

AUDIT COMMITTEE MEETING WEDNESDAY 12 DECEMBER 2018

No	Item	Summary of key Recommendations
2	Declarations of Interest	<i>None</i>
3	Minutes of Audit Committee held 19 September 2018	<i>Confirmed</i>
4	Northern Ireland Audit Office	
	4.1 Annual Audit Letter	<i>Approve</i>
	4.2 Report to those Charged with Governance	
	4.3 Section 75 Report – Performance Duty	
5	Update on 2018/19 Performance Improvement Plan	<i>Approve</i>
6	Internal Audit Reports – Moore Stephens	<i>Approve</i>
	6.1 PEACE IV	
	6.2 Treasury Management	
	6.3 Facilities and Estates Management	
	6.4 Strategic Projects	
	6.5 Quarterly Update	
7	Internal Audit Reports – Causeway Coast and Glens Borough Council In-house	<i>Approve</i>
	7.1 Off Street Parking	
	7.2 Harbours, Marina & Terminals	
	7.3 Travel, Subsistence and Mobile Phones	
	7.4 Time Recordings & Overtime	
	7.5 Use of Corporate Credit Card	
8	Audit Committee Self-Assessment Checklist	<i>Workshop to be held in June</i>
9	Council Strategy Workshop	<i>20 February 2019</i>
10	Matters for Reporting to Partnership Panel	<i>None</i>

No	Item	Summary of key Recommendations
11	Correspondence <ul style="list-style-type: none"> • Northern Ireland Public Service Ombudsman – Annual Report 2017/19 	<i>Forward Key Points</i>
12	Corporate Risk Management	<i>Note</i>
13	Legal Cases Activity	<i>Update to be provided March 2019</i>
14	Whistle Blowing/Fraud Update	<i>Note</i>
15	Service Review – Audit, Governance and Risk	<i>Approve</i>
16	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 12 DECEMBER 2018 AT 7 PM**

- In the Chair:** Councillor Baird
- Members Present:** Alderman Blair, Finlay and McKeown.
Councillors Baird, Beattie, Deighan, Holmes,
Hunter, McCaw, McLean and Watton
- Independent Member Present:** G Ireland
- Officers Present:** M Quinn, Director of Corporate Services
P Donaghy, Central Services Manager
J McCarron, Performance Officer
E McCaul, Member Services Officer
- In Attendance:** C McHugh, Senior Internal Auditor, Moore Stephens
C Kane, Northern Ireland Audit Office

CHAIR OF MEETING

It the absence of the Chair and Vice Chair, it was **AGREED** that Councillor Baird would Chair the meeting for the transaction of business.

1. APOLOGIES

Apologies were recorded for Alderman Cole, Councillors Duddy and P McShane.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF AUDIT COMMITTEE MEETING 19 SEPTEMBER 2018

The minutes of Audit Committee Meeting held 19 September 2018 had been ratified at the Council Meeting held Tuesday 25 September 2018 and were for **NOTING**.

4. NORTHERN IRELAND AUDIT OFFICE (NIAO)

4.1 Annual Audit Letter

The NIAO Auditor presented the NIAO Annual Audit Letter for Causeway Coast and Glens Borough Council for 2017/18. She outlined that the letter was issued after close of audit and was published on Council website.

The NIAO Auditor drew Members attention to page 5, it which in was detailed that as the results of the audit, the most significant issues, making recommendations and seeking comments had noted in the Audit Report to those charged with Governance. She said that it had been noted in the report that Council purchased a table at a cost of £1,500 for the North Antrim Annual Business and Community Dinner in September 2017. The event is subject to an investigation by the Electoral Commission as it had been reported that it was a Political fundraiser and Councils are not permitted to fund political parties. The Electoral Commission ruling on the issue is imminent. She added that her review confirmed that the £1,500 was paid directly to the Hotel and correctly recorded in the accounts so there was no concerns about the truth and fairness of the accounts.

The NIAO Auditor referred to page 11 of the letter with regard to absenteeism. She outlined that for the twelve months to end of March 2018, the average number of days sick absence in the Council was 15.79 days per employee compared to 15.87 days in 2016/17. Council was advised to continue to monitor and manage absenteeism through agreed policies and procedures.

