



**AUDIT COMMITTEE MEETING WEDNESDAY 16 SEPTEMBER 2021**

<b>No</b>	<b>Item</b>	<b>Summary of key Recommendations</b>
1.	Apologies	<b>Councillor McMullan</b>
2.	Declarations of Interest	<b>Nil</b>
3.	Minutes of Audit Committee Meeting held Wednesday 9 June 2021	<b>Confirmed</b>
4.	Northern Ireland Audit Office (NIAO)	
4.1	Draft Report to those Charged with Governance 2020/21	<b>Accept the draft findings within the Northern Ireland Audit Office Report as presented by the Auditor, NIAO LGA (Local Government Auditor).</b>
5.	Internal Audit (Causeway Coast and Glens Borough Council)	
5.1	Payroll Internal Audit	<b>Information</b>
5.2	Internal Auditor Charter	<b>That Audit Committee notes the additional paragraph and approves the revised Internal Audit Charter.</b>
5.3	NAO Checklist – Self Assessment Checklist	<b>That the Audit Committee note the actions required and approve the contents of the report.</b>

<b>No</b>	<b>Item</b>	<b>Summary of key Recommendations</b>
<b>5.4</b>	Correspondence from NIAO re Financial Statements – submission 20 <sup>th</sup> August 2021	<b>Information</b>
<b>6.</b>	Direct Award Contracts	<b>Information</b>
<b>7.</b>	Absence Report Quarter 1, 2021/2022	<b>Information</b>
<b>8.</b>	Prior Year Recommendations – Action 2021/22	<b>Information</b>
<b>9.</b>	Matters for Reporting to Partnership Panel	<b>Nil</b>
<b>10.</b>	Correspondence	<b>Nil</b>
	<b>'IN COMMITTEE' (Items 11-14 inclusive)</b>	
<b>11.</b>	Corporate Risk Matrix	<b>Information</b>
<b>12.</b>	Legal Cases Activity	<b>That the Audit Committee note the Legal Cases Activity Report and that the Audit Committee continue to receive this report on a quarterly basis in this format.</b>
<b>13.</b>	Report to those Charged with Governance 2019/20 Progress	<b>Information</b>
<b>14.</b>	Whistle Blowing /Fraud	<b>Information</b>
<b>15.</b>	Any Other Relevant Business (notified in accordance with Standing Order 12(o))	<b>Nil</b>

<b>No</b>	<b>Item</b>	<b><i>Summary of key Recommendations</i></b>
<b>16.</b>	Date of Next Meeting	<b><i>Received</i></b>

UNCONFIRMED

**MINUTES OF THE PROCEEDINGS OF THE MEETING OF  
THE AUDIT COMMITTEE  
HELD IN COUNCIL CHAMBER CIVIC HEADQUARTERS AND VIA VIDEO  
CONFERENCE ON  
WEDNESDAY 16 SEPTEMBER 2021 AT 7PM**

- In the Chair:** Councillor Nicholl, Chair (C)
- Members Present:** Alderman McKeown (R), S McKillop (C);  
Councillors Beattie (R), Dallat O'Driscoll (R), Holmes (C)  
MA McKillop (R), McQuillan (C),  
P McShane (R), Peacock (R), Schenning (R),  
Wallace (R), Watton (R)
- Ind. Member Present:** Independent Member (C)
- Officers Present:** D Jackson, Chief Executive (R)  
M Quinn, Director of Corporate Services (C)  
M Smyth, Finance Director (Interim) (R)  
D Wright, Chief Finance Officer (R)  
A Ruddy, Audit, Risk & Governance Manager (R)  
P Donaghy, Democratic and Central Services Manager (R)  
I Owens, Committee & Member Services Officer (C)
- In Attendance:** NIAO LGA (Local Government Auditor), Director, NI Audit Office (R)  
C McHugh, Internal Auditor, Moore (NI) (R)  
A Lennox, ICT Mobile Operations Officer (C)  
C Thompson, ICT Officer (C)
- Press (3 no)

**Key:** (C) = Attended in The Chamber  
(R) = Remotely in attendance

The Director of Corporate Services undertook a roll call.

The Chair advised Committee of its obligations and protocol whilst the meeting was being audio recorded; and with the remote meetings protocol.

## **1. APOLOGIES**

An apology was recorded for Councillor McMullan.

## 2. DECLARATIONS OF INTEREST

There were no Declarations of Interest.

## 3. MINUTES OF AUDIT COMMITTEE MEETING HELD WEDNESDAY 9 JUNE 2021

Summary, previously circulated.

The Minutes of the Audit Committee meeting held Wednesday 9 June 2021 were confirmed as a correct record.

Councillor P McShane wished to state at the outset that he had come into possession of an audio recording of the Audit Committee Meeting held on 9 June 2021.

Councillor P McShane stated that the democratic process was being undermined, he felt strongly about this and had raised similar concerns since 2017. He referred to the Audit Committee's meeting held on 9<sup>th</sup> June 2021, and stated that he had made a proposal at the meeting which was, he said, rendered useless by the exclusion from the minutes of the Internal Auditor's input into the meeting. Councillor P McShane further stated that in his view it was a deliberate debasement of the minute when it concerned the actions of the Chief Executive.

