

MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 6 SEPTEMBER 2018

Present:

Councillor Galley (in the Chair)

Councillors

Cox	Hunter	Roberts
Elmes	Matthews	L Taylor
Hobson	Mitchell	

Ms Yvonne Russell, Independent Member

In Attendance:

Mr Alan Cavill, Director of Communications and Regeneration

Mr Tim Cutler, Partner, KPMG

Mrs Tracy Greenhalgh, Head of Audit and Risk

Mr Neil Jack, Chief Executive

Ms Lynn Rowbottom, Transport Manager (ITEM 3)

Mr Steve Thompson, Director of Resources

Mr Chris Williams, Democratic Governance Adviser

Mr Neil Williams, Emergency Planning Officer (ITEM 4)

1 DECLARATIONS OF INTEREST

Cllr Cox declared a personal interest in Agenda Item 5, the nature of which was his role as a non-executive Director of Blackpool Operating Company Ltd.

Cllr Elmes declared a personal interest in Agenda Item 5, the nature of which was his role as a non-executive Director of Blackpool Transport Services Ltd.

Cllr Galley declared a personal interest in Agenda Item 5, the nature of which was his role as a non-executive Director of Blackpool Entertainment Company Ltd and Blackpool Transport Services Ltd.

Cllr Hobson and Cllr Hunter declared personal interests in Agenda Item 5, the nature of which was their role as non-executive Directors of Blackpool Housing Company Ltd.

2 MINUTES OF THE LAST MEETING HELD ON 30 JULY 2018

The Committee agreed that the minutes of the meeting held on 30 July 2018 be signed by the Chairman as a true and correct record.

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3 RIDEABILITY AUDIT FOLLOW-UP

The Committee considered a progress report on the recommendations made in the internal audit report of the Rideability service issued on 19 October 2017.

Ms Lynn Rowbottom, Transport Manager reported that various improvements had been made to the service that included a revised financial system which was now fully operational, reviews undertaken of routes taken, driver's hours and administration tasks to be completed by drivers during down time. Where possible, administrative staff had begun to contact service users to avoid delaying drivers unnecessarily. Following a question about communications, Members were advised that text messages were the preferred method of contact between office staff and drivers and that drivers would only respond once their vehicle was safely stopped.

It was reported that trackers had been fitted to all vehicles to enable up to the minute changes to routes to improve efficiency and maximise the customer experience. Monthly meetings with drivers had been introduced in order to continually assess routes and vehicle types to better fulfil the needs of the service user.

Mrs Tracy Greenhalgh, Head of Audit and Risk, advised that a further Audit follow-up had been scheduled for 15 October 2018 to review the new financial system which had been implemented.

4 STRATEGIC RISK REGISTER - RESPONDING TO A MAJOR INCIDENT

The Committee considered the progress report on individual risks identified in the Council's Strategic Risk Register.

Sub-Risk: Terrorism related act at major events and reduced capacity across the Council to respond in an emergency.

Mr Alan Cavill, Director of Communications and Regeneration explained that a vast amount of work had been undertaken in terms of planning and resources for major events in Blackpool. The 2018 Switch-on, Britney Spears concert and the air show were cited as events that had required a meticulous level of planning and material support. Close working arrangements with key partners that included the Police, counter terrorism units and other agencies had been evidenced and it was suggested that Blackpool was reasonably advanced in terms of its ability to respond to a major incident.

In terms of the Council's capacity to deal with coordination of large events, detailed information was contained within the Major Emergency Plan which outlined roles and responsibilities. The Committee was informed that a gap analysis is being undertaken to assess any vulnerability in terms of planning. Mr Neil Williams, Emergency Planning Officer, explained that there were eight key risk areas identified in the community risk register ranging from weather events and flu epidemics to terrorism and that associated planning had been undertaken to respond to all current perceived threats and risks.

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Following a question about material barriers, it was reported that temporary barriers had been employed at most recent large events and others were in the design phase but it was hoped they would be ready for deployment at the most vulnerable sites in time for the 2019 tourist season. In relation to the Nett Risk Score for the Sub-Risk, it was suggested that the current score reflected the level of mitigation measures discussed and enhanced partnership working that would help to offset the continuing threat of terrorism.

With regard to inability to respond to a major incident, Mr Steve Thompson, Director of Resources, explained that given the reduction in overall staff numbers in recent years, it remained a concern. However, he added that through greater clarification of roles and improved collaborative working arrangements with partners, the risk had been reduced somewhat and remained at a manageable level. Members also noted that appropriate staff had attended county-wide to further enhance planning for major incidents. It was suggested that Elected Members could form part of any future incident response plan and that emergency planning training could be incorporated into the Members training programme if appropriate.

Sub-Risk: Death to members of the public or staff.

