

**AUDIT COMMITTEE MEETING WEDNESDAY 12 JUNE 2019**

<b>No</b>	<b>Item</b>	<b>Summary of key Recommendations</b>
<b>2</b>	Declarations of Interest	<b><i>None</i></b>
<b>3</b>	Terms of Reference	<b><i>Information</i></b>
<b>4</b>	Minutes of Audit Committee held 12 December 2018	<b><i>Confirmed</i></b>
<b>5</b>	Northern Ireland Audit Office	
	<b>5.1</b> NIAO Causeway Coast and Glens Borough Council Audit Strategy 2018-2019	<b><i>Note</i></b>
<b>6</b>	Internal Audit Reports – in house	<b><i>Note</i></b>
	<b>6.1</b> Absence Monitoring and Sickness	
	<b>6.2</b> Corporate Health and Safety – Civic Amenity Sites	
	<b>6.3</b> Reception Services	
	<b>6.4</b> Registration of Births, Deaths, Marriages and Civil Partnerships	
	<b>6.5</b> PCSP	
	<b>6.6</b> Arts and Cultural Centres	
	<b>6.7</b> Review of 2017-18 Recommendations	
	<b>6.8</b> NIAO Fraud Assessment Questionnaire 2018-19 Completed Assessment	
	<b>6.9</b> Managing Fraud Risk in a Changing Environment Self-Assessment Checklist 2018-19	
<b>7</b>	Internal Audit Reports – Moore Stephens	<b><i>Note</i></b>
	<b>7.1</b> Energy Management	
	<b>7.2</b> Town and Village Management	
	<b>7.3</b> Visitor Information Services	
	<b>7.4</b> Staff Recruitment, Learning and Development	
	<b>7.5</b> Annual Internal Audit Report 2018/19 and Annual Assurance Report	

No	Item	Summary of key Recommendations
	7.6 Review of the 2017-18 Recommendations	<b>Note</b>
	7.7 Assessing Conformance with Public Sector Internal Audit Standards and the Local Government Application Note – Internal Audit Self-Assessment Checklist has been completed	
<b>8</b>	Report to Those Charged With Governance	<b>Information</b>
<b>9</b>	Performance	<b>Note</b>
	9.1 Update on 2018/19 Performance Improvement Plan	
	9.2 Performance Dashboard – Quarter 3	
<b>10</b>	Council Strategy Workshop	<b>14 September 2019</b>
<b>11</b>	Matters for Reporting to Partnership Panel	<b>None</b>
<b>12</b>	Correspondence <ul style="list-style-type: none"> <li>• Northern Ireland Commissioner for Standards Decision Notice – January 2019</li> <li>• Local Government Auditor’s Report – Follow up of Recommendations</li> </ul>	<b>For Information</b>
<b>13</b>	Corporate Risk Management	<b>Note</b>
<b>14</b>	Legal Cases Activity	<b>Information</b>
<b>15</b>	Whistle Blowing/Fraud Update	<b>Note</b>
<b>16</b>	Any Other Relevant Business	<b>Update provided for Audit Training</b>

**MINUTES OF THE PROCEEDINGS OF THE MEETING OF  
THE AUDIT COMMITTEE  
HELD IN COUNCIL CHAMBER, CIVIC HEADQUARTERS ON  
WEDNESDAY 12 JUNE 2019 AT 7 PM**

- In the Chair:** Councillor McAuley
- Members Present:** Aldermen McCandless, McKeown and Robinson  
Councillors Anderson, Beattie, Lavery, Mulholland,  
McMullan, Nicholl, Peacock, Quigley, Schenning,  
Wallace and Watton
- Independent Member Present:** G Ireland
- Officers Present:** M Quinn, Director of Corporate Services  
J McCarron, Performance Officer  
E McCaul, Member Services Officer
- In Attendance:** C McHugh, Senior Internal Auditor, Moore Stephens  
C Kane, Northern Ireland Audit Office  
A Allen, Northern Ireland Audit Office

## **SUBSTITUTION**

Councillor Callan substituted for Councillor McQuillan for the transaction of business at the meeting.

### **1. APOLOGIES**

There were no apologies.

### **2. DECLARATIONS OF INTEREST**

There were no declarations of interest.

### **3. TERMS OF REFERENCE**

The Audit Committee received a report which set out the Terms of Reference for the Audit Committee. It was noted that the Terms of Reference had been approved in June 2015 at the first Audit meeting following the establishment of Causeway Coast and Glens Borough Council.

