

Causeway Coast and Glens Borough Council					
Report to Those Charged With Governance 2019					
Progress Report - 11th December 2019					
No	Finding	Priority Rating	Recommendation	Management Response (including target date)	Progress as at 11th December 2019
<b>1</b>	<b>Agency staff costs</b>				
	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
	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.
<b>2</b>	<b>Leases</b>				
	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 to be provided to L&P Sub-Committee in January 2020
	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	
<b>3</b>	<b>Land and Property Registration</b>				
	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.				
	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	<b>Proper Arrangements</b>				
	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	Commence revising the document in January 2020 to ensure fully completed in accordance with the timescales
	Review of the completed questionnaire indicated that:				
	<ul style="list-style-type: none"> <li>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.</li> </ul>		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 Subcommittee 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.
	<ul style="list-style-type: none"> <li>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.</li> </ul>		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. Other service areas scheduled for January - March 2020
	<ul style="list-style-type: none"> <li>The Council does not have a register of all contracts awarded.</li> </ul>		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	Register to be updated for next audit committee
	<ul style="list-style-type: none"> <li>The Council did not have a listing of all Direct Award Contracts awarded in 2018-19.</li> </ul>		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 being presented to Audit committee in December

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5	<b>Procurement</b>				
(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.	
	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	Tender being finalised for advertising before end of calendar year
(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"> <li>The Council was unable to provide evidence of a tender/quotation process or direct award contract for 14 expenditure items tested.</li> </ul>		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	As stated
	<ul style="list-style-type: none"> <li>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.</li> </ul>		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 well advanced and training almost completed
			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	Under review

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<b>6 Management Accounts</b>					
(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.	Period 7 Management Accounts released to management 29 November, These will be tabled at December Finance Committee
	<ul style="list-style-type: none"> <li>they were not produced for the entire year;</li> <li>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</li> <li>the variance analysis information presented with the management accounts is still limited.</li> </ul>				
(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.	New system currently being specified
<b>c Closing Ledgers</b>					
	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	All ledgers closed once draft accounts agreed for the period in question.

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7	<b>Heritage Assets</b>				
	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	In Progress
8	<b>Income</b>				
(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.	Request forwarded to Finance/Corporate Insurance - still awaiting confirmation
	<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.	Review still planned for December / January



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9	<b>Information provided to the Audit Committee</b>				
	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
10	<b>Prompt Payments</b>				
	NIAO noted that in 2018-19, 82% of the invoices received by the Council are paid within 30 days and 44% are paid with 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.	Prompt payments stats have been slowly improving in recent quarters to almost 83%, expecting further improvements with the POP implementation