

## MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 24 NOVEMBER 2016

### Present:

Councillor (in the Chair)

Councillors

Elmes	Hobson	Matthews	Roberts
Galley	Hunter	Mitchell	L Taylor

### In Attendance:

Tracy Greenhalgh, Chief Internal Auditor  
Neil Jack, Chief Executive  
Iain Leviston, Manager, KPMG  
Karen Smith, Deputy Director of People (Adult Services)  
Steve Thompson, Director of Resources

### Apologies:

Apologies for absence were received on behalf of Councillors who was on official Council business.

### 1 DECLARATIONS OF INTEREST

There were no declarations of interest on this occasion.

### 2 MINUTES OF THE LAST MEETING HELD ON 20 OCTOBER 2016

The Committee agreed that the minutes of the last meeting held on 20 October 2016 be signed by the Chairman as a true and correct record.

### 3 STRATEGIC RISK REGISTER - FAILURE TO KEEP PEOPLE SAFE

The Committee considered a progress report in relation to the individual risks identified on the Strategic Risk Register, specifically in relation to risks regarding 'Failure to keep people safe'. The Committee discussed plans to control and mitigate the risks with Ms Smith, Deputy Director of People (Adult Services), who had attended on behalf of the strategic risk owner, Mrs Curtis, Director of People.

Ms Smith began by outlining the overarching systems and procedures in place to mitigate against the sub-risk of 'Death, serious injury or harm of a vulnerable adult / child'. She explained the role of both the Adults and Children's Safeguarding Boards, which had an

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overseeing and investigative role in relation to all incidents and untoward circumstances relating to vulnerable adults and children. She went on to describe the policies and procedures in place at an organisational level within the Council, including the induction process for employees within the People Directorate, including job specific roles and a range of mandatory courses.

It was explained to the Committee that a number of services were registered with the Care Quality Commission (CQC), which led to a separate regulatory and assessment procedure. There were also specific codes of conduct that applied in relation to certain services. At an operational level, it was explained that service areas were subject to risk assessment procedures, some of which were service specific and some being job role specific. Mechanisms were also in place to receive feedback, via incident reporting procedures and comments and compliments recording.

The Committee was informed that external providers of services were bound by many of the same policies and procedures that applied to the Council, as well as the contract monitoring procedures that were in place. Ms Smith went on to explain the escalation procedures that were in place when things did go wrong. However, to minimise the risk of mistakes being made, she stressed that the best protection methods were achieved by ensuring that staff were trained and equipped as best as possible.

Ms Smith responded to a number of questions from the Committee. In relation to which were the top areas of concern, she explained that these were the administering of medication in an unregulated setting, where staff were operating unsupervised and also supporting people with challenging behaviour. Asked what were the main challenges, she explained that the unpredictable nature of dealing with human situations had the potential to be a continuing high risk situation and that ensuring staff were well trained was the best way to deal with that risk.

The Committee questioned the robustness of procedures that were in place when things did go wrong. Ms Smith explained that a situation would be responded to very quickly, with responsibility being adopted by an overarching safeguarding lead. She also explained the role of the Allegations Manager, who would ensure that a response to a complaint was appropriate.

Responding to questions relating to the net risk score of 3 out of 5 on the register, Ms Smith explained the appropriateness of that rating in relation to risks involving vulnerable people, together with the fact that such a rating was unlikely to improve. She stressed the importance of the Council doing everything possible to reduce the risk.

The Committee discussed the role of family carers and the risks that were prevalent in relation to that role. It was explained that if a complex administering of medication was required to be undertaken by a family member, a district nurse would be involved, although it was acknowledged that there was no specific regulation framework in place for family carers. Mr Jack, Chief Executive, added that risks in relation to family members were very difficult to manage and it was extremely important that regular medication reviews took place.

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The Committee asked questions about whether the register took into account the severity of individual risks. It was explained that individual risk assessments in relation to specific tasks or job roles were more detailed and took such factors into account. In relation to how the Council monitored the staff training of external service providers, Ms Smith explained that regular monitoring took place and measures were also overseen by the CQC and Ofsted.