The Terms of Reference included scope of the Audit Committee, Audit Activity, Regulatory Framework, Accounts, Audit Membership, Chair, Meetings, Sub-Committees and Working Groups, Communication and Reporting.

The Terms of Reference were **NOTED**.

#### **4. MINUTES OF AUDIT COMMITTEE MEETING 12 DECEMBER 2018**

The minutes of Audit Committee Meeting held 12 December 2018 had been ratified at the Council Meeting held Tuesday 18 December 2018 and were for **NOTING**.

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

##### **5.1 NIAO Causeway Coast and Glens Borough Council – Audit Strategy 2018-2019**

The NIAO Director, C Kane presented to the Committee a NIAO report on Causeway Coast and Glens Borough Council Audit Strategy for 2018-2019.

The purpose of the report was to highlight to the Chief Financial Officer and Audit Committee how NIAO plan to audit the financial statement for the year ending 31 March 2019; addressing significant risks of material misstatement to transactions and balances; matters of interest in financial reporting and legislation; planned timetable and matters required to be communicated under International Standards on Auditing.

The report included actions for the Audit Committee; materiality, the audit approach, fees and staffing.

\* Councillor Nicholl joined the meeting at 7:10 pm.

The NIAO Director responded to queries on value for money in terms of audit fees and gave an assurance that as in previous years, the deadline would be met for approval of the accounts. In response to Councillor Laverty's query, she also confirmed that NIAO was aware of the ongoing Judicial Review case involving Council.

The Audit Strategy 2018-19 was **NOTED**.

## 6. INTERNAL AUDIT REPORTS – CAUSEWAY COAST AND GLENS BOROUGH COUNCIL IN-HOUSE

### 6.1 Absence Monitoring and Sickness

The Director of Corporate Services presented the Internal Audit Report on Absence Monitoring and Sickness. 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 three level 2 risks identified as follows:

#### ***Risk 1 – Policies and Procedures***

It was noted during the audit that new absence notification procedures were issued in February 2018. However a new absence policy for Council has not yet been agreed.

**Recommendation** – Council should agree a new absence policy

**Management Response** – Council has commenced work on a new policy. It is anticipated a draft policy would be prepared by the end of March 2019. The policy would have to undergo consultation and negotiation with the trade unions.

The Director of Corporate Services clarified that the draft policy was currently being assessed by the Senior Leadership Team before consultation with the trade unions.

#### ***Risk 2 – Recording of Sickness Absence***

Audit had no findings or recommendations to make in relation to this risk area.

#### ***Risk 3 – Reports on Sickness Absence***

It was noted during the audit that HR did not receive a completed return to work interview form or phased return to work form for one environmental services employee despite several attempts.

**Recommendation** – The current guidelines for line managers in relation to absence due to sickness/industrial injury should be adhered to by Management on all occasions.

**Management Response** – OD/HR have implemented a system whereby the absence of forms is escalated as follows:

- Email to the line manager
- No response, email again to line manager with Head of Service copied in.
- No response, email again to line manager with Head of Service and Director copied it.
- In addition, HR Business Partners bring to the attention of Managers / Head of Service / Director at their regular meetings.

## **6.2 Corporate Health and Safety – Civic Amenity Sites**

The Director of Corporate Services presented the Internal Audit Report on Corporate Health and Safety. 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:

- Compliance of Statutory Duties under Health & Safety at Work (NI) Order 1978;
- Risk Assessments & Reporting;
- Recording of Incidents, Accidents & Near Misses.

There were no findings or recommendations.

## **6.3 Reception Services**

The Director of Corporate Services presented the Internal Audit Report on Reception Services. 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 one priority 2 risk identified as follows:

### ***Risk 1 – Policies and Procedures***

It was noted during the audit that Council does not have any Policy or Procedures in relation to Reception Services.

**Recommendation** – Council should develop an overarching Policy and procedures for Reception Services

**Management Response** – Develop Policy and Procedures for Reception by summer 2019.

The Director of Corporate Service advised that there were initiatives within the Performance Plan on improvements to reception services and that the aim was to achieve an Excellent Performance Award.