Councillor P Mc Shane continued and stated that the Internal Auditor had stated clearly and categorically three times (at the meeting on 9<sup>th</sup> June) *"I am progressing investigation in line with direction of Chief Executive issued on 26th May 2021. This direction is in contravention with outcomes and recommendations made by internal audit, the independent investigator and HMRC."* Councillor P Mc Shane referred to a subsequent proposal which he made and was seconded was put to the floor and passed. *"that the Chief Executive has nothing further to do with this and that we follow the guidance of the organisations how to proceed, Internal Audit, Independent Investigator and indeed HMRC"*

Councillor P McShane stated that he believed that since 2017 minutes of the organisation appear to have been tampered with for pre-ordained outcomes. In his view, an (audio) recording of the Audit Committee meeting of 9<sup>th</sup> June, which he had come into possession of, appears to evidence this.

Councillor P McShane stated that it is important that the minute is corrected to reflect what was said at the meeting, although not verbatim.

Councillor McQuillan raised a Point of Order 13.1 'No discussion shall take place upon the Minutes except upon their accuracy'.

The Chair ruled that Councillor P McShane could continue to speak.

Councillor P McShane asked that it be recorded that he intended to share an audio recording of the Audit Committee's meeting held on 9<sup>th</sup> June, which he had come into possession of, externally with an outside body which oversees or has the potential to oversee this organisation.

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

The Chair invited NIAO LGA (Local Government Auditor) to present.

##### **4.1 Draft Report to those Charged with Governance 2020/21**

Report, previously circulated, was presented by NIAO LGA (Local Government Auditor), the Local Government Auditor.

NIAO LGA (Local Government Auditor) thanked the Director of Finance and his staff for their assistance during the audit process. NIAO LGA (Local Government Auditor) confirmed she would report on the 2020-21 financial statements with an unqualified audit opinion, without modification and would certify completion of the audit of accounts of the Council in accordance with the requirements of the Local Government (NI) Order 2005 and Local government Code of Audit Practice. Audit Certificate included at appendix 2 (previously circulated)

NIAO LGA (Local Government Auditor) identified one significant risk highlighted on page 4:-

Under ISA (UK) 240, there is a presumed significant risk of material misstatements due to fraud through management override of controls.

NIAO LGA (Local Government Auditor) provided commentary on the Findings from the audit on page 5 and 6, commending the standard of finance and working papers produced by Council.

NIAO LGA (Local Government Auditor) referred to the significant increase in usable reserves at year-end, an increase of £7.5m on the previous year,

although she understood the requirement for this process and commented that it is important that there are clear plans to utilise these reserves in the future.

NIAO LGA (Local Government Auditor) reported as follows:-

Priority 1 – Significant issues for Senior management with potential to result in material weakness in internal control.

Priority 2 – Important issues to be addressed by management in their areas of responsibility.

Priority 3 – Issues of a more minor nature which represent best practice.

The following are the 4 Priority 1 Findings.

Finding 1 - Proper Arrangements Questionnaire completed by Council identified the following issues:-

- Use of expired contracts;
- Expenditure on vehicle hire not included on contracts register, contracts register may be incomplete;
- Procurement Officer position remains unfilled;
- Work to turn this financial strategy into a rolling 3 to 5 year financial plan is still on-going;
- Ten whistleblowing/allegations of alleged/suspected fraud in the last 2 years, 5 in 2019-20 and 5 in 2020-21, however only 2 notifications were sent to NIAO prior to September 2021.

Finding 2 – Procurement:

- Identified 3 instances where Council had awarded contracts without tendering or quotations for which there were no Direct Award Contracts.
- Identified after a price comparison exercise that there was no contract in place with the cheapest supplier.
- Hard copy tender evaluations completed by panel members not available.

Finding 3 - Land Registration and Council Title:

- Using Council's Geographic Information System (GIS) NIAO determined 47% of Council's land was not registered with the Land and Property Services as at 31 March 2021, however It was noted that significant work had been undertaken on first registrations since the matter was first raised by the Audit Office.

Finding 4 - Agency Costs

- Although reduced from 2019-20 to 2020-21 agency staff still account for 33%

of the Council's 2020-21 total salary bill when Council employed staff were on furlough. It was noted that population of the organisational structure has yet to be completed and will be undertaken by Directors and Heads of Department in conjunction with trade unions.

- Work will include considering terms and conditions of permanent staff in Environmental Services and Leisure and Development and once permanent staff are assimilated, Council will recruit to fill any vacancies identified.
- Councillors raised issues regarding the uncertainty faced by agency staff at the August 2021 Corporate, Policy and Resources Committee.

The Chair invited Independent Member to comment on the report from the Northern Ireland Audit Office.

Independent Member welcomed the significant improvement on the 2019/20 accounts and wished to commend management on addressing some of the issues and importantly the recording of an unqualified opinion on the annual accounts which brings assurance to all concerned.

The following matters were raised by Independent Member:-

1)- Uncorrected misstatement figure

The uncorrected misstatement figure was higher than the sum of items corrected.

The Finance Director (Interim) explained that he was currently analysing the accounts and expected a full statement would follow shortly.

The Chair felt it would be useful to have the information for consideration at this meeting. Independent Member stated the uncorrected misstatements could not be endorsed in advance of a brief from the Director of Finance (Interim).

The Chief Finance Officer explained the reason for the increased figure for the uncorrected misstatements was accumulated absences which had a nil affect on the general fund balance, thus the adjustment was not required. Independent Member was content with the explanation provided by the Chief Finance Officer and was content to recommend to elected members for approval.

2)- Performance Improvement Work Update Request

NIAO LGA (Local Government Auditor) advised that while the 2019/20 work was complete she would be unable to report further as the Northern Ireland Audit Manager were awaiting legislation which permitted virtual meetings. NIAO LGA (Local Government Auditor) confirmed that reporting would take place on 2019/20 work as soon as audits completed and 2020/21 work would be on hold until direction was received from the Department.



