actions. These reports will be considered monthly and be used to check progress against annual business plan targets.

## 5.2.2 Review of Improvement Targets

The representative from Moore Stephens presented the Internal Audit Report which summarises the findings from review of Improvements Targets.

Based on the review, Moore Stephens identified a number of risks to achieving the targets set for the 2017-2018 Projects (reviewed) as follows:

- 9 of the 12 project targets reviewed are on course to be achieved.
- There is a small risk that 2 of the project targets may not be achieved in 2017/18.
- 1 of the projects targets will not be achieved by the 31<sup>st</sup> March 2018.
- 3 of the statutory targets are on course to be achieved
- 2 of the statutory targets are traditionally challenging for all Councils and may not be achieved

Three performance projects were further selected for a more detailed review of project management arrangements. These were:

1. To develop and implement an Estates Strategy to provide a more effective and efficient geographical allocation of Council non-front-line services to meet customer needs
2. Introduce an efficient and effective customer focused Council reception service
3. Review of grass sports pitch provision

From review of these projects Moore Stephens found the following:

- The efficient and effective customer focused reception service did not have a project plan in place; it developed incrementally as the structure and the staffing of the new Council evolved.
- The review of grass pitches had a project plan which was reflected in the contract and delivery is almost complete.
- The Estates Strategy has successfully reached the end of phase one of the planned activities, and planning for phase two is now underway.
- The resources for the pitch review was budgeted for as part of programme management costs in the Directorate of Leisure and Development.
- No specific resources were required to be identified for the efficient and effective customer focused Council reception service as the majority of the cost is existing staff related wages.
- The cost of the staff moves identified as part of the Estates Strategy for 2017/18 had been calculated, discussed with the Chief Finance Officer and provision made in the 2017/18 budget.
- Some reporting of progress of the performance projects to the respective Council Committee(s) has taken place, but not in a consistent and regular manner, and not always including progress against the specific targets.

During the review, it was noted that a number of process improvements have been made to minimize the risk of not achieving targets. Two key positive developments noted are as follows:

- Although a consistently-used process of regular reporting of progress against targets to Council Committees is not yet fully in place, the Corporate Compliance and Improvement Officer reported the 6-monthly progress of the performance improvement projects to the Policy and Resource Committee on 21 November 2017.
- To address the absence of project plans highlighted during the internal audit review of performance improvement projects, the Corporate Compliance and Performance Improvement Officer plans to develop a template which can be used as a basis for a simple project plan.

Reference was made to Leisure Facility development of Leisure facilities at Ballycastle and opinion was voiced that this project was not on target. It was suggested that Councillors should have some sort of transparency around this project.

It was also suggested that the civic building in Coleraine was over capacity staffing wise and other options should be looked at.

***The Director of Corporate Services agreed to bring back details on progress of Council's Strategic Plan.***

### **5.2.3 Prior Year Recommendations – Budgetary Control**

The representative from Moore Stephens presented the Internal Audit Report on prior year recommendations on Budgetary Control.

In 2016-2017 the following recommendations were made following a scheduled internal audit of the Budgetary Control process:

- There may be inadequate time and resources set aside for preparing the annual budget and assumptions made when preparing the budget may not be clearly defined or supported, leading to inaccurate information being used during the estimates process and the rates not being struck on time. (priority 2)
- Budgets may not be effectively monitored as managed by budget holders leading to the inefficient use of Council resources and unnecessary expenditure prior to the year end. (priority 2 and 3)
- Insufficient financial information may be provided to management and Councillors leading to poor decision making. (priority 1 and 2)

The recommendations have been revisited as part of this year's internal audit work programme. For each recommendation, progress has been discussed with the relevant officer and reviewed evidence of progress.

***Update on Prior Year Recommendations:***

Further details included within the report circulated covered progress in the following:

- Assumptions made when preparing budget
- Annual Budget Preparation guidance notes
- Budget Manual being developed
- Updated coding structure
- Financial Information prepared in a timely manner
- Format of Management Accounts should be improved
- Changes to the budget approved by Council at the time of striking the rates should be discussed and authorised at the appropriate level.

Following the review of Budgetary Controls, 1 priority 1 recommendation was currently being addressed, 2 priority 2 had been addressed and 3 were in process of being addressed. The 2 priority 3 recommendation had been addressed.

