

MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 30 JUNE 2016

Present:

Councillor Galley

Councillors

Benson	Hunter	O'Hara	Roberts
Hobson	Matthews	Owen	

In Attendance:

Mr Neil Jack, Chief Executive

Mr Steve Thompson, Director of Resources

Mr Mark Towers, Director of Governance and Partnerships

Mr Alan Cavill, Director of Place

Ms Tracy Greenhalgh, Chief Internal Auditor

Mr Iain Leviston, Manager, KPMG

Mr Chris Kelly, Senior Democratic Governance Adviser (Scrutiny)

1 DECLARATIONS OF INTEREST

There were no declarations of interest on this occasion.

2 MINUTES OF THE LAST MEETING HELD ON 26 MAY 2016

The Committee agreed that the minutes of the last meeting held on 26 May 2016 be signed by the Chairman as a true and correct record.

3 LIGHTPOOL PROJECT - INTERNAL AUDIT

The Committee noted that at its last meeting, Members had considered the Risk Services Quarter Four report, which made reference to the inadequate assurance statement issued in regards to the audit of the Lightpool Project. The Committee had requested that an explanation be provided for controls being inadequate and a progress report, detailing how the concerns of Internal Audit had been mitigated.

Mr Cavill, Director of Place, advised the Committee that there had been two Priority One recommendations arising from the internal audit report. One of the recommendations had been that 'the income strategy should be reviewed and financial forecasts revised to take account of this'. He explained to the Committee that the purpose of the Lightpool project had been to establish a greater income stream from the illuminations. As part of the project, it had been expected that the first year would be an experimental year in terms of investigating where income could be achieved.

The Committee was provided with an update on the actions relating to the income strategy taken since the internal audit report had been produced. Mr Cavill informed Members that

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there were a number of sponsorship rights currently being negotiated and provided details of the commercial deals being made and the plans for the Lightpool village, which would assist in developing income streams. He also noted that there were plans in 2016/ 2017 to overhaul the system for collections on the promenade during the illuminations period and that an illuminations brochure had been produced.

Members considered that the plans for the income strategy were positive but that the management of the strategy required improvement, as highlighted in the audit report. The Committee also challenged the reasons for the income strategy not being developed and in place for the first twelve month of the project. In response, Mr Cavill advised that the Coastal Communities Funding had been secured in April 2015 and the funding model would allow for the Lightpool project to be delayed until summer 2016, so the first year had been intended to be used as a trial period.

Members raised further questions relating to the sustainability of the Lightpool Project and Mr Cavill advised that work was being undertaken to ensure its sustainability. He advised that a monitoring report had been produced at the end of the financial year that had been positively received by Coastal Communities Fund and demonstrated that all of the aims for the first year had been met, including a high number of people visiting the resort for Lightpool.

Mr Cavill reported that the other Priority One recommendation included within the internal audit report had been that 'an appropriate project management methodology should be followed and key documents, such as a project plan, should be monitored by the Project Board to ensure that they are delivered.' He explained that a Project Manager was now in post and that actions were effectively monitored to ensure they were delivered. The Committee was provided with details of the Project Management Action Plan and Mr Cavill advised that the Project Board met regularly to oversee its implementation.

Responding to further questioning from the Committee, Mr Cavill advised that the internal audit had been a helpful process and had highlighted areas where improvements had been required. Ms Greenhalgh, Chief Internal Auditor, considered that the improvements were now being implemented and that internal audit would undertake a follow up review on the recommendations in due course later in the year.

Background papers: None.

4 STRATEGIC RISK REGISTER - INABILITY TO RESPOND TO A MAJOR INCIDENT

The Committee considered a progress report in relation to the individual risks identified on the Strategic Risk Register, specifically in relation to risks regarding 'Inability to Respond to a Major Incident'. The Committee discussed plans to control and mitigate the risks with the strategic risk owners, Mr Jack, Chief Executive and Mr Thompson, Director of Resources.

Ms Greenhalgh provided the Committee with an explanation of the role of the Lancashire Resilience Forum and details of the Major Emergency Plan that was in place and outlined the roles and responsibilities in the event of an emergency. The Committee was advised by

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Ms Greenhalgh that new members of staff had been identified to co-ordinate responses to a major incident in order to mitigate against the risk of experienced personnel leaving the authority. Members were also advised that work was being undertaken to move the control centre for dealing with a major incident from the Municipal Building to Bickerstaffe House.

Members were provided with details of an exercise undertaken in January 2016 on dealing with a major incident in Blackpool, which was built around a counter-terrorism scenario. Ms Greenhalgh reported that the exercise had been a success and that it had helped to identify additional controls that were required to be put in place, particularly with regards to Property Services.

Ms Greenhalgh also reported to the Committee that a further control for the risk was that a training programme would be rolled out in conjunction with the Lancashire Resilience Forum, for staff involved with providing a tactical response to a major incident.

The Committee was informed that risk owners had identified that there was a requirement to increase the number of volunteers on the Emergency Response Group and that work would be undertaken to consider how incentives could be used to encourage potential volunteers.

Mr Jack advised the Committee that the effectiveness of the Lancashire Resilience Forum would be important in responding to a major incident and explained that as local authorities and public services became smaller in terms of employees and resources, the need for greater cooperation increased. He advised that the Council already had effective working relationships with various authorities across the Fylde Coast and that work would be undertaken to align emergency responses across the organisations further. The Committee was provided with details of the work undertaken with the Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust in response to the Cryptosporidium incident as an example of a joined up response to a major incident.