### 3)- Procurement Officer Post

The Director of Finance (Interim) said he had tried extensively to fill the post since March via recruitment process and agency sources; at present engaging with Human Resources to go back to market to determine availability of permanent staff members suitable for this position, in the hope that the position would be filled by January 2022.

The Director of Finance (Interim) explained he engaged with a professional procurement firm to review risk within Causeway Coast and Glens Borough Council which concluded there was no fundamental cause of concern.

The Director of Finance (Interim) said the Finance Committee had agreed to engage a Procurement firm on an ongoing basis, the budget for this had been approved which was followed by a tender process engaging with a firm. Members of staff in Finance team were working on contract and procurement register and discussions continue with Directors and Senior Leadership team in respect of procurement function on the back of the audit office recommendations.

Councillor McQuillan welcomed the report and felt it demonstrated confidence in the organisation and applauded the work undertaken through the Finance Committee and by staff, as the advance in terms of procurement function.

Councillor McQuillan raised the issue of agency costs and asked how these could be driven down and requested an update on timeline for agency staff to secure full time work.

The Director of Corporate Services explained the harmonisation of terms and conditions within Environmental Services and Leisure and Development was being progressed. Following staff assimilated into posts, vacant posts would be advertised in the first instance to agency staff. The Director of Corporate Services advised a report would be tabled for September Corporate, Policy and Resources Committee meeting.

Councillor Holmes said that there was now greater focus on financial performance, which included conversations with Heads of Service with regard to financial management and welcomed the work of officers since last years' report to turn around some of the issues raised at that time.

In terms of risk/fraud Councillor Holmes said it was worth noting that no issues had been raised and pointed to the comprehensive system in place for Land Registry and work in progress for procurement tendering and agency positions.

The Chair welcomed the report and said that whilst there was improvement no-one should become complacent.

Proposed by Councillor McQuillan

Seconded by Alderman S McKillop and

**AGREED:** to recommend that Council accept the draft findings within the Northern Ireland Audit Office Report as presented by the Auditor, NIAO LGA (Local Government Auditor).

## 5. INTERNAL AUDIT (CAUSEWAY COAST AND GLENS BOROUGH COUNCIL)

### 5.1 Payroll Internal Audit

Information report, previously circulated was presented by the Audit and Risk Governance Manager.

#### Executive Summary

This internal audit was completed in accordance with the approved annual Internal Audit Plan for 2021/22. This report summarises the findings arising from a review of Payroll which was allocated 8 days. The area of Payroll was previously audited in 2017/2018 receiving an overall level of assurance of satisfactory.

Through our audit we found the following examples of good practice:

- Changes to standing data are restricted and are only made after appropriate authorisation.
- All changes to standing data are recorded on the payroll system to allow for checking and audit.

A number of areas have been highlighted in this report where controls could be enhanced. The following table summarises the total number of recommendations from our audit (all recommendations accepted by management).

Risk	Number of recommendations & Priority rating		
	1	2	3
Changes to payroll standing data may not be adequately controlled and processed promptly leading to unauthorised access	-	2	-
Sensitive payroll data is not adequately protected leading to	-	-	1
Starters and Leavers may not be properly added or removed from the payroll system in a timely manner leading to dummy employees being registered on the payroll system and incorrect continuation of salary in the	-	-	2
<b>Total recommendations made</b>	-	<b>2</b>	<b>3</b>

Based on our audit testing we are able to provide the following overall level of assurance:

## Satisfactory

Overall, there is a satisfactory system of governance, risk and management and control. While there may be some residual risk identified this should not significantly impact on the achievement of system objectives.

The weaknesses identified during the course of our audit have been brought to the attention of Management. The weaknesses outlined are those, which have come to our attention during the normal audit work and are not necessarily all of the weaknesses, which may exist. The content of this report has been discussed with the Chief Officer to confirm factual accuracy. The assistance and cooperation received during the course of our review is gratefully acknowledged.

## Objectives

The main objective of the audit was to review the key systems and controls in relation to the recording of starters and leavers onto the payroll function and authorisation procedures in relation to the changes to payroll standing data.

*This report has been prepared for the Members of Causeway Coast and Glens Borough Council and should not be disclosed to any third party, quoted, or referred to without prior written consent of the author.*

## Background

The payroll function currently sits within the Finance Department. The Director of Finance has overall responsibility for the payroll function. The system used by the Council to process payroll is integrated into the finance system, Total. It should be noted that the payroll runs are processed via BACS and authorised by Payroll Pension Manager. In addition to processing the payroll for all Council staff, the payroll team are responsible for processing the payroll for Councillors and payments to the PCSP board and Election Payments when they fall due.

There are currently four full-time (one of which is term time) and one part-time Payroll Officers who process payroll and are supported by the Payroll Supervisor and Payroll Pension Manager.

There are approximately 670 staff and 50 Members including PCSP on Council payroll. Salaried staff and members are paid monthly whereas staff that complete timesheets are paid on a weekly basis. All new starts automatically start on monthly since 2015.

Total gross wages and salaries for staff (including tax, NIC and superannuation) is approximately £23.5m per annum, with a further £7.8m on Agency staff.

## Risks

The risks identified relating to the audit of the park management and agreed with management are as follows:

- Changes to payroll standing data may not be adequately controlled and processed promptly leading to unauthorised access and fraudulent activity.

- Sensitive payroll data is not adequately protected leading to unauthorised access to payroll information and fraudulent activity.