Proposed by Alderman Finlay
Seconded by Councillor Hunter and

AGREED to recommend that Council approve the Annual Audit Letter.

4.2 Report to Those Charged with Governance

The NIAO Auditor presented the report to Those Charged with Governance which summarised the key matters arising from NIAO Audit of the 2017-18 financial statements.

The report set out key messages, Audit Scope, Significant Risks, Audit Findings and Audit Adjustments.

It was noted that Council has robust processes in place for the production of the account and adequate supporting working papers were

provided to allow the audit to proceed. The audit process has been completed within the planned timescales.

The findings from the audit, as well as management's response and target date for implementation were set out within the report. It was noted that there were 4 priority 1 and 7 priority findings and that the management had agreed to the recommendations,

Proposed by Alderman Finlay
Seconded by Councillor Watton and

AGREED – to recommend that Council approve the Report to Those Charged with Governance.

4.3 Section 95 Report – Performance Duty

The Audit Committee received a report which summarised the work of the Local Government Auditor (LGA) on the 2018-19 performance improvement audit and assessment undertaken on Causeway Coast and Glens Borough Council.

The LGA certified the performance arrangements with an unqualified audit opinion, without modification. She certified that an improvement audit and improvement assessment had been conducted and as a result, Causeway Coast and Glens Borough Council had discharged its performance improvement and reporting duties, including assessment of performance for 2017/18 and its 2018-19 improvement plan and has acted in accordance with the Guidance.

It was noted that Council has discharged its duties in respect of part 12 of the Act as far as possible, in what its arrangements continue to mature. It remains too early for the Council to demonstrate a track record of improvement, consequently, it is not possible for the LGA to conclude as to the extent of improvement that may be made. The LGA did not exercise discretion to assess and report whether the council is likely to complete with these arrangements in future years.

It was also noted that this was the second year in which councils had been required to fulfil their full statutory responsibilities under Part 12 of the Act. In the LGA's opinion, councils should be able to demonstrate a track record of improvement in 2019 to allow a full assessment to be made.

In response to Members queries, the Director of Corporate Services advised that a plan was in place for reviewing the 27 areas of proposed

improvements and that the review would be brought back to the Audit Committee in March 2019.

Proposed by Councillor Watton
Seconded by Alderman Finlay and

AGREED – to recommend that Council approve the Section 95 Report.

* Councillor McCaw joined the meeting at 7:17 pm.

5. UPDATE ON 2018/19 PERFORMANCE IMPROVEMENT PLAN

The Committee received a report to update Members on the projects listed within the Council's 2018/19 Performance Improvement Plan.

The Council's Performance Improvement Plan for 2018/19 was approved by Council in June 2018. The Plan contained improvement projects which would help to meet the Council's Performance Improvement Objectives for 2018/19.

The Audit Committee has a scrutiny role in relation to the annual Corporate Performance Improvement Plan as set out within Council's performance improvement policy. The Audit Committee were invited to review the progress report circulated and take the opportunity to seek further information with regard to the various projects detailed.

Councillor Hunter said in light of progress on Objective 3, that the traffic light system be updated. **AGREED.**

Proposed by Councillor Beattie
Seconded by Councillor Watton and

AGREED - to recommend to Council approve the update on the 2018/19 Performance Improvement Plan.

* Councillor Hunter left the meeting at 7:20 pm.

It was **AGREED** to change the order of business and discuss the Internal Audit Reports being presented by Moore Stephens as the next item.

6. INTERNAL AUDIT REPORTS – MOORE STEPHENS (Agenda Item 7)

6.1 PEACE IV

The Internal Auditor from Moore Stephens presented the Internal Audit Report on PEACE IV.

Based on the Audit Testing, Moore Stephens were able to provide a satisfactory level of assurance. While there may be some residual risk identified, this should not significantly impact on the achievement of system objectives.