#### **6.4 Registration of Births, Deaths, Marriages and Civil Partnerships**

The Director of Corporate Services presented the Internal Audit Report on Registration of Births, Deaths, Marriages and Civil Partnerships. 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 relating to the Reception Services and agreed with management are as follows:

- Policies and procedures in the Registration Department are not documented and appropriate training is not provided leading to inconsistencies of how details of births, stillbirths, deaths, marriages and civil partnerships are processed and issues addressed.
- Registration applications are not checked prior to processing on the GRO database and not entered accurately leading to incorrect, incomplete or inaccurate information being recorded, and submitted in relation to births, stillbirths, deaths, marriages and civil partnerships and an increased risk of scam marriages being processed undetected.
- Registration fees are not checked for accuracy and reconciled to the corresponding registration number and fees received on the GRO database leading to incorrect fees being received from the applicant and over / under charging by Registration.
- There are inadequate controls in place around controlled stationery and the receipt and handling of cash leading to financial loss for the council.

There were no findings or recommendations, however the following observations and management response were made:

**Registration of Deaths** - It was noted during the audit from the NIROS Registration Bulletin 06/2019 – Burial Pre-Registration that the normal

process is that an informant registers a death before the burial and they are given a form GRO 21 for the funeral director. However, **IF** a burial does take place pre-registration it is **MANDATORY** for form GRO 27 to be completed and returned to the Registrar within 7 days of burial. Any person who fails to comply with returning the form shall be guilty of an offence and shall be liable on summary conviction to a fine in respect of each disposal of which he fails to give notice.

Audit was advised that a letter was issued to all funeral directors advising if a burial takes place pre-registration it is mandatory for form GRO 27 to be completed and returned to the Registrar within 7 days of burial. It was noted that not all funeral directors have been providing the GRO 27 within the adequate timescale have not yet provided their email addresses to registration.

Further correspondence should be issued to all funeral directors in relation to completing GRO 27 forms.

**Management Response** - Agreed. As suggested by Audit, a further letter will be issued to all funeral directors reiterating this mandatory duty and how supplying their email addresses for an electronic version to be emailed to them for ease of return will be a more secure and instant method. This will be progressed.

**Review of Cemeteries Administration** - Audit was advised by Democratic and Central Services Manager that they are considering a trial period in which one of the Deputy Registrars carries out the (part time) role of Cemeteries Officer to provide a clear idea of what the time requirement is for Cemeteries Administration and also to streamline and align processes. This should be progressed as soon as possible.

**Management Response** – Agreed. Review commenced 15 April 2019 for an initial period of 3 months, subject to review at that point.

**Registration Floats** - It was noted during the audit that some of the current floats are not adequate for change purposes.

The current float for Ballymoney and Limavady should be increased to £50 in line with Coleraine. In addition, the Ballycastle float should be increased to £30.

**Management Response** - Agreed. The increase to current floats would be beneficial.

**Registration Voicemail** - It was noted during the audit that the four registration offices does not have a voicemail system set up on their



telephones. This would be very welcome especially at times when the registrar is busy with the public carrying out a registration.

All four registration offices should have voicemail set up on their telephones.

**Management Response** - Agreed. A voicemail system will greatly enhance the service and prevent unnecessary answering of calls whilst with a customer and prolonged ringing during the registration of a death when we may choose not to pick-up. This will be progressed.

## 6.5 PCSP

The Director of Corporate Service presented the Internal Audit Report on PCSP. 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. While there may be some residual risk identified this should not significantly impact on the achievement of system objectives.

The risks identified by Internal Audit relating to PCSP and agreed with management are as follows:

- There may be inadequate arrangements in place to ensure that the PCSP complies with its statutory functions and with Council's requirements
  - There may be insufficient procedures in place to ensure that funding applications are appropriately assessed resulting in funding being allocated to activities or organisations which do not meet the PCSP's objectives
  - Insufficient documentation may be maintained on file as evidence that the project was completed in accordance with the original application and PCSP objectives have been achieved
  - There may be inadequate reporting and monitoring of the PCSP, leading to potential reputational damage to the PCSP and Council.
- There were no findings or recommendations made.

## 6.6 Arts and Cultural Centres

The Director of Corporate Services presented the Internal Audit Report on Arts and Cultural Centres. 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 two priority 2 recommendations as follows:

***Risk 1 – Booking of Acts and Events and Control of Assets***

It was noted that during the audit that Flowerfield and Roe Valley Art Centre had asset registers in place, however, they need to be updated.

**Recommendation** - Council should update their fixed asset register for each centre with clear guidelines on usage.

**Management Response** – current Asset Registers will be created for Flowerfield and Roe Valley Arts Centre.

***Risk 2 – Income and Cash***

It was noted during the audit that Flowerfield and Roe Valley Arts Centres do not have in place any cash handling procedures.