Starters and Leavers may not be properly added or removed from the payroll system in a timely manner leading to dummy employees being registered on the payroll System and incorrect continuation of salary in the case of leavers

### Audit Approach

Our audit fieldwork comprised:

- Documenting the systems via discussions with key staff
- Consideration of the key risks within each audit area
- Examining relevant documentation
- Carrying out a preliminary evaluation of the arrangements and controls in operation generally within the Council
- Testing the key arrangements and controls
- Testing the completeness and accuracy of records.

Listed below are the staff consulted with and we would like to thank them for their assistance and co-operation:

Head of Finance  
Payroll Manager  
Payroll Supervisor

### Findings and Recommendations

This section of the report sets out our findings in relation to control issues identified and recommendations.

#### 6.1 Issue – Resourcing of Payroll

##### a) Observation

The area of Payroll was previously audited during 2017/18 and it was noted at that time that there were six full-time and two part-time payroll officers who process payroll using the TASK payroll system and supported by the Payroll Pension Manager.

Audit noted during 2021/22 staff had reduced within the section to four full-time (one of these is term time) and one part-time Payroll officer resulting in additional pressures on the section. Previously two Supervisors were employed within the section which allowed for review of the work performed by the officers, however one Supervisor left under voluntary exit resulting in less review of work performed. From audit fieldwork it was noted that one employee in the year starting on the incorrect salary and another employee not receiving their increment on completing six months within Council.

##### b) Implication

A reduction of staffing within Payroll has increased the risk of the processing and *adequacy of the Council payroll.*

##### c) Priority Rating

2

d) Recommendation

Audit noted that following a redundancy the number of supervisors within the Payroll section reduced to one. With the expectation that Agency staff will move onto Payroll and become salaried employees, and from fieldwork undertaken in the area, Audit recommends that the staff structure be reviewed within the Payroll section to ensure that it is adequately resourced. In addition, business continuity arrangements within the section should be reviewed to ensure in the event of a staff absence that the service area is adequately resourced to continue to process payroll accordingly.

e) Management Response

Staffing levels to be reviewed as part of overall structural review, however initial observations of 2 identified errors, one of which was not of payroll making, does not appear to indicate a major procedural failure or risk.

**Responsible Officer & Implementation Date-** SMcQ – Oct 2021 – for payroll error

6.2 Issue – Over and Under Payment Policy

a) Observation

From sampling new starts during the year it was noted that one employee was inadvertently paid the wrong pay point. It was evident that this occurred from on oversight of the incorrect appointment letter attached to the new starter form, and payroll review failed to note the error. Occasionally an over or under payment may arise due to human error or amendments to the individuals tax code. From fieldwork it was noted monitoring of over/under payments is inconsistent.

b) Implication

Inconsistent monitoring and recording of over/under payments, could lead to a financial loss/gain for the Council.

c) Priority Rating-  
2

d) Recommendation

Audit recommends that an overpayments/underpayments policy be developed so that the Payroll branch applies a consistent approach across Council. In addition, audit recommends that a central spread sheet be maintained to monitor all over/under payments, with commentary explaining recovery action taken.

e) Management Response

Policy to be developed in line with recommendation.  
Spread sheet to be created in line with recommendation

**Responsible Officer & Implementation Date-** Policy – SMcQ – Dec

6.3 Issue – Employee Files

a) Observation

Audit noted that files for employees are held within Cloonavin, however during the pandemic the Supervisor maintained files in the Limavady office from which

she worked. Upon review of three new start files it was noted that for one employee no information was held, on another file three errors were noted on the employee pay data form, however these errors had been noted and corrected on the form. The payroll supervisor indicated that she wished to move to electronic storage of employee details. From discussions with staff and the review of the payroll system it was noted that the payroll system has the facility to upload data directly for the relevant employee.

b) Implication

Holding manual files for employees increases the risk of a data breach or a breach in GDPR requirements.

c) Priority Rating

3

d) Recommendation

It is recommended that the facility on the payroll system is also used as an electronic means for holding employee information. Therefore there is no requirement for holding manual files for employees reducing the risk of a data breach.

e) Management Response

Electronic system to be investigated but it should be noted the imminent implementation of new payroll system which may take care of this matter.

**Responsible Officer & Implementation Date-** SMcQ – Dec 2021

#### 6.4 Overtime Sheets

a) Observation

Our review found that overtime sheets were not always completed in full, by Council employees and supervisors/managers, and did not always include details such as the cost code which to charge the overtime being claimed. This results in payroll staff having to log onto the Total system to establish the correct cost centre which to charge the expenditure or follow up with the relevant supervisor to determine the correct code resulting in additional time and resources of the Payroll function to complete the payment run.

b) Implication

Risk that expenditure will be costed to the incorrect cost code, with budget holders being unable to effectively monitor their budgets. This in turn may result in potential overspends not being promptly identified and actioned.

c) Priority

3

d) Recommendation

Remind all authorized managers/supervisors across the relevant Departments to ensure that overtime sheets are completed in full and that they are submitted promptly for processing.

e) Management Response

Communication to be issued to all relevant staff and supervisors in line with recommendation.

**Responsible Officer & Implementation Date-** LMcS – August 2021

## 6.5 Risk Management

### a) Observation

The Council has a statutory responsibility to have effective arrangements in place for the management of risk. Managers are responsible for managing risks within their own service areas and Directors are responsible for reviewing, on a regular basis, their key risks across their department putting in place arrangements to manage that risk. The payroll team do not have a current risk register to identify and effectively manage risks within their service area. Payroll is included within the Finance risk register.

### b) Implication

Risks may not be adequately controlled leading to risks being realised with their consequential impact.

### c) Priority Rating

3

### d) Recommendation

Develop a risk register specific to the payroll function, including risks around staffing, technology, compliance and GDPR etc. This register to be reviewed and updated in a timely manner.