There was 1 priority 2 and 3 priority 3 risks identified as follows:

Risk 1 – Inadequate Management of Agreements

Recommendation - All Partnership members should be reminded of the importance of signing the conflict of interest declarations and the PEACE IV secretariat should ensure that they are all retained together in 1 file.

Management Response – This is accepted and will be implemented.

Risk 2 – Lack of Appropriate Assessment Procedures

Recommendation – For any future procurement the PEACE IV secretariat should review the format, content and sequencing of the score/evaluation sheets and ensure all are appropriately completely and signed.

Management Response – This is accepted and will be implemented as soon as possible once new staff are in post.

Risk 3 – Claims not Processed Accurately or in a Timely Manner

Recommendation – A checklist should be developed containing all relevant eligibility and accuracy checks which should be carried out by the PEACE IV secretariat, This should be signed by the officer who performs the check on the invoice and signed/initialled by the PEACE IV co-ordinator before the relevant invoice is authorised and passed for processing to Finance. The checklist should remain on file with a copy of the invoice and all supporting documentation.

Management Response – This is accepted and will be implemented as soon as possible once new staff are in post.

Risk 4 – Funding Programme not in line with Budget

Recommendation – in addition to the annual budget spreadsheets, a single spreadsheet containing details of the budget for the entire life of the programme, expenditure and claims to date should be created.

Management Response – This is accepted and will be implemented as soon as possible once new staff are in post.

6.2 Treasury Management

The Internal Auditor presented the Internal Audit Report on Treasury Management.

Based on the Audit Testing, the Internal Auditor was able to provide a satisfactory level of assurance. While there may be some residual risk identified this should not significantly impact on the achievement of system objectives.

There was 1 priority 2 and 2 priority 3 risks identified as follows:

Risk 1 – Lack of Capital Planning and Borrowing Requirements

Recommendation – Finance should finalise a medium term financial strategy as soon as possible

Management Response – Medium term financial plan currently being drawn up.

Risk 2 – Cash Flow Management – No issues identified

Risk 3 – Issue 1 - Oversight of Treasury Management Activities

Recommendation – Finance should ensure a more formal process of reporting treasury management activities to Council is put in place and includes the monitoring of the series of prudential indicators not only at the year-end but also at the midpoint of the year.

Management Response – Upon full implementation of the new Treasury Management Policy regular reports will be tabled at Corporate, Policy & Resources Committee detailing investments and borrowings.

Risk 3 – Issue 2 – Training on Treasury Management and the Prudential Code

Recommendation – Councillors involved in oversight of treasury management should receive training on the prudential code.

Management Response – Member training to be investigated.

6.3 Facilities and Estates Management

The Internal Auditor presented the Internal Audit Report on Facilities and Estates Management.

Based on the Audit Testing, the Internal Auditor was able to provide a satisfactory level of assurance. While there may be some residual risk identified this should not significantly impact on the achievement of system objectives.

There were 3 priority 2 risks identified as follows:

Risk 1 – Management of Statutory Testing

Issue 1 – Statutory Tests

Recommendation – Going forward, all planned statutory testing such as PAT Annual Electrical testing and Fire Safety testing should be entered on TABS. Alerts can be set up to allow sufficient time to have these completed within deadlines and would help to identify the facilities management requirements of each Council premise and ensure that equipment is effective in the event of an incident occurring.

Management response – work is on-going to programme planned maintenance into the computerised system. As all positions within the team have now been filled it is anticipated that this issue will be resolved by April 2019.

Issue 2 – Asbestos, Legionella and Fire Safety

Recommendation – Designated officers should be reminded that jobs identified from asbestos, legionella and fire safety surveys and risk assessments should be created on TABS, prioritised and assigned to the relevant in-house/external contractor. Images and diagrams from these surveys should also be uploaded on to TABS so that the Responsible Officer can provide necessary information to contractors prior to commencing work. Procedures should also be put in place to flag to management when a person responsible for carrying out routine in-house legionella tests (in line with risk assessments) is not available. This will allow alternative arrangement to be made to ensure compliance with statutory legionella regulations. Consideration may be given to training a second staff member to cover this area.