Proposed by Councillor Baird  
Seconded by Alderman McKeown and

**AGREED** – that it is recommended that Council approve the Internal Audit Reports outlined at 5.1 to 5.2.3 inclusive.

**5.3 Quarterly Internal Audit Report 2017/18**

The Audit Committee received a Quarterly Internal Audit Report outlining work carried out during the period September - November 2017.

The report set out progress against planned work; issues arising from work period reported and Audits planned for the period up to February 2018.

The Quarterly Internal Audit Report was **NOTED**.

**5.4 Internal Audit Progress Report from 2016/17 – Review of Prior Year Recommendations**

The Audit Committee received a report which summarised the findings arising from a review of the progress made by Council in implementing the prior year internal audit recommendations.

In the six internal audit assignment completed in 2016/17, 4 priority 1 recommendations had been addressed or was in process of being addressed; 5 out of the 16 priority 2 recommendations had been addressed or was in process of being addressed. In relation to priority 3 recommendations, 17 out of the 21 recommendations had been addressed and 4 was being addressed.

The progress report was **NOTED** by the Audit Committee.

## **6 MANAGEMENT ACCOUNTS – MONTHS 1 – 6**

The Financial Accountant presented the Management Accounts to the Audit Committee and highlighted the traffic light system on the final page which has now been introduced.

***It was agreed that a breakdown of signature events would be forwarded to the next Audit Committee.***

The Audit Committee **NOTED** the Management Accounts for Months 1 – 6, 2017

## **7 NATIONAL FRAUD INITIATIVE**

The National Fraud Initiative (NFI) is a major data matching exercise that has been undertaken every two years since 2008-09. NFI enables public audit agencies to participate in cross jurisdictional data matching for the purposes of identifying fraud, error and overpayment.

Data matching compares sets of data, such as payroll, pensions and trade creditors' records of a body, against other records held by the same body or another body. Where a match is found, it indicates an inconsistency that may require further investigation.

Under NFI the Council is therefore required to inform all employees and Councillors that their payroll data may be provided to bodies responsible for auditing and administering public funds.

Causeway Coast and Glens participated in the NFI for the first time in 2016/17 (legacy councils have done so since 2008-09). The exercise produced 523 matches of which 35 were recommended for investigation. These have subsequently been investigated and no fraudulent or erroneous activity has been detected. A further sample of the matches not deemed priority will take place in the New Year and a final report will be produced for Council.

The Audit Committee **NOTED** the information report.

## 8 MATTERS FOR REPORTING TO PARTERSHIP PANEL

There were no items for reporting to the Partnership Panel.

## 9 CORRESPONDENCE

The Audit Committee were advised of the following items of correspondence:

- 9.1 Northern Ireland Audit Office – Managing the Risk of Bribery and Corruption: A Good Practice Guide for Northern Ireland Public Sector.

The Guide aims to help public section organisations and individual public officials identify how bribery and corruption may occur, highlight the key risk areas and provide advice on how the risks can be countered, both at an organisational and personal level.

**AGREED** - to note the correspondence outlined.

### **MOTION TO PROCEED 'IN COMMITTEE'**

Proposed by Councillor Knight-McQuillan  
Seconded by Councillor Watton and

**AGREED** - that the Committee proceeds to conduct the following business 'in committee'.

## 10 RISK MANAGEMENT UPDATE

A copy of Councils' Risk Matrix was circulated to Committee.

The Director of Corporate Services updated Members on the Corporate Risks Matrix and highlighted areas of change from September 2017.

The Independent Member suggested that the Corporate Risk Register be presented alongside the Risk Matrix. She also highlighted potential risk to hacking into ICT system, refuse collection in bad weather and absenteeism.

***It was agreed that a narrative would be provided each quarter to the matrix.***

Following a proposal, a discussion took place on setting up a working group to look at Brexit and impact on services.

*It was agreed to leave the proposal for now and for Council to request information from NILGA who were looking at wider issues around Brexit.*

*It was also agreed to request information from Assembly on what they were working on regarding Brexit.*

## **11 LEGAL CASES ACTIVITY**

Members received, for information, a confidential updated report with regard to the Council's legal cases.

## **12 WHISTLEBLOWING/FRAUD**

The Director of Corporate Services reported that there had been no whistleblowing/fraud incidents during the quarter.

### **MOTION TO PROCEED 'IN PUBLIC'**

Proposed by Councillor Holmes  
Seconded by Alderman McKeown and

**AGREED** - that the Committee would conduct the remainder of the business '**In Public**'.

## **13 Any Other Relevant Business**

There being no other business, the Chair thanked members for their attendance and the business concluded at 8:35 pm

---

Chair