### e) Management Response

Separate Payroll risk register to be drafted, this will not be a new development since the Payroll risks are already recorded as part of Finance register

**Responsible Officer & Implementation Date-** SMcQ

Sep 2021

### Conclusion

The internal control environment, no matter how well designed and operated, can provide only reasonable and not absolute assurance regarding achievement of an organisation's objectives. The likelihood of achievement is affected by limitations inherent in all internal control systems. These include but are not limited to the possibility of poor judgement in decision – making, human error, control processes being deliberately circumvented by employees and others, management overriding of controls and unforeseen circumstances arising.

The risk associated with payroll is low.

Internal Audit has made five recommendations, two are medium and three considered low. All recommendations have been accepted by management and procedures are being implemented to address the issues noted.

Elected members were asked to note the above information report.

Independent Member wished to highlight the report identified 2 priority 2 and 3 priority 3 issues which she said was excellent and commended management in terms of the quality of service provided. Independent Member asked if this section would be audited next financial year. The Audit and Risk Governance Manager advised this would occur once every 4 years in accordance with the audit strategy.

The Audit and Risk Governance Manager further commented that if Finance implemented a risk register, Findings could be reported through Heads of Service and Senior Leadership Team before it became an issue, that given the merging of 4 legacy Councils and staff pay for weekly, fortnightly and monthly paid staff being processed, the payroll function was dealing with many differentials.

Councillor McQuillan commended the work of the staff in Payroll and the work undertaken by the Audit and Risk Governance Manager in this regard.

## **5.2 Internal Audit Charter**

Report, previously circulated, was presented by the Internal Auditor and Risk Governance Manager.

### Purpose of Report

The purpose of this report is to seek Members comments and approval on the Internal Audit Charter – attached at Appendix 1, previously circulated.

### Background

The Public Sector Internal Audit Standards requires Internal Audit Sections to have an Internal Audit Charter approved by the board (Audit Committee) on an annual basis. The Internal Audit Charter describes the purpose, authority, and responsibilities of the Council's Internal Audit Section.

### Key Issues

There is one additional paragraph for Member's attention contained in paragraph 2 of the document. A paragraph in relation to the statutory requirement to have an effective system of Internal Audit has been detailed in the Internal Audit Charter detailed as follows:

The Local Government (Accounts and Audit) (Amendment) Regulations (Northern Ireland) 2006 direct that:

*'A local government body shall ensure that its financial management is adequate and effective and that it has a sound system of internal control which facilitates the effective exercise of its functions and includes arrangements for the management of risk'*

Regulation 3A states that:

*'A local government body shall maintain an adequate and effective system of Internal Audit of its accounting records and of its system of internal control in accordance with proper practices in relation to internal control'.*



### Recommendation

It is recommended that the Audit Committee notes the additional paragraph and approves the revised Internal Audit Charter.

Proposed by Councillor McQuillan  
Seconded by Councillor Holmes and

**AGREED** to recommend that Council note the additional paragraph and approves the revised Internal Audit Charter.

## **5.3 NAO Checklist – Self Assessment Checklist**

Report, previously circulated, was presented by the Audit and Risk Governance Officer

### Purpose of Report

The purpose of this report is to seek Members comments and approval on the annual self-assessment exercise of the effectiveness of the Audit Committee on behalf of Elected Members. Attached at Appendix 1 (previously circulated)

### Background

In line with good practice, Audit Committees should assess their effectiveness annually. The main source of guidance for public sector Audit Committees is HM Treasury's 'Audit and Risk Assurance Committee Handbook'. The National Audit Office has developed a standalone checklist that can be used to consider the effectiveness of the Audit Committee. Committee members and other regular attendees should consider whether the Committee meets the detailed good practice question.

Internal audit has completed the questionnaire attached for Members to comment and consider responses.

### Key Issues

The Committee can take assurance from the number of good practice questions that we have been able to answer 'yes' demonstrating that the Audit Committee is operating effectively. However, having completed the self-assessment checklist, the following recommendations to build the effectiveness of the Committee are tabled for Member's consideration:

#### Principle 1: Membership, independence, objectivity and understanding

- (a) Accounting Officer to be asked to consider attending the audit committee annually in line with best practice.
- (b) A conflict-of-interest declaration to be completed by the independent member appointed to the Audit Committee.

#### Principle 2: Skills

- (c) Training for all members of the Audit Committee to be progressed.

#### Principle 3: The role and scope of the Committee

(d) The Audit Committee's Terms of Reference to be reviewed to ensure that committee in compliance with the CIPFA Audit Handbook and HM Treasury Handbook 2016.

Principle 5: Communication and reporting

(e) An Annual Report to be presented to the Audit Committee, timed to support the Governance Statement, presenting the work the Committee has done during the year.

**Recommendation**

**It is recommended** that the Audit Committee note the actions required and approve the contents of the report.

Proposed by Councillor McQuillan  
Seconded by Councillor Watton and

**AGREED** to recommend that Council note the actions required and approve the contents of the report.

**5.4 Correspondence from NIAO re Financial Statements – submission 20<sup>th</sup> August**

Correspondence from NIAO available on request.

**6. DIRECT AWARD CONTRACTS**

Information report, previously circulated, presented by the Chief Finance Officer.

Background

Causeway Coast and Glens Borough Council approved an updated Procurement Policy in March 2021.

Detail

The new policy addresses a number of recommendations that had been made in reference to the old policy. One such recommendation was the inclusion of guidance around single tender actions or Direct Award Contracts (DAC). The policy gives guidance and sets out a procedure to follow in such circumstances.