Management Response – Maintenance requests come from the person responsible for the asset. The decision to raise issues rests with this budget holder. Estates can advise but ultimately cannot dictate what is logged on the system. Monthly meetings have been arranged with HR to review staffing issues such as leavers, long term sick and so on. This will allow measures to be put in place to cover absent staff.

Risk 2 – Maintenance

Issue 3 – Work Planning

Recommendation – The Asset Officer should ensure that all planned maintenance and servicing works are programmed on the maintenance database to identify the facilities management requirements of each Council premise, to produce preventative maintenance plans and a process developed to monitor the plan including a method to track opened, closed and planned works orders for each facility. This will ensure and will enable a more efficient and effective approach to be taken in relation to addressing property related issues.

Management Response – same as issue 1.

Issue 4 – Maintenance Contracts

Recommendation – Whilst it is recognised the process has already begun to tender service contracts, the Council should ensure that this occurs as soon as practically possible. It is important that these services are tendered to ensure the most efficient use of Council resources. Where contracts have been rolled forward without re-tendering, approval should be sought from the Council.

Once new contracts have been awarded, Estates should develop the current list they retain of type of maintenance services into a formal register of maintenance contracts. This should include all maintenance contracts the Council is engaged in, contract duration and expiration date, key contract details, and value of the contract per annum. This would help to ensure that the Council has a clear record of contracts in place and act as a reminder to review contracts which are close to expiring on a timely basis. When a contract is extended, Estates should verify that up to date certification/registration is in place for those contractors.

Management Response – Now that all positions within the team have been filled work is on-going into how best to buy in external services. Whilst the existing contracts could be quickly re-tendered, experience now suggests that this may not be in the best interests of Council. It is

anticipated that a framework approach would be better than the current roller over arrangement and advice is being sought.

Issue 5 – Completion Rates

Recommendation – consideration should be given to formally monitoring the performance of contractors (and in-house teams). Where appropriate, meetings should be held with contractors to discuss performance and for planning purposes. Closer monitoring of current and scheduled maintenance work on TABS should also be encouraged by officers responsible for each building and ensure follow up on outstanding issues with estates and or/contractors.

Management Response – Further to the response to issue 4, it is hoped to include measures to monitor contractor performance in any future contracts. This may include an element of contractor self-monitoring (eg submission of regular reports on for example, response times) subject to in house audit.

Issue 6 – Performance Review

Recommendation – a review mechanism should be put in place in relation to the overall maintenance budget and expenditure. This would also help to ensure that management are provided with appropriate and timely information in relation to spend on maintenance.

Management Response – Recent improvements to the accounting process allows for greater scrutiny of costs. This includes the ability to differentiate between contracted routine maintenance/service costs and other costs associated with repairs, improvements or upgrades. Discussions are required with finance on how reports might be generated to show this information.

6.4 Strategic Projects

The Internal Auditor presented the Internal Audit Report on Strategic Projects.

Based on the Audit Testing, the Internal Auditor was able to provide a satisfactory level of assurance. While there may be some residual risk identified this should not significantly impact on the achievement of system objectives.

There were 2 priority 3 risks identified as follows:

Risk 1 – Potential for Inadequate Planning – No findings or recommendations.

Risk 2 – Potential Inadequate Tendering Controls

Recommendation - Council should formally inform SIB of the details and value of the project awarded under the SIB Framework and ensure complete compliance with the terms and conditions of any external Frameworks Council may opt to use in the future.

Management Response – Accepted.

Risk 3 – Potential for Projects to be Inadequately Managed

Recommendation - the strategic projects department should document the monitoring process or a short monitoring template to support the current monitoring taking place.

Management Response

Current strategic projects written monitoring activity includes:

- a) Preparation of quarterly monitoring updates against targets identified within the Prosperity & Place Business Plan;
- b) Preparation and presentation of bi-yearly monitoring updates for Leisure & Development Committee against targets identified within the Prosperity & Place Business Plan;
- c) Preparation and presentation of quarterly monitoring updates for Performance Management team against targets identified within the Prosperity & Place Business Plan and Community Plan; and
- d) Monitoring of monthly financial spend updates provided by both Finance Team and Prosperity & Place team (Separately).