The Committee pointed out the net score of 15 in relation to the sub-risk, 'Failing to keep people safe' and questioned whether the rating was considered to be acceptable. Ms Smith explained that when dealing with such a range of variable situations, the risk would always be high, regardless of the actions taken by the Council. Taking all factors into account, the net score of 15 was likely to remain. Mr Jack added that in relation to a vulnerable child, more robust procedures would be implemented, although it remained impossible to eliminate all risk. Whilst actions could be taken that were considered reasonable in the circumstances, it was not possible to guard against unpredicted occurrences.

The Committee asked about high risk net scores within the People Directorate and it was agreed that the risks would be reported to a future meeting of the Committee.

The Committee thanked Ms Smith for her attendance and agreed:

1. To note the report.
2. To receive a report on high risk net scores at a future meeting of the Committee.

Background papers: None.

### **4 RISK SERVICES QUARTER TWO REPORT - 2016/2017**

The Committee considered the Risk Services Quarter Two Report which covered the period 1 July to 30 September 2016. The report was presented by Mrs Greenhalgh, Chief Internal Auditor, who outlined the key developments as detailed within the report, before responding to questions and comments from the Committee.

In relation to Risk and Resilience, it was noted that the Council's Emergency Planning Officer had recently moved to take up a similar role within Blackpool NHS Trust, although agreement had been reached with the Trust for a shared service for emergency planning to be developed. The Committee pointed out the need for the Council not to be left in a position of vulnerability in relation to the role and Mrs Greenhalgh added that an additional person would potentially be recruited to the role for the shared service.

The Committee raised questions regarding the Riddor incident, reported under the Health and Safety section of the report. Mrs Greenhalgh explained that the incident related to an employee hand arm vibration injury and information had been provided to the Health and Safety Executive as requested.

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The Committee discussed the Business Continuity plans and Mrs Greenhalgh agreed to report further on the matter at the next meeting of the Committee. Asked specifically about the out of date business continuity plan for Homecare within Adult Services, Mrs Greenhalgh assured the Committee that whilst the plan was currently out of date, it was still fit for purpose and did not pose any additional risk.

Members asked about the Fraud Awareness training statistics, illustrated in a graph on page 20 of the report. It was pointed out that the graph showed the figures completed up to the target rate of 50% and questioned whether it should go up to 100%, which it was considered would give a better reflection of the overall situation. Mrs Greenhalgh agreed to make the change accordingly.

Members noted the lapses in compliance with controls in relation the Ward Budgets procedure. It was pointed out that new procedures were now in place to guard against this in the future.

In relation to Fraud Awareness training, which was not mandatory across the Council, it was acknowledged that the statistics for completion of the training were disappointing. Members queried why the training was not a mandatory requirement and it was explained that it was necessary to take a realistic approach about which training requirements needed to be so and Fraud Awareness was not considered as a priority for all Council employees. The Chief Executive agreed to review the statistics in relation to the Public Health department and also to review which services the fraud awareness ipool training courses were considered necessary for mandatory uptake.

It was noted that certain internal audit reviews undertaken had resulted in an assessment of 'inadequate' in relation to the overall opinion and assurance statement issued. Asked about those services, Mrs Greenhalgh stated that Internal Audit was engaged closely with the areas concerned and was confident the issues were being addressed.

The Committee agreed:

1. To note the report.
2. To receive a report on the quality of business continuity plans at the next meeting.

Background papers: None.

### **5 ANNUAL AUDIT LETTER 2015/2016**

The Committee considered the Annual Audit Letter 2015/2016. The document was presented by Mr I Leviston, Manager, KPMG.

Mr Leviston reported that in terms of an audit opinion, KPMG had issued an unqualified opinion on the Authority's financial statements on 29th September 2016. This meant that

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KPMG believed the financial statements gave a true and fair view of the financial position of the Authority and of its expenditure and income for the year.

In regards to the financial statements audit, the audit did not identify any material adjustments. There were a small number of issues identified that were adjusted by management as they did not have a significant effect on the financial statements.

Mr Leviston reported on the value for money (VFM) conclusion and advised that an unqualified conclusion had been issued on the Authority's arrangements to secure value for money for 2015/16 on 29 September 2016. The result was that the auditors were satisfied that during the year, the Authority had appropriate arrangements for securing economy, efficiency and effectiveness in the use of its resources.