DAC Process

In all cases where council staff are considering the use of the award of a contract without competition, they must seek guidance from the procurement officer before proceeding as such an approach will be easily challenged in the courts unless rigorously supported by appropriate documentation and completed in accordance with the legislative requirements.

Authorisation required

When a member of council staff has spoken with the procurement officer - and discussed all the alternative options available - and wishes to proceed with the

award of a contract without competition the staff member should seek approval of their approach from the Senior Management Team before seeking Council approval to award.

A detailed report should be completed by the member of staff requesting the contract award explaining their rationale and the consideration given to all alternative options in conjunction with discussions between the staff member and the procurement officer. The template provided in Annex 6 – Direct Award Contract Form (previously circulated) should be fully completed by the member of staff requesting the contract award.

Once completed, this document will require authorisation from the Senior Management Team before proceeding to the relevant committee for consideration. Upon agreement from the Council the staff member should contact the procurement officer to assist with the contract award to the chosen supplier.

#### DAC Approvals

The purpose of this short report is to inform members of those DAC's which have been approved since 1 January 2021 and these are listed below, it should be noted that none of these required Council approval at the point of award:

Elected members were asked to note this for information report.

## **7. ABSENCE REPORT**

Information report, previously circulated, presented by the Director of Corporate Services.

#### Purpose of Report

The purpose of this report is to provide Members with Quarter 1 (1 April 2021 to 30 June 2021) information regarding Absenteeism throughout the Council.

#### Background

Absenteeism within the Council is closely monitored and reviewed in accordance with Policies and Procedures, and in line with NJC Terms and Conditions.

ODHR Business Partners work closely with each of the Directorates, Managers and Supervisors to assist and support through a range of preventative proactive measures alongside the reactive including referrals to Occupational Health, absence review meetings, referrals for Ill Health Retirement.

#### Performance Improvement Plan 2021/2022

Progress to date – Quarter 1 (1 April 2021 to 30 June 2021) Objective 4, Performance Improvement Plan

## Outputs

- OD/HR continue to co-ordinate a programme of training for employees and line managers on the Council's newly revised Sickness Absence Policy which came into effect on 1<sup>st</sup> July 2020.
- To date 116 line managers and 254 employees have been trained on the new policy (total 370 employees).
- Face to Face training is required in the Operations Department and dates have been scheduled to provide this training now that restrictions have been relaxed.
- Work is ongoing with stakeholders to identify and agree further measures to support employees such as access to private Health Care, access to specific treatments, health insurance etc.
- In light of COVID-19 Occupational Health appointments are mostly by telephone, however face to face appointments can be arranged if required.
- Councils' highest reason for sickness absence is the Sickness Category including conditions such as Stress, depression, mental health and fatigue syndrome. However, it is noted there is a reduction of 607.05 days from the 2019/20 figures (See Table 4 for further analysis).
- Employees who are absent due to a stress or a stress related absence are referred immediately to Occupational Health so that interventions can be put in place at an early stage. Employees are also reminded of the counselling services provided by Inspire.
- In Quarter 1, 21 employees availed of these services, 5 of which are new referrals.
- The Health & Well Being Group activities included a successful walking challenge.
- Regional health and well-being initiatives also included the 'One Billion Steps' Challenge, with individual staff members and teams participating.
- ODHR continue to issue emails to staff covering a variety of topics in relation to general health and wellbeing including Mental Health. ODHR work closely with the PR department in providing wellbeing content for the weekly Staff News.
- Council are mindful of the unique and difficult time we are working in and have been providing practical advice and solutions for staff who continue to work from home. Further details provided in Section 6.

## Outcomes

Please Note: As 2020/21 has not been a usual year due to the COVID 19 Pandemic, the sickness figures from the previous year (2019/20 actuals) will be used as a baseline to report against)

- A 2.75% reduction in the number of days lost to Council through long term sickness (*2,237.37 in Q1 2019/20, target 2,175.84 days in 2020/21, actual 1,362.68 days*)
- A 2.5% reduction in the average number of days lost per employee through sickness absenteeism (*4.03 days per employee in Q1 2019/20, target 3.93 in 2020/21, actual 2.68 days per employee*)
- We will maintain the average time for an Occupational Health Review from 4 weeks to 2 weeks

## Quarter 4 Performance Against Targets

Table 1 Quarter 1 Performance Against Targets and in-Year Comparisons

	12 months ending 30/06/19	Reduction target against same period last year	<b>12 months ending 30/06/21</b>	On Target/ Not On Target
Average number of days lost per employee through sickness absenteeism	4.03	3.93 <b>(2.75% target)</b>	<b>2.68</b> <b>(33.42% reduction)</b>	On Target
Number of Days lost to Council through long term sickness	2,237.37	2,175.84 <b>(2.5% target)</b>	<b>1,362.68</b> <b>(39.09% reduction)</b>	On Target
Average time for an Occupational Health Review (We will maintain the average time for an Occupational health Review from 4 weeks to 2)	4 weeks	2 weeks (from 4 weeks to 2 weeks)	<b>2 weeks</b>	On Target
Staff members engaging in Council's wellbeing activities			327*	

\*93 participants involved in the Councils Walking Challenges / a further 6 employees have joined the Councils Gyms / 228 staff completed Online Personal Well being courses

### Analysis of Quarter 1 Data

Table 2 – Analysis of Absenteeism Data

<b>April – June</b>	<b>2021/22</b>	<b>2019/20</b>
No. of employees absent	<b>77</b>	135
Long Term as % of total absence (absence greater than 20 days)	<b>86.9%</b>	88.9%
Short Term as % of total absence (absence less than 20 days)	<b>13.1%</b>	11.1%
Average days lost per employee (combined short and long term)	<b>2.68</b>	4.03