The Committee was informed that an exercise for Emergency Response Group volunteers had been held in April 2018 and that despite a shortfall in volunteer numbers, the level of risk remained within agreed tolerances. Mr Neil Jack, Chief Executive, advised that it was important to ensure the right mix of volunteers in terms of their skills and the proximity of their home address to Blackpool.

Following a question about public safety and the possible enforcement of building maintenance in the private sector, it was reported that business continuity measures were in place and Council Officers pro-actively engaged with business owners to ensure buildings were not left in a dangerous condition. However, it was also acknowledged that whilst the Council could take action against premises where a risk to the public had been identified, most of the responsibility fell to the building owner/operator.

5 EXTERNAL AUDITOR'S REPORT TO THOSE CHARGED WITH GOVERNANCE (ISA 260) AND STATEMENT OF ACCOUNTS 2017/2018

The Committee considered the audited Statement of Accounts for 2017/2018 and KPMG's Governance Report (ISA 260).

At the last Audit Committee meeting on 30 July 2018, the decision was taken not to endorse the audited Statement of Accounts and KPMG's Governance Report as presented due to some technical accounting adjustments which KPMG sought to be made.

Mr Thompson, Director of Resources reported that he was satisfied with the accounts as presented and once the governance report had been considered and the letter of representation had been signed, it was expected that the Auditor would finalise their statements in order that the final audited accounts could be published. He added that a simplification of the accounts would be welcomed to improve their meaningfulness and to reduce the chance of delays affecting future publication of audited accounts. It was also

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reported that no penalty would be incurred, financial or otherwise, for the late submission of the accounts.

Mr Tim Cutler, Partner, KPMG, explained the issue with pension pre-payment accounting that had led to the delay in the accounts being ready for final sign-off. He suggested that the timescales to achieve a July 2018 submission date were ambitious and untested. He added that the delay had been out of the Council's control and assured Members that Council officers had done everything possible to ensure the accounts could be signed off by the deadline. According to Mr Cutler, the delay had been the result of a requirement by the external auditor that the Actuary undertake a number of adjustments and recalculations to the pension figures included in the accounts. The risk associated with estimates in relation to pension pre-payment was acknowledged as a future concern and as such was referred to in the KPMG ISA 260. Mr Thompson added that there was always an inherent risk having to report estimates in lieu of actual financial information.

The Committee noted that in early 2018, an £8.4 million budget gap had been forecast for 2019/2020 and the Council would continue to work to identify priorities and opportunities for further savings and income generation opportunities.

The Committee agreed:

To approve the audited Statement of Accounts for 2017/2018.

6 RISK SERVICES REPORT-QUARTER ONE 2018/2019

Mrs Tracy Greenhalgh, Head of Audit and Risk, presented the Risk Services Quarter One Report 2018/2019 to provide the Committee with a summary of work completed by Risk Services and provide management response updates. During the period, audits had been undertaken of various Council systems and processes that included but were not limited to, Adult Services Safeguarding Enquiries, School Improvement Board and processes, Business Rates, Lancashire Waste Partnership and Quality Corridors.

By way of an overview, Mrs Greenhalgh advised the Committee of the nature of risk based audit activity and how it differed from the more limited form of compliance auditing. In addition Members noted the difference between good, adequate and satisfactory ratings.

On the whole, the Committee noted that there were fewer priority one areas contained within the report and that satisfactory financial controls were in place with the exception of the areas of debtors and purchase cards. Members questioned the priority one area associated with Public Health Grant Reductions and the management response suggested that plans were being discussed with the portfolio holder to achieve the potential savings required for 2019/2020. It was noted that timescales and target dates had already been agreed to address the specific audit recommendations. It was acknowledged that medium term plans would require further consideration once details of the settlement figure were known and the impact of removing ring-fenced public health grant monies was better understood. Mr Neil Jack, Chief Executive added that identification of additional revenue streams was becoming increasingly important in the wake of uncertainty over future government funding allocations whilst lobbying to prevent further cuts nationally continued.

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It was reported that a timetable was now in place to review all service level risk registers with Resources, Governance and Partnerships, Chief Executives and Community and Environmental Services all scheduled to be reviewed by the end of September 2018.

The Chairman praised the Risk Services team for improvements to quarterly reporting and in particular within the area of business continuity. In response to a question about the frequency of business continuity plans, Mrs Greenhalgh reported that they would be included in the Quarter Three report in 2018/2019. In terms of Corporate Fraud statistics contained within the report, it had been established, through benchmarking, that the figures were comparable to those nationally.

7 DATE OF NEXT MEETING

The date and time of the next meeting of the Committee was noted as 8 November 2018 at 6pm in Committee Room A, Town Hall, Blackpool.

Chairman

(The meeting ended at 7.08 pm)

Any queries regarding these minutes, please contact:

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