**Recommendation** – Council should develop income and cash handling procedures for both centres.

**Management Response** - Each venue maintains cash handling procedures and relevant staff are trained accordingly, however, these procedures are not written down in definitive procedural document.

## **6.7 Review of 2017-18 Recommendations**

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

Following review of the progress made in implementing the recommendations to the 13 internal audit assignments completed in 2017/18, the following was noted:

- 50% of the two Priority 1 recommendations had been addressed and 1 is in the process of being addressed;
- 70% of the ten Priority 2 recommendations had been addressed and 3 is in the process of being addressed;
- 100% of the Priority 3 recommendations were addressed.

The Internal Audit Reports from items 6.1 to 6.7 were **NOTED** by the Audit Committee.

- \* Alderman McKeown joined the meeting at 7:20 pm.
- \* Councillor Nicholl left the meeting at 7:25 pm and re-joined the meeting at 7:27 pm.

## **OTHER QUESTIONNAIRES COMPLETED:**

### **6.8 NIAO Fraud Assessment Questionnaire 2018-19**

The Audit Committee a copy of the NIAO Fraud Assessment Questionnaire 2018-19 for noting. The questionnaire set out 9 Audit Inquiries and Council's response to fraud risk; whistleblowing; training on fraud; communication on fraud to staff and to the ratepayers.

### **6.9 Managing Fraud Risk in a Changing Environment Self-Assessment Checklist 2018-19**

A copy of the completed Managing Fraud Risk in a Changing Environment Self-Assessment Checklist 2018-19 was circulated to the Audit Committee for noting.

## **7. INTERNAL AUDIT REPORTS (MOORE STEPHENS)**

The Senior Internal Auditor from Moore Stephens presented the Internal Audit Reports summarised as follows:

### **7.1 Energy Management**

There were two Priority 2 risks identified.

Based on the audit testing, a satisfactory level of assurance had been achieved in the audit of Energy Management.

#### ***Risk 1 – Energy Management Issues May not be Appropriately Considered***

There may be risk that energy management is not appropriately considered by Council leading to inefficient use of council resources and financial loss. Audit found a comprehensive 10 year Energy Management Strategy (EMS – 2015-2025) was in place for Council which contains:

- 37 actions relating to Council's estate management
- A matrix for mapping the energy consumption of Council facilities
- Transport objectives and considerations relating to vehicle energy consumption.

**Recommendation** – As the EMS is a high-level medium to long term policy document; it is a living document which should be reviewed annually. The estimated timelines for the 37 actions should be re-

considered during this annual review in light of the progress made to date.

Audit accepts that at the time the EMS was developed there was a lack of sufficient, accurate data on energy consumption and energy efficiency within Council. However, a lot of work has been undertaken in the last 12-18 months to collate and analyse data on energy use and in establishing systems to measure energy efficiency. It is therefore recommended that during the first annual review of the EMS that the strategy be updated to include a number of suitable KPIs to allow an assessment of the high-level impact of the Strategy over time.

**Management Response** – Agreed and a set of high level of KPIs will be developed.

***Risk 2 – There May Be Inadequate Monitoring of Energy Management Initiatives***

**Recommendation** - A report summarising the overall and combined progress of EMS should be made to Council annually.

**Management Response:**

- There is no risk of inadequate monitoring of energy management initiatives.
- Officer continually updates members on EMS status on projects during the year. We accept that an annual update is useful to Council Members and they will be advised regarding any legislative changes that may impact future investments.
- Additionally, the Officer will update members for information on the EMS status.

## **7.2 Town and Village Management**

There was one Priority 2 and one Priority 3 risks identified.

Based on the audit testing, a satisfactory level of assurance had been achieved in the Audit of Town and Village Management.

***Risk 1 – Framework***

There may be a risk that a framework is not in place or is inadequate, leading to poor planning and execution of work in the area of Town and Village Management resulting in potential reputational damage and financial loss.

**Recommendation** – Management should develop a medium-term plan (3 years) which would support annual planning of activities.

**Management Response** – A medium plan of 3-5 years would be the minimum term. Ideally this should be developed as part of a long term plan. The Long Term Plan should be based on master plans in combination with physical regeneration department to provide a strategic approach to Place Management.

***Risk 2 – Inadequate Consultations***

There were no recommendations in this area.