Table 3 – Top 5 reasons for Absence\*

<b>April – June</b>	<b>2021/22</b>	<b>2019/20</b>
Stress, depression, mental health and Fatigue	<b>35.73%</b>	46.36%
Musculo-skeletal problems	<b>19.14%</b>	9.40%
Infections	<b>10.13%</b>	2.51%
Back and neck problems	<b>9.63%</b>	7.96%
Heart, blood pressure and circulation	<b>7.91%</b>	6.15%

Table 4 – Analysis of Stress and Stress Related Absences

	12 months ending 30/06/19	12 months ending 31/06/21	Difference
Total days absent under the Sickness Category for Stress, depression, mental health and fatigue	1,167.22	<b>560.17</b>	Reduction of 607.05 days
Stress listed as sickness reason – Total Days absent	644.86	<b>189.07</b>	Reduction of 455.79 days
Work related Stress listed as sickness reason – Total days absent	458.59	<b>34.02</b>	Reduction of 424.57 days

Table 5 - Analysis of the Cost of Absence

	12 months ending 30/06/19	<b>12 months ending 31/06/21</b>	<b>Difference</b>
Total Days Lost	2,517.72 days	<b>1,567.70 days</b>	Reduction of 950.02 days
Average hourly rate	£19.81	<b>£19.77</b>	
Total estimated costs*	£369,083	<b>£229,351</b>	Reduction of £139,732

\*Estimated cost of sickness, not including Agency backfill, acting-up, overtime, retraining, lost productivity etc

Mental Health and Wellbeing Strategy and Action Plan

The Council have been involved in the development of a Mental Health and Wellbeing Strategy and Action Plan. This Strategy has been developed to guide the work of the Local Government in the longer term, and to focus on the action plan for 2020 - 2023. The Vision for the Strategy is based on the acronym ASK:

Accept

One of the key messages to come out of the consultation was the need to accept that anyone at any level in Councils and the NIHE can have poor mental health, and to work towards a culture where mental health can be discussed openly. As organisations, we need to demonstrate a visible commitment to mental health in the workplace by providing an environment where individuals feel accepted and safe to speak openly about mental health including their personal experiences.

Support

The Group seeks to ensure that individuals in Councils and the NIHE feel supported in relation to their health and wellbeing and that, if they are experiencing poor mental health, they know how and where to access support.

Knowledge

Mental health is about wellness rather than illness and is not merely the absence of a mental health condition. Mental health exists on a continuum, or range: from positive, healthy functioning at one end through to severe symptoms of mental health conditions at the other. The Group seeks to support individuals at all levels in Councils and the NIHE to have access to the knowledge and tools to support anyone experiencing poor mental health and create healthy workplaces.

Activities are being considered for 2021/22 based on the Strategy and Action Plan.

#### Support provided to Staff during year - COVID arrangements

- Flexible working arrangements available such as parental leave, special leave, annual leave, toil and flexi
- Encouraging staff to have breaks during the day and to take annual leave
- Importance of regular staff contact/communication using methods such as whatsapp, MS Teams, Phone calls, Staff Newsletter
- Initiatives from Inspire
- Health and Well Being Groups Walking Challenge
- Regional Well Being initiatives such as 'One Billion Steps'
- Stress Control Classes through Health Trusts delivered by professionals offering suggestions/advice/support, and providing staff time to attend same
- Supervisors and Managers applying practical and sensible solutions, managing workloads and priorities, whilst delivering services, mindful of public and expectations
- Draft Agile Working Policy has been presented to Trade Unions and is currently under consideration

This quarterly report will continue to be provided to Audit Committee, and the information will also be feed through Council's Performance Improvement Plan.

**It is recommended** that Council note the reports presented.

### **8. PRIOR YEAR RECOMMENDATION – ACTION PLAN 2021/22**

Information report, previously circulated, presented by the Director of Corporate Services.

#### Introduction

The purpose of this report is to inform Members of the Draft Action Plan developed address the Prior Year Recommendations, presented to Audit Committee in June 2021.

#### Background

The Internal Audit Report – Review of Prior Year Recommendations was presented to Audit Committee in June 2021. The report summarised the findings arising from a review of the progress made by CCAG in implementing the prior year internal audit recommendations made as a result of internal audits carried out in 2019/20. This report also included a review of all internal audit recommendations made in 2016/17, 2017/18 and 2018/19 which were being addressed (or had not been addressed) at the time of the previous review of recommendations (in June 2020).



Status	Number of Recommendations			Total
	Priority 1	Priority 2	Priority 3	
Issue addressed	2	15	12	29
Issue being addressed	1	36	23	60
Issue not yet addressed	2	6	4	12
Issue no longer applicable - not cost effective	-	1	1	2
Issue integrated in recommendation in more recent audit	-	1	-	1
<b>Total</b>	<b>5</b>	<b>59</b>	<b>40</b>	<b>104</b>

The agreed audit objective was therefore to confirm that the internal audit recommendations are being implemented. Council agreed that an Action plan be developed to address the outstanding recommendations, with Audit committee overseeing the progress.

#### Prior Year Recommendations (PYR) Action Plan

A detailed summary of the information contained within the “Review of Prior Year Recommendations” has been collated into a table which is attached in Appendix 1 – PYR Action Plan, previously circulated. This Master document provides detail on the areas which were subject to audit, the associated Recommendations (split between Priority 1,2 and 3), and the corresponding progress in each area as at May 2021.