In relation to value for money risk area, he reported that KPMG had undertaken a risk assessment as part of its VFM audit work to identify the key areas impacting on the VFM conclusion and considered the arrangements the Council had put in place to mitigate those risks. The following significant matter was identified:

Mr Leviston advised the Committee that in terms of financial resilience, the Authority's medium term financial plan covered the period to 2021/22. It identified the funding sources available to the Authority each financial year, the cost base brought forward from the previous year and the inflationary pressures on this cost base. The assumptions driving this element of the plan were reviewed and considered to be reasonable.

Responding to questions from the Committee in relation to financial resilience and specifically whether KPMG considered the Council's financial reserves to be adequate, Mr Leviston described the current situation as reasonable and that nothing had been found to contradict the Section 151 Officer's statement on that subject. Mr Jack, added that it was important for the Council to have a sustainable medium term plan and that having external scrutiny of that plan was very helpful.

The Committee added its praise to the suitability of the financial plan and complimented the officers responsible for it.

The Committee thanked Mr Leviston for his attendance and agreed to note the report.

Background papers: None.

### **6 NATIONAL FRAUD INITIATIVE REPORT 2016**

Mrs T. Greenhalgh, Chief Internal Auditor, presented the Committee with a report which detailed the outcome of the 2014-2016 National Fraud Initiative (NFI) exercise and the lessons that were learned from the process. She explained that the report focussed on the outcomes from the National Fraud Initiative data matching exercise which helped to prevent and detect fraud, overpayments and errors. The data for the initiative was provided by

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1,300 participating organisations from across the public and private sectors. The data was cross matched and compared to key data sets provided by other participants, including government departments. Mrs Greenhalgh drew the Committee's attention to the details of the outcomes that related to Blackpool.

Following a question from the Committee, Mrs Greenhalgh confirmed that Blackpool Coastal Housing did take part in the National Fraud Initiative.

Responding to questions in connection with fraud that related to both the blue badge and concessionary fares schemes, she explained that the blue badge scheme was currently being worked upon, with a view to bringing more prosecutions going forward. There had not yet been the opportunity for detailed work on the concessionary fares scheme, although it would be considered in future work plans.

The Committee asked about the £10m national increase in pensions fraud between 2014 and 2016 and how that impacted upon Blackpool. Mrs Greenhalgh explained that housing benefits matches to pensions schemes formed a big area of fraud risk, although at the current time, it was not possible to give a detailed overview of the local situation. The results of the data matching exercise due in February 2017 would reveal a more detailed picture.

The Committee referred to a section of the report which stated that almost 44 per cent of Councils in England were not maximising the benefits that National Fraud Initiative matches offered. Mrs Greenhalgh explained that Blackpool worked on a risk based approach, focusing on recommended matches and matches that could be considered high risk. She acknowledged that there would always be more that could be done, but it had to be balanced against the resources that were currently available for this type of work.

The Committee thanked Mrs Greenhalgh for her attendance and agreed to note the report.

Background papers: None.

### **7 PUBLIC SECTOR INTERNAL AUDIT STANDARDS EXTERNAL ASSESSMENT**

The Committee considered the findings of the Public Sector Internal Audit Standards External Assessment that was carried out in June 2016 by the Heads of Internal Audit from Warrington Borough Council, Salford Council and Merseytravel / Liverpool City Region Combined Authority.

Mrs Greenhalgh explained that the Public Sector Internal Audit Standards required that such an assessment took place every five years. The outcomes from the review concluded that Blackpool Council conformed to the requirements of the Public Sector Internal Audit Standards. The report included a number of recommendations as to how the Authority could continue to improve its internal audit service, which had been agreed and would feature in the Quality Assurance and Improvement Programme for 2016/2017. Progress

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against the recommendations would be reported to the Audit Committee on an annual basis.

The Committee thanked Mrs Greenhalgh for her attendance and agreed to note the report.

### **8 DATE OF NEXT MEETING**

The Committee noted the time and date of the next meeting as 6pm on Thursday 19 January 2017 at Town Hall, Blackpool.

### **Chairman**

(The meeting ended at 7.10 pm)

Any queries regarding these minutes, please contact:

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