***Risk 3 – Projects and Partnerships Inadequately Managed***

There may be a risk that town and village partnerships, projects and initiatives are not managed appropriately leading to reputational damage and financial loss.

**Recommendation** – Management should consider updating the currently quarterly monitoring report to include a finance section which can provide information such as actual spend vs budget, additional finance sources etc.

**Management Response** – Agree with the recommendation.

### **7.3 Visitor Information Services**

There was one Priority 2 and five Priority 3 risks identified.

Based on the audit testing, a satisfactory level of assurance had been achieved in the Audit of Visitor Information Services.

***Risk 1 – Cash Handling***

**Issue 1 – Cash Handling Procedures**

Audit noted that there were no standard cash handling procedures in place across the Visitor Information Centres (VICs). Legacy procedures continue to be used where available but are out of date and some brief guidance has been developed for staff when using the recently introduced income spreadsheets at the VICs, however these are not comprehensive. Although most staff are experienced, there may be occasions when only seasonal staff are on hand to deal with payments and bookings. Seasonal and agency staff, by their nature, are not as

familiar with the processes and procedures required when handling cash as permanent staff.

**Recommendation** – A clear cash handling policy and procedures should be developed and documented. It should cover receipt of income, till reconciliation, security of cash and accuracy and monitoring of income records, linking across all VISs. Consistent recording templates and checklists should be developed for use to ensure consistency of approach and provide a standard process for staff. All new or temporary staff involved in handling cash should be provided with up to date procedures and should sign a declaration to say they have received them.

**Management Response** – In progress.

#### Issue 2 – Float Verification

The VICs maintain a till float (between £30-£50) and these were verified as being correct during the audit testing. VIC staff advised that the floats are counted at the start and end of each day, however only one of the two centres visited had a documented sign-off procedure in place to verify that this check had taken place (and this was not routinely signed by both the Duty Officer and VIC staff as outlined in the centre's cash handling procedure).

Audit was also advised that surprise cash counts do not routinely take place; staff and some VICs frequently work on their own and therefore it would be beneficial if the assistant VSO performed random spot checks when visiting centres to provide additional controls in this area.

**Recommendation** – Consideration should be given to ensuring that signed evidence is retained of all floats being reconciled on a daily basis. This would provide additional assurance should any discrepancy occur.

**Management Response** – Random checks will now take place.

#### Issue 3 – Till Reconciliation Lodgement

At the end of each day, VIC staff cash up by removing the cash drawer and counting and recording its contents. Cash is then bagged and stored securely in a safe in preparation for lodgement. From a review of available documentation and discussion with staff the following issues were noted:

- At Coleraine VIC the daily cash total from the till is noted at the side of a cash sales sheet (used to record each individual item sold that day) and the x report from the till is attached, however a

proper cash reconciliation is not documented noting any small unders/overs; instead staff amend the balance by adding to or taking from a change bag so that the takings agrees to the till report.

- As there is normally only one staff member present at Coleraine VIC, there is no review of the daily takings and lodgement preparation by a second staff member prior to banking. (although cash lodgements are typically <£150)
- At RVACC, the daily takings are reconciled to the till reports and any small overs/unders are not recorded on a cash reconciliation sheet; instead the float is adjusted up or down and the new value of the float is recorded on the float sheet (although audit noted only small changes over a 3 month period)

**Recommendation-** Staff who are responsible for cashing up at the end of each day/shift and for reconciling till reports to the takings should ensure that any under/overs are recorded, and lodgements should reflect actual takings. Any discrepancies above a certain limit should be investigated further. To facilitate this, an end of day/ shift income reconciliation sheet should be completed, detailing the takings from the cash drawer, the float amount and daily cash for banking and should then be checked against the till report noting any variances between the two. This should be signed (and rechecked where possible by a second staff member), dated and filed to complete the audit trail.

Lodgement arrangements should be reviewed to determine whether lodgement preparation and banking could be made during periods where more than one staff member is on site (when possible or particularly for larger amounts e.g. at shift handover or when the Assistant VSO visits the centre).

**Management Response** – Recommendation will be implemented.

## ***Risk 2 – Stock***

### Issue 4 – Management of Stock

Audit noted there are no standard stock management procedures in place across the Visitor Information Centre's. Legacy procedures continue to be used where available but are out of date and do not reflect current controls and processes around the recent development of spreadsheets that are used to record stock movements.