Mr Thompson advised that a key way to mitigate against the risks was to prevent the initial incident. He provided the Committee with examples of work that had been undertaken to prevent major incidents, which included the construction of the sea defences in Anchorsholme.

The Committee questioned whether the risk was considered to be at similar levels in other local authorities and whether the risk score was appropriate. Ms Greenhalgh advised that all local authorities faced similar types of issues in terms of the risk of 'Inability to Respond to a Major Incident', as demonstrated by the need to develop mutual aid arrangements between authorities, so the level of risk was considered broadly similar. In terms of the risk score, Ms Greenhalgh advised that she considered the score to be appropriate and that it should always be considered a high risk.

Background papers: None.

5 ANNUAL GOVERNANCE STATEMENT 2015/2016

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Ms Greenhalgh, Chief Internal Auditor, presented the Committee with the Annual Governance Statement for 2015/2016.

The Committee was provided with a summary of the key elements of the structures and processes that comprised the governance arrangements.

The Committee was advised that an Annual Governance Statement Review Group had been established in February 2016 and has led on the review of effectiveness and the production of the Annual Governance Statement. Ms Greenhalgh reported that Members had contributed to the process with representation having been sought from the Audit Committee, Tourism, Economy and Resources Scrutiny Committee, Standards Committee and Cabinet.

Ms Greenhalgh reported to the Committee that the Annual Governance Statement Review Group's conclusion had been that the Governance Framework was fit for purpose. However, the Review Group did identify some issues that required further work, which were included in the Action Plan.

The Committee was presented with a proposal for it to consider undertaking a mid-year review of progress against actions outlined in the Annual Governance Statement and it was considered by the Committee that the additional member involvement would provide additional value to the process.

Members raised questions relating to an action included within the Action Plan included that 'new ways to consult with residents who did not engage in consultation exercises should be considered and there was a need to ensure that consultation exercises were appropriately timed'. Ms Greenhalgh advised that the most appropriate methods for the consultation would be considered over the next twelve months.

The Committee agreed:

- 1) To approve the Annual Governance Statement for 2015/2016
- 2) To undertake a mid-year review of progress against the actions outlined in the Annual Governance Statement.

Background papers: None.

6 KPMG TECHNICAL UPDATE

Mr Leviston, Manager, KPMG, presented KPMG's report that provided an overview on progress in delivering its responsibilities as the external auditors. He noted that the report also highlighted the main technical issues that were currently having an impact in local government.

Mr Leviston summarised the key elements of the report, which highlighted a number of issues that the Committee may wish to seek assurances over or gain further understanding.

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The potential issues included the requirements of the Modern Slavery Act 2015, the Draft Code of Practice on the Highways Network Asset and devolutions deals.

The Committee raised queries relating to the new Local Audit Framework and in response, Mr Leviston considered that there were a range of options available for local authorities, which could be considered at a future meeting.

The Committee agreed to note the report.

Background papers: None.

7 STRATEGIC RISK REGISTER

Ms Greenhalgh presented the Council's revised Strategic Risk Register. She explained that the Strategic Risk Register was last approved by the Audit Committee on 24 September 2015 and the revised version has been subject to a full review and amended accordingly, with additional sub risks being added.

The Committee agreed:

- 1) To approve the Strategic Risk Register.
- 2) To continue to call risk owners to future meetings to discuss progress against addressing each risk.

Background papers: None

8 AUDIT COMMITTEE SELF-EVALUATION

Tracy Greenhalgh, Chief Internal Auditor presented the feedback from the self-evaluation exercise undertaken by the Audit Committee and senior officers who engage with the Committee on a regular basis.

Ms Greenhalgh reported that a benchmarking exercise had been undertaken with the results received from 12 months ago and the Committee considered that overall improvements had been made. However, it was noted that the self-evaluation exercise had highlighted some areas that required further improvements.

The Committee discussed whether the role and purpose of the Audit Committee were understood and accepted across the authority. Ms Greenhalgh advised that awareness of the role of Audit Committee was being raised and that the production of the Annual Audit report to Full Council would assist with raising awareness.

The Committee agreed:

- 1) To note the outcome of the self-evaluation exercise.
- 2) To engage in the development and delivery of an improvement plan to ensure that it can effectively manage risk.

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Background papers: None

9 REGULATION OF INVESTIGATORY POWERS ACT (2000) POLICY AND PROCEDURE

Mr Towers, Director of Governance and Partnerships, presented the Regulation of Investigatory Powers Act (2000) (RIPA) policy and procedure.

It was explained that The Regulation of Investigatory Powers Act 2000 regulates covert investigations by various bodies, including local authorities and that it was introduced to ensure that individuals' rights are protected whilst ensuring that law enforcement and security agencies have the powers they need to do their job effectively.

Members raised questions relating to the consequences of not having a proper policy in place and Ms Greenhalgh advised of examples from other local authorities of failed prosecution cases in regards to fly tipping and fraud, due to the Regulation of Investigatory Powers Act policy not being followed correctly.

The Committee agreed to approve the policy and procedures relating to the Regulation of Investigatory Powers Act (2000).

10 DATE OF NEXT MEETING

The Committee noted the time and date of the next meeting as 6pm on Thursday 22 September 2016 in Committee Room A, Town Hall, Blackpool.

Chairman

(The meeting ended at 7.25 pm)

Any queries regarding these minutes, please contact:
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