

MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 26 NOVEMBER 2015

Present:

Councillor (in the Chair)

Councillors

Benson	Galley	O'Hara
Cox	Hunter	Owen
Cross	Matthews	Roberts

In Attendance:

Tracy Greenhalgh, Chief Internal Auditor
Neil Jack, Chief Executive
Chris Kelly, Senior Democratic Governance Adviser (Scrutiny)
Iain Leviston, Manager, KPMG
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 22 OCTOBER 2015

The Committee agreed that the minutes of the last meeting held on 22 October 2015 be signed by the Chairman as a correct record.

3 RISK SERVICES QUARTER TWO REPORT - 2015/2016

Ms Greenhalgh, Chief Internal Auditor, presented the Committee with an overview of the Risk Services Report for the second quarter of 2015-2016.

Ms Greenhalgh reported on the internal audits that had been scoped in the quarter and for which preparatory work had commenced. Members were provided with details of service developments with regards to Corporate Fraud and, in relation to risk and resilience, the work undertaken in regards to the tactical response to the boiled water notice that had been implemented for a four week period due to a contamination in the water supply.

The Committee questioned the results of the debrief that had taken place in October to consider how the water contamination issue had been managed and to determine the lessons that could be learned. Mr Williams, Risk and Resilience Officer, advised that a number of recommendations had arisen from the internal debrief and some lessons to be learned had been identified. Members requested that a summary report be brought back

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to the Committee providing details on the lessons learned and recommendations from the internal debrief on how the incident had been managed.

Ms Greenhalgh reported on the key performance indicators for the service. She advised that 91% of business continuity plans were up to date as of the date of the meeting and that 100% of risk registers had been revised and were up to date. However, it was explained to the Committee that the business continuity plans varied in quality and some required additional work before they could be considered appropriately updated. Ms Greenhalgh advised that the Risk and Resilience Team would aim to complete a quality control programme by the end of the financial year to fully assess the standard of business continuity plans.

Members raised questions relating to the number of trained Emergency Response Group Volunteers. Ms Greenhalgh advised that there were concerns regarding whether the volunteers had appropriate training and/ or experience and that the Risk and Resilience Team would be working with Adult Social Care Services in order to address the issue. Members were further advised that the volunteers were from across the Council's departments and whilst they were not offered incentives to volunteer, they were permitted time off in-lieu following any emergency response.

The Committee questioned what the completion rate was for the i-pool training course on fraud awareness and Ms Greenhalgh advised that the rate was very low. She informed Members that work would be undertaken with the Senior Leadership Team to encourage managers to complete the course.

The Committee considered the Internal Audit reports issued during the second quarter and discussed the audits that had resulted in an inadequate assurance statement being issued. In regards to the audit of the CCTV service, which had concluded with an assurance statement of inadequate controls in place, the Committee was advised that the service had not been 'live' at the time of the audit. The Committee requested that the Director of Place be invited to attend the next meeting of the Committee in order to provide an explanation for the controls being inadequate and a progress report detailing how the concerns of Internal Audit had been mitigated.

The Committee also considered the Internal Audit review of Licensing Services, which had also been considered to have inadequate controls in place in relation to document management and information sharing across other relevant services. Ms Greenhalgh advised that Internal Audit had not yet followed up on its recommendations and it was noted that proactive work was already being undertaken to address the issue.

Another Internal Audit review discussed by the Committee was the review into Physical Activities. It was noted that the review had concluded that there were a range of organisations, including Leisure Services and others externally commissioned by Public Health, providing physical activity opportunities for residents. The review considered the current approach to be inadequate and that better integration between Leisure Services and Public Health could improve opportunities for residents and deliver better value for money. Members questioned what was being done to improve the approach and Ms Greenhalgh advised that the Chief Executive, Director of Public Health and Director of Community and Environmental Services would be meeting to resolve the situation.

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Mr Jack, Chief Executive, advised that some of the external contracts commissioned by Public Health, had been agreed at a time when Public Health Services had been undertaken whilst under the previous structure of the NHS. Mr Thompson, Director of Resources, added that an internal group of officers had been established to consider the protocols involved with departments using internal services.

Ms Greenhalgh reported to the Committee the progress with Priority One recommendations. She advised that a number of actions had now been implemented and signed off, including Waste Public Finance Initiative, Area Forum and Ward Budgets, E-invoicing, Advertising, Out of Hours Cover, Framework-I, Bereavement Service, Deferred Payments and Year 7 Savings Accounts.

Ms Greenhalgh also advised that, in relation to the Regulation of Investigatory Powers Act 2000, between July and September 2015 the Council had not authorised any directed surveillance. Upon questioning from the Committee, she advised that it was not unexpected that there had been no direct surveillance authorised, as the powers had been used a lot more in the past for benefit fraud investigations, which were now a function of the Department for Work and Pensions.