**Recommendation-** A documented stock management procedures manual should be produced for VIC staff to include guidance on the following:

- Purchase Orders
- Stock deliveries

- Stock takes
- Stock spot checks
- Stock security
- Stock system corrections
- Stock transfers between VICs

**Management Response** – Recommendation to be implemented. New income reports will assist.

#### Issue 5 – Stock Takes

Audit was advised that a full stock take is completed annually, however there were incomplete records to support this at both VICs visited; Audit was advised that spot checks on stock levels are carried out by staff during the year however they are not well documented or followed up on; for one spot check carried out by a staff member in early November 2018, 2 small variances were noted (from a sample of 15), however these were not formally reported. (Stock takes on record prior to this were dated March 2017 and December 2016). Audit carried out a similar exercise, checking stock per the stock management system to that on display and/or in storage (and vice versa) and noted a variance in 3 out of 10 items checked.

**Recommendation-** Now that all VICs have spreadsheets and/or a stock management system to record stock movements, a complete stock take should be performed and documented at least once per year. This should be supplemented by periodic spot checks on a random selection of VIC stock to ensure that stock levels are correct and any variances can be investigated and corrected on the spreadsheets/ Samstock stock management system. Standard formats for recording the results should be used when performing these checks.

**Management Response** – Recommendation to be implemented. New income reports will assist.

#### Issue 6 – Receipt of Stock from Third Parties

The Council's Tourism Services promotes the work of local artisans through the sale of handmade gifts, produce, homewares and jewellery from third party crafters at the VICs. Crafters are reimbursed by cheque (following completion of a cheque requisition form by VIC staff and authorisation by the VSO) on a quarterly basis and the Council receives 20% commission in return. The arrangements around the receipt of stock from third parties is ad hoc across the VICs; items for sale may be delivered directly to the VICs or via the Assistant VSO and individual crafters may produce hand written delivery notes or confirmation slips. Audit was advised that no official receipt are issued to the crafters at the



VICs upon receipt of goods for resale. We were advised that any items from third party crafters are promptly 'delivered' i.e. entered on the stock management system/ spreadsheet. From a review of a sample of 9 delivered items on the system, audit noted 4 occasions where there was back up documentation confirming what had actually been received. Audit also noted that an Independent Supplier Sale or Return Agreement has been developed outlining the terms and conditions of the sale of third-party goods (and refers to the formal sign in and releasing of goods). However; audit testing revealed that there was no copy of a signed agreement at the VIC for 5 out of 9 the crafters reviewed.

**Recommendation-** Consideration should be given to implementing a receipt for goods delivered by third party crafters to the VICs to formally record what has been received. Similar records should be kept for releasing items back to third party crafters. Signed copies of the Independent Supplier Sale or Return Agreement should be in place at each of the VICs as confirmation that both the Council and crafters agree to the conditions of the sale.

**Management Response** – Recommendation to be implemented. New income reports will assist.

#### **7.4 Staff Recruitment, Learning and Development**

There was two Priority 2 and two Priority 3 risks identified.

Based on the audit testing, a satisfactory level of assurance had been achieved in the Staff Recruitment, Learning and Development

##### ***Risk 1 – Recruitment Process***

###### **Issue 1 – Authorisation to Recruit Forms**

A recruitment authorisation and vacancy control form is used by the Council to initiate the recruitment process and is completed by the line manager for approval by the SMT. The form contains sections including nature of the role, reason for the request, recruitment source, funding source and business case. Our review found that for approximately 15% of vacancies in 2017 and 21% in 2018, the recruitment authorisation and vacancy control form had not been completed and forwarded to HR. We noted that from October 2018, the OD/HR manager circulates the Authorisation to Recruit form directly to the Senior Management Team for approval as a mitigating control, however this does not detail the business need or rationale for the new position.

**Recommendation-** The Head of OD/HR should ensure there is clear understanding amongst Line Managers of the requirement to complete the recruitment authorisation and vacancy control form, to clarify the business need for the post, and ensure it is signed off by the appropriate Director and/or Chief Executive prior to engaging in the recruitment and advertising process.