Council will document the above monitoring process to all staff within the team within the 2018/19 financial period.

6.5 Quarterly Update

Ms McHugh from Moore Stephens presented the Internal Audit Report to inform the Audit Committee of work carried out during the period during September – November 2018.

The report set out progress against planned work; issues arising from work period reported; Audits planning for the next period and performance indicators on internal audit service provided by Moore Stephens.

Proposed by Alderman Finlay
Seconded by Councillor McLean and

AGREED – to recommend to Council that the reports presented from 6.1 to 6.5 inclusive be approved.

7. INTERNAL AUDIT REPORTS – CAUSEWAY COAST AND GLENS BOROUGH COUNCIL IN-HOUSE (Agenda Item 6)

7.1 Off Street Parking

The Director of Corporate Services presented the Internal Audit Report on Off Street Parking. Based on the audit testing, a satisfactory level of assurance had been achieved, overall there is a satisfactory system of governance, risk management and control in place. While there may be some residual risk identified, this should not significantly impact on the achievement of system objectives.

There was 1 level 2 risk identified as follows:

Inspection Reports

Recommendation - Management should ensure that the car parking officer receives inspection reports from all Council areas.

Management Response – Infrastructure has now discussed and agreed a maintenance & inspection regime with frequencies and that these subsequent reports are presented to the department.

7.2 Harbours, Marina & Terminals

The Director of Corporate Services presented the Internal Audit Report on Harbours, Marina & Terminals. Based on the audit testing, a satisfactory level of assurance had been achieved, overall there is a satisfactory system of governance, risk management and control in place. While there may be some residual risk identified, this should not significantly impact on the achievement of system objectives.

The risks identified and agreed by management are as follows:

- There may be an inadequate governance framework in place in relation to health and safety at Council-managed harbours, marinas and terminals, leading to lack of clarity as to responsibilities of key staff and increased risk of health and safety incidents occurring

- The Council may not be aware of its duties in relation to Health and Safety under the Port Marine Safety Code and the Health and Safety at Work (NI) Order 1978 leading to safety risks to staff or members of the public and non-compliance with statutory responsibilities
- There may be inadequate assessment and minimisation of Health and Safety risks to Council staff and members of the public visiting/using Council harbours, marinas and terminals leading to unnecessary incidents and the risk of litigation against the Council.

There were no findings or recommendations.

7.3 Travel, Subsistence and Mobile Phones

The Director of Corporate Services presented the Internal Audit Report on Travel, Subsistence and Mobile Phones. Based on the audit testing, a satisfactory level of assurance had been achieved, overall there is a satisfactory system of governance, risk management and control in place. While there may be some residual risk identified, this should not significantly impact on the achievement of system objectives.

There were 2 priority 2 and 1 priority 3 risks identified as follows:

Risk 1 – Completion, Approval & Recording of Travel & Subsistence Claims

Recommendation – Council should put in place an approved travel & subsistence policy for all staff and councillors

Management Response – Policy for staff to be tabled at Corporate Policy and Resources Committee. Members payments already governed by the scheme of allowances which is published annually.

Risk 2 – Review of Mileage Claims

Recommendation – Council should consider a complete review of essential and non-essential car users including the location of employees with a view of reducing overall travel costs to Council.

Management Response – Essential User Policy currently being reviewed, once implemented any assessment of essential user status can be carried out in accordance with the terms of the revised policy.

Risk 3 – Mobile Phone Policy & Procedures

Recommendation – The mobile phone policy should be reviewed to include ICT being informed by HR when an employee ceases employment to enable accurate records to be held. The policy should be adhered to on all occasions.

Management Response – The policy will be updated to reflect the requirement for ODHR to communicate with ICT on the departure of staff.

7.4 Time Recording & Overtime

The Director of Corporate Services presented the Internal Audit Report on Harbours, Marina & Terminals. Based on the audit testing, a satisfactory level of assurance had been achieved, overall there is a satisfactory system of governance, risk management and control in place. While there may be some residual risk identified, this should not significantly impact on the achievement of system objectives.