Members considered the insurance claims data and cost of public liability data and it was questioned whether the impact of Project 30 could yet be demonstrated. Ms Greenhalgh advised that there were still a number of legacy claims that were being made from earlier dates, but it was hoped that there would be some improvement and a reduction in claims in the next 12 months.

The Committee agreed:

- 1) to note the report;
- 2) to request that a summary report be brought back to the Committee providing details on the lessons learned and recommendations from the internal debrief on how the water contamination incident had been managed; and
- 3) to request that the Director of Place be invited to attend the next meeting of the Committee in order to provide an explanation for controls being inadequate in relation to the CCTV internal audit review and to provide a progress report detailing how the concerns of the audit had been mitigated.

4 STRATEGIC RISK REGISTER - LACK OF RESILIENCE

The Committee considered a progress report in relation to the individual risks identified on the Council's Strategic Risk Register, specifically in relation to the risks regarding lack of resilience. The Committee discussed plans to control and mitigate the risks with the strategic risk owner, Mr Jack.

Mr Jack discussed the sub-risk of 'lack of individual resilience to work in a changing environment' and explained how the risk was being mitigated. The Committee noted the successful bids that had been made to secure external funding, with examples including the Better Start Bid and the bid for Coastal Communities Funding. Mr Jack advised that work was being undertaken to make services more sustainable and the example of the illuminations was discussed by the Committee. It was explained that there had been an increased focus on providing external sponsorship opportunities and increasing footfall,

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as opposed to people remaining in the vehicles for the duration of their visit to the illuminations.

The Committee was informed of work being undertaken in relation to shared services with other local authorities and it was noted that the Revenue and Benefits service was shared with Fylde Council.

The Committee considered the potential for decreased staff morale amidst a consistent environment of cuts to services. Members were advised that attendance statistics were regularly reviewed and noted the absence management procedures in place. The Committee was also advised that staff surveys were undertaken annually to help gauge staff morale and it was requested that the results of those surveys be brought to Members' attention in future.

Mr Jack also advised the Committee that work was being undertaken to help support residents of the town improve their resilience and reduce the dependency on Council services. Members noted that the support focused on helping people to be better parents, to find employment and to improve the education of children and young people.

The Committee questioned the level of acceptable risk for the risk register item and Mr Jack advised that realistically in the current financial climate and given that the authority was relatively small, there would always remain some element of risk, as a result the net risk score of 12 was considered appropriate.

The Committee agreed to request that the results of those surveys be provided to Committee Members once they were available.

Background papers: None

5 STRATEGIC RISK REGISTER - SERVICE FAILURE

The Committee considered a progress report in relation to the individual risks identified on the Council's Strategic Risk Register, specifically in relation to the risks regarding service failure. The Committee discussed plans to control and mitigate the risks with the strategic risk owners, Mr Jack and Mr Thompson.

Mr Thompson advised that the risk of service failure would be included on the risk register of any organisation and that some risks were heightened due to the current financial climate. He explained that the Council had many services, some of which now only contained a very small number of employees. Therefore, there was an inherent risk of service failure in those services.

The Committee discussed the procurement procedures and Mr Thompson advised that the related contract management process was also important in ensuring adequate business continuity plans were in place.

Mr Thompson explained that an objective within the new Council Plan was to manage demand on Council services, which would help to mitigate the risk of service failure as a result of reductions in local authority funding. The Committee discussed the use of Channel Shift and Mr Thompson advised that its use was having a positive impact on the

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Customer First performance indicators. The Committee requested that further information on the impact of using Channel Shift once the Corporate Leadership Team had reviewed the working group's first year and the performance of customer services across the Council, be provided for Members' consideration.

The Committee questioned the level of risk acceptable for the sub-risk of 'over reliance on income generation through the delivery of traded services'. Mr Thompson advised Members of the steps that were being taken to mitigate the risk, which included undertaking a car parking review that would help to increase the income generated through Council owned car parks.

The Committee agreed to request that further information on the impact of Channel Shift and the performance of customer services across the Council be provided to the appropriate body.

Background papers: None

6 APPOINTING THE COUNCIL'S EXTERNAL AUDITOR

Mr Leviston, Manager, KPMG, presented a report which provided information to the Committee on the power of local authorities to appoint their own external auditor from the 2018/19 financial year onwards.

Mr Leviston advised Members that local authorities would have a number of procurement options when it came to appointing their external auditor. The options included re-appointing the incumbent auditor, running a stand-alone tendering process and joining together with other neighbouring authorities to undertake a collective procurement process.

The Committee discussed the merits of being able to appoint its own external auditor and it was noted that the new regulations would require local authorities to appoint an Audit Panel, which would include a majority of independent members and be responsible for recommending the external auditor to be used.

The Committee agreed to note the report.

Background papers: None

7 DATE OF NEXT MEETING

The Committee noted the date of the next meeting as 6pm on Thursday 28 January 2016 at Town Hall, Blackpool.

Chairman

(The meeting ended at 7.20 pm)

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Any queries regarding these minutes, please contact:
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