**Management Response** - When circulating details regarding authorisation to recruit forms to the SMT the OD/HR Manager will include details relating to the business need and/or rationale for the new position

#### Issue 2 – Panel Assessment Summary

The Council follows the Code for Recruitment and Selection 2009 (Local Government Staff Commission) and testing of a sample of 10 recruitments in 2017 and 2018 revealed good arrangements are in place in relation to the shortlisting and interview procedures followed during the recruitment process. A panel assessment summary is completed at the end of the interview process noting the overall ranking of each candidate and this is signed off by panel members. An interview outcome sheet is also completed by panel members to document and clarify the panel's decision. However, a review of 10 interview outcome sheets found a variation in completeness and quality of information on these; on 3 occasions (from a sample of 10) no comments or narrative was noted on the sheet (although the sheet was signed off by the panel members). We also noted that a minimum % pass mark was not recorded on interview sheets.

**Recommendation-** To protect panel members in the event of a complaint being made, it is important that the information reflected in the interview outcome form is robust and would stand scrutiny from an independent review. All personnel involved in recruitment panels should be reminded of the need to clearly record the reasons for all decisions made. A pass mark should also be noted on the interview panel assessment summary and/or interview outcomes sheet to provide transparency at all stages of the recruitment process.

**Management Response** – The OH/HR team will be advised of this recommendation and asked to adhere to the details set out.

#### ***Risk 2 – Learning and Development***

##### Issue 3 – Appraisal Process

Moore Stephens were advised by the Head of OD/ HR that since the legacy Councils merged in April 2015, no formal annual staff appraisals have taken place across service areas to evaluate individual

effectiveness and identify learning opportunities. It is noted that only legacy Limavady Borough Council had an appraisal process in place before 2015. During this period, training has been mainly corporate led, with some input from Service Managers identifying additional training needs and opportunities specific to their Service area.

OD/HR has been developing an annual Personal Contribution and Development Review (PCDR) process and a pilot study of 10 employees is due to be completed by April 2019. It is envisaged that the PCDR process will specifically target Achievements, Improvements, More – contribution to the wider organisation and Support – identify learning and development needs of employees in order to meet their personal objectives and will be aligned to the Council's corporate objectives and themes as well as the Community Plan.

**Recommendation-** The Head of OD/HR and Manager should ensure that the personal contribution and development review pilot process is completed within the agreed timeline and any learning from this is used to inform the roll out of the PCDR for the rest of Council staff. Training needs and skills gaps identified through the PCDR process should then be used to inform the training and development courses going forward.

**Management Response -** The Head of OD/HR and Manager will ensure that the Personal Contribution and Development Review pilot will be implemented.

#### Issue 4 – Learning and Development Training Records

Training and development of staff may be carried out on the job, via in-house courses, external training agencies as well as formal courses leading to an academic qualification. Courses organised through the core skills programme are managed by OD/HR and are booked online via an online booking system - Eventbrite by individuals following verbal approval from his/her line manager. For other courses (typically where a Service Manager has identified a sector specific training gap) a training request form must be completed and forwarded to OD/HR. If approved by OD/HR, a purchase order number is provided and the line manager can proceed to organise the training.

On completion of a training exercise, individual training records are updated on the PAMS management system (based on attendance records). PAMS has a learning and development module that records and maintains employees' historical training activities. It is used for monitoring and reporting the learning and development quantitative performance measures to senior management.

Occasionally training may be organised directly by a Manager (for example if mandatory training must be completed at short notice for health and safety purposes) and may not go through the normal training request and purchase order approval process. In these instances, OD/HR are not always informed by Managers of training undertaken and therefore the corporate training database may not be updated to reflect any additional training organised at service level. Some service areas have developed their own databases for recording staff training records (as Managers do not have access to the PAMS system), however there is inconsistency across services on how training records are maintained. Some initial work has been started by OD/HR to develop a generic training matrix for employees within Environmental Services and creating a shared folder so that managers have ready access to development records.

**Recommendation-** OD/HR should continue to work with the Environmental Services areas to complete the generic matrix listing all training courses available particularly in relation to health and safety and to identify baseline training for generic posts. Training records from both the OD/HR database and records maintained by service areas should be merged to form a comprehensive training matrix for each employee and placed on a shared folder. Service Managers should be encouraged to book all health and safety training through OD/HR or to inform OD/HR of all training being planned so that it can be recorded accurately on PAMS. If appropriate, a shared folder could be developed so that supervisors can access and have a record of any training their team has undertaken.

**Management Response** - The Head of OD/HR and the OD/HR Manager will ensure that work continues with the Environmental Services Area to complete this work.