There were 2 priority 2 risks identified as follows:

Risk 1 – Flexi Time/Toil

There were no findings or recommendations to make in relation to this risk area.

Risk 2 – Overtime Payments

Recommendation 1 – A corporate message should be distributed reminding managers of the need to comply with the Working Time Regulations but also of the council's duty of care to its staff.

Management Response – Content of message to be reviewed by SMT and transmitted to all Heads of Service for distribution to service managers and supervisors.

Recommendation 2 – An overtime policy should be drawn up and approved by Council.

Management Response – Overtime policy to be developed.

The Director of Corporate Services outlined that the Time & Data system recorded time in/out, annual leave, flexi time and TOIL. She said the new system introduced initially to Civic Headquarters, would be extended

to other council buildings in the near future and that this would cut down on paperwork.

7.5 Use of Corporate Credit Card

The Director of Corporate Services presented the Internal Audit Report on Use of Corporate Credit Card. Based on the audit testing, a satisfactory level of assurance had been achieved, overall there is a satisfactory system of governance, risk management and control in place. While there may be some residual risk identified, this should not significantly impact on the achievement of system objectives.

There were 4 priority 3 risks identified as follows:

Risk 1 – Process for Credit Card Use

- a) **Recommendation 1**- The credit card register should be updated to reflect a recent limit increase in relation to Director of Leisure & Development.
- b) **Recommendation 2** - The credit card register should be amended to include sections in relation to valid period, date issued and date returned.
- c) **Recommendation 3** - There should be a signed agreement in place between cardholders and Council.

Management Response:

Recommendation 1 – Register is correct as the Council approved limit increase has not been confirmed by the card issuer as of yet, the register will be updated to reflect this once the bank has confirmed

Recommendation 2 – Details will be added to the register.

Recommendation 3 - Credit card policy to be updated to include a form of acceptance and agreement to be signed by the cardholder

Risk 2 – Monitoring and Recording of Credit Card Transactions/Uses

Recommendation 4 - Receipts for all credit card expenditure should be provided on all occasions to finance.

Management Response 4 - Re-iteration of the procedures to be made to card holders in conjunction with the signature required in recommendation 3 in Risk 1. That aside there appears to be a single instance therefore procedures do appear to be functioning well.

Proposed by Councillor Deighan
Seconded by Councillor Watton and

AGREED – to recommend to Council that the reports presented from 7.1 to 7.5 be approved.

8. AUDIT COMMITTEE SELF-ASSESSMENT CHECKLIST

The Director of Corporate Services outlined that In June 2018, all Audit Committee Members (including the Independent Member) carried out an assessment of the Audit Committee by completing a Self-Assessment Checklist. While completion of the Self-Assessment Checklist is not a requirement, it does represent good practice with regard to Audit Committees and the standards to which the Council should aspire.

In September members were reminded to complete the Self-Assessment.

A total of 6 completed questionnaires were received and a summary of the responses was circulated.

It is recommended – that consideration be given to assessing the skills and experiences of individual Members in their role as members of the Audit Committee and offering training if gaps are identified.

Audit Committee training is provided however there is no specific induction training for new members of the Committee.

It is recommended – that consideration be given to whether induction training be provided to new members of the Committee.

It was **AGREED** that a workshop would be held after the elections to give training and induction to Members of the Audit Committee.

9. COUNCIL STRATEGY WORKSHOP

The Audit Committee received a verbal update with regard to next Council Strategy Workshop. It was noted that the next Council Strategy Workshop would be held on Wednesday 20 February 2019 at 7 pm.

10. MATTERS FOR REPORTING TO PARTNERSHIP PANEL

There were no items for reporting to the Partnership Panel.

11. CORRESPONDENCE

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

- Northern Ireland Public Service Ombudsman (NIPSO) – Annual Report 2017/18

AGREED – that the key points of the NIPSO Annual Report would be forwarded to Members.

MOTION TO PROCEED 'IN COMMITTEE'

Proposed by Alderman Finlay
Seconded by Councillor McCaw and

AGREED - that the Committee proceeds to conduct the following business 'In Committee'.