The RAG (Red, Amber, Green) traffic light system has been used within the detailed summary document.

- Red, for those actions which were identified within the report as “Issue Not Yet Addressed”
- Amber for issues “Being Addressed” and
- Green for those issues “Addressed”

From this Master Schedule, the “Issues being addressed” (Amber) and “Issues Not Addressed” (Red) have been filtered into a second schedule in Appendix 2 – which summarises all outstanding actions across all Directorates, previously circulated.

The relevant responsible Director has been identified within the Plan for progressing the recommendations. In some areas, there are a few recommendations which are cross-cutting, hence a few service areas have been included. Appendix 3-6 summarise the outstanding actions

between the Directorate/Service area, with 3 being Finance, 4 Corporate, 5 Environmental Services and 6 Leisure & Development.

Progress of Prior Year Recommendations will be a standing item on the SLT Agenda (monthly) and each Director will provide an update report on progress.

The Action Plan Progress Report will be reviewed by SLT at the end of November and end of February in advance of Audit Committee in December and March.

A deadline has been set for all outstanding recommendations to be progressed by February 2022.

**It is recommended** that Audit Committee note the Draft Action Plan with a Quarterly Progress report included as Standing Item on the Audit Committee for December 2021 and March 2022.

Elected members were asked to note this for information report.

Independent Member said she was pleased to see reporting of this at this meeting which was a good step forward, suggesting the deadline for completion was ambitious and looked forward to December meeting update.

#### **9. MATTERS FOR REPORTING TO THE PARTNERSHIP PANEL**

There were no matters for reporting to the Partnership Panel.

#### **10. CORRESPONDENCE**

There were no items of correspondence.

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

Proposed by Councillor Holmes

Seconded by Councillor Alderman S McKillop and

**AGREED** – to recommend that Council move '*In Committee*'.

\* **Press were disconnected from the meeting at 8.00 pm.**

***The information contained in the following item is restricted in accordance with Part 1 of Schedule 6 of the Local Government Act (Northern Ireland) 2014.***

The Chair advised Committee of its obligations and protocol whilst the meeting was being audio recorded '*In Committee*'.

## 11. CORPORATE RISK MATRIX

Confidential report, previously circulated, presented by The Director of Corporate Services.

The Director of Corporate Services summarised the information contained in the Corporate Risk Matrix detailed which was provided to enable commentary and feedback from elected members.

The Director explained to elected members that this followed the Council completing undertaking a risk management strategy which included a matrix which considers the likelihood and probability of a risk and looking at the impact should it materialize and was fed into by Directors and Senior Leadership Team.

At the request of elected members the Director of Corporate Services agreed to provide an update to an elected member on risks associated with well-being and new work patterns and of the risks associated with the impact of Brexit.

Elected members were asked to note this for information report.

## 12. LEGAL CASES ACTIVITY

Confidential report, previously circulated, presented by the Director of Corporate Services.

The purpose of this report is to identify potential future liabilities and areas of concern, and provide Members with a Quarterly update on the Legal cases activity, which are being dealt with "in-house" including the number of active legal cases, split between Directorate, the number of new cases, and the number of closed cases.

The Director of Corporate Services advised elected members the reporting of this was work-in-progress and the table, previously circulated did not provide for First Registration for council car parks which would be considered at the Land and Property Sub-committee and did not include external provision of legal services.

**It is recommended** that Audit Committee note the Legal Cases Activity Report

**It is further recommended** that Committee consider the options and requirement for receiving this report going forward

- a) No requirement to receiving this report going forward
- b) Continuing to receive this report on a quarterly basis in this format
- c) Continue to receive this report on a quarterly basis, to include First Registrations and Car Parks and Legal cases which are being dealt with by External providers.

The Director of Corporate Services answered question from members regarding the increased number of cases, stressing that the number of cases did not reflect the time or resource and that cases were reactive apart from 1<sup>st</sup> registration. The Director of Corporate Services agreed to provide an update to members on the impact of Council policies on legal cases being pursued at present.

Independent Member suggested it would be useful if NIAO LGA (Local Government Auditor) made a comment on options presented as she was in attendance at these meetings routinely at other Councils.

NIAO LGA (Local Government Auditor) stated she did not normally see legal cases included in reporting at Audit Committees but could see no reason why it should not be tabled if elected members felt there was a risk re quantum of cases.

Proposed by Councillor Schenning

Seconded by Councillor Peacock and

**AGREED** to recommend that Council note the Legal Cases Activity Report and that the Audit Committee continue to receive this report on a quarterly basis in this format.

### **13. REPORT TO THOSE CHARGED WITH GOVERNANCE 2019/20 PROGRESS**

Confidential Information report, previously circulated, presented by the Director of Corporate Services.

The Director of Corporate Services referred to the quarterly reporting mechanism which was a comparator from last year which demonstrates that matters are being dealt with.

Members were asked to note this information report.

### **14. WHISTLE BLOWING/FRAUD**

The Audit and Risk Governance Manager reported that there were no issues raised in this matter.

### **15 ANY OTHER RELEVANT BUSINESS**

There were no matters of other relevant business.

**MOTION TO PROCEED 'IN PUBLIC'**

Proposed by Alderman S McKillop  
Seconded by and Councillor Schenning

**AGREED** – to recommend that Council move '*In Public*'

**16. DATE OF NEXT MEETING – 8 DECEMBER 2021**

The Chair confirmed that the date of the next meeting was 8 December 2021.

This being all the business the Chair thanked everyone for their attendance and the meeting concluded at 9.33PM.

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Chair

UNCONFIRMED