**Risk 3 – Documentation Control** – No issues to report.

## **7.5 Annual Internal Audit Report 2018/19 and Annual Assurance Report**

The Senior Internal Auditor presented the Annual Internal Audit Report for 2018/19. She outlined that the report builds on individual audit reports and quarterly progress reports presented to the Audit Committee during the year and provides overall conclusion on the system of governance, risk management and internal control operating in the Council.

The report set out audit areas, number of days worked on each area, status and assurance rating. In conjunction with Council's in-house Internal Auditor, all planned work was near completion, with 3 areas 'in

progress' and 1 deferred. It was noted that during the year 24 assurance reports had been completed and training had been provided to the Audit Committee and Council staff.

Based on audit work, Moore Stephens provided Council with an overall assurance of **SATISFACTORY** in relation to the system of internal controls.

It was noted that Council's contract with Moore Stephens was due to expire and that this was currently at tender stage.

The Director of Corporate Services agreed to report back to the Audit Committee on progress in having a Safeguarding Policy in place.

## **7.6 Review of Prior Year Recommendations**

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

In the 28 internal audit assignments completed in 2018/19, 50% of both Priority 2 and Priority 3 recommendations was addressed and 50% was being addressed. The 14 recommendations that are being address should be reviewed again in the next financial year.

The Audit Committee **NOTED** the reports from Moore Stephens listed 7.1 – 7.6 inclusive.

## **7.7 Assessing Conformance with Public Sector Internal Audit Standards and the Local Government Application Note – Internal Audit Self-Assessment Checklist**

It was **NOTED** that the above checklist had been completed.

## **8. REPORT TO THOSE CHARGED WITH GOVERNANCE**

The Audit Committee received a report on outstanding recommendations in audit of financial statements from NIAO. The report listed 3 recommendations for 2016/17 and 11 recommendation for 2018/19, management response and position at March 2019 on issues being addressed.

The Audit Committee **NOTED** the Report to Those Charged with Governance.

## **9. PERFORMANCE**

### **9.1 Update on 2018/19 Performance Improvement Plan**

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

The Council's Performance Improvement Plan was approved 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 have a scrutiny role in relation to the annual Performance Improvement Plan.

Members were invited to review the attachment to the report which detailed the various projects, graded using the traffic light system within the Performance Improvement Plan.

The update on the 2018/19 Performance Improvement Plan was **NOTED**.

### **9.2 Performance Dashboard**

The Audit Committee received a report to present to Members the third quarterly Council Performance Dashboard covering the period October – December 2018.

Members were reminded that the Performance Dashboard had been developed as a tool to present performance information to Council over time. This will be presented to Council on a quarterly basis.

The Performance Dashboard was **NOTED** by the Audit Committee.

## **10. COUNCIL STRATEGY WORKSHOP**

The Audit Committee received a verbal update with regard to the next Council Strategy Workshop. It was noted that the next Council Strategy Workshop would be held from 10 am on Saturday 14 September 2019 in Portrush Town Hall.

## **11. MATTERS FOR REPORTING TO PARTNERSHIP PANEL**

There were no items for reporting to the Partnership Panel.

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

Proposed by Councillor Quigley  
Seconded by Councillor Beattie and

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

### **12. CORRESPONDENCE**

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

- Local Government Commissioner for Standards Decision Notice C00084 – January 2019
- Local Government Auditor's Report 2018 – Follow up of recommendations.

The Director of Corporate Services confirmed that all matters in the follow up recommendations had been addressed.

### **13. CORPORATE RISK MANAGEMENT**

The Director of Corporate Services presented Council's confidential Summary Risk Matrix as at June 2019, which had 16 risks outlined. She provided an overview of the highest risks and impact in terms of the risks being low, medium or high. She advised that a narrative to the Risk Matrix would be available at the September 2019 Audit Committee Meeting.

The Director of Corporate Services outlined that Council was recruiting for an Audit Risk and Governance Manager who was expected to be in post by September 2019 and that the Manager would help embed and compile Council's Corporate Risk Register.

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

### **14. LEGAL CASES ACTIVITY**

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

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

## 15. 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 procurement of a contractor.

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

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

Proposed by Councillor Beattie  
Seconded by Councillor Quigley 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))

The Director of Corporate Services advised that before the next Audit Committee meeting that training and development around the role of the Audit Committee would be organised from 5 – 6.30 pm and before the December 2019 meeting training would be organised on Risk Management and Risk Strategy.

## 17. DATE OF MEETING

- Wednesday 18 September 2019

There being no other business, the Chair thanked members for their attendance and the business concluded at 7:50 pm.

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Chair