12. CORPORATE RISK MANAGEMENT

The Director of Corporate Services presented Council's Summary Risk Matrix December 2018, which had 16 risks outlined. She advised the Audit Committee that an additional risk had been inserted into the Matrix at 2B for 'One off Projects' and that this could cover several areas of risk. For example the risk of planning and delivery and resources involved. It was noted this could be increase in work load by staff for elections or for the golf tournament, where other work load might have to take a back seat.

* Alderman McKeown and Councillor Holmes joined the meeting at 7:45 pm.

The Audit Committee **NOTED** the update on Corporate Risk Management.

13. LEGAL CASES ACTIVITY

The Director of Corporate Services provided a verbal update with regard to legal cases. She advised that the file had not been update updated since September as there was little change. She said an updated report would be circulated at the March 2019 Audit Committee Meeting.

The verbal update was **NOTED** by the Audit Committee.

14. WHISTLEBLOWING/FRAUD

The Director of Corporate Services gave a verbal update on Whistleblowing/Fraud. She reported that there was 1 new anonymous whistleblowing incident during the quarter relating to conduct of an employee. She said that the complaints policy had been updated.

The verbal update was **NOTED** by the Audit Committee.

15. SERVICE REVIEW – AUDIT, GOVERNANCE AND RISK

The Committee received a confidential report to consider a Service Review of the current Audit, Risk and Governance arrangements and recommend the best way to delivery this service going forward to ensure an efficient and effective service in accordance with current legislation and best practice and to consider recommending Voluntary Severance for a current employee.

The Director of Corporate Services outlined background information on establishment of the Audit Committee, including Terms of Reference, co-sourcing arrangements and Internal Audit function provided by Moore Stephens. She advised that Council now needs to consider recent development and change in emphasis and emerging themes in Audit, Governance and Risk in line with legislation and best practice and consider options on how best to deliver the service in the future in terms of in-house provision. She said that the size, scale and scope of the service has changed significantly to include new service areas including transferring functions – Planning and Car Parks.

Audit procedures have changed over the years and there has been a shift from traditional auditing to risk based auditing. Council's current internal audit follows a risk based approach, with the service requiring enhanced knowledge, skills and expertise in this area.

The report set out options for future delivery of audit risk and governance from April 2019.

Option 1 - Do Nothing – this is no longer sustainable

Option 2 - Implement a new Service Delivery Model – opportunity to develop the function in line with best practice in which post holder possesses the recommended professional qualifications, knowledge, skills and experience. This would result in facilitating a voluntary severance for the current post holder.

It is recommended that

In light of the information within the review, legislative and best practice guidance, and the resources, knowledge, skills, expertise and qualifications required to meet the future need of the Audit, Risk and Governance requirements of Council, it is recommended that Council give approval to proceed with Option 2

- (i) Facilitating a voluntary severance for the current post holder, and replace with Audit, Risk and Governance Manager (professionally qualified in line with CIPFA to meet the changing demands of the service as outlined in the report
- (ii) The continuation of a Co-sourcing arrangement subject to a tender process in line with Councils Procurement Policy and Procedures.

Proposed by Alderman Finlay
Seconded by Councillor McLean and

AGREED – it is recommended that Council give approval to proceed with Option 2:

- (i) Facilitating a voluntary severance for the current post holder, and replace with Audit, Risk and Governance Manager (professionally qualified in line with CIPFA to meet the changing demands of the service as outlined in the report
- (ii) The continuation of a Co-sourcing arrangement subject to a tender process in line with Councils Procurement Policy and Procedures.

MOTION TO PROCEED 'IN PUBLIC'

Proposed by Councillor McCaw
Seconded by Alderman Finlay and

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

16. ANY OTHER RELEVANT BUSINESS (IN ACCORDANCE WITH STANDING ORDER 12 (O))

There was no other relevant business.

17. DATE OF MEETING

- Wednesday 13 March 2019

There being no other business, the Chair thanked members for their attendance and the business concluded at 8:05 pm.

Chair