

MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 25 JUNE 2020

Present:

Councillor Galley (in the Chair)

Councillors

Burdess	Cox	Hugo	Roberts
Collett	Critchley	Mitchell	

In Attendance:

Mr Neil Jack, Chief Executive

Ms Tracy Greenhalgh, Head of Audit and Risk

Dr Arif Rajpura, Director of Public Health (Items 3-9 only)

Mr Philip Redmond, Chief Accountant

Mr Steve Thompson, Director of Resources

Mr Mark Towers, Director of Governance and Partnerships

Mrs Elaine Ireland, Senior Democratic Governance Adviser

Ms Nicola Wright, Deloitte Partner

Mr Nick Rayner, Deloitte Senior Manager

1 DECLARATIONS OF INTEREST

There were no declarations of interest on this occasion.

2 MINUTES OF THE LAST MEETING HELD ON 12 MARCH 2020

The Committee agreed that the minutes of the meeting held on 12 March 2020 be signed by the Chairman as a true and correct record.

3 STRATEGIC RISK REGISTER - PANDEMIC INFECTION

[Dr Arif Rajpura, Director of Public Health joined the meeting prior to consideration of this item].

The Committee considered a progress report outlining the individual risks identified within the Strategic Risk – Pandemic Infection, from the Council's Strategic Risk Register.

Dr Arif Rajpura, Director of Public Health provided an overview of the sub-risk 'Impacts on the Council's ability to deliver critical services and wider impacts on the Town' in respect of the Covid-19 pandemic. Dr Rajpura outlined that the national message had been amplified locally, with the key role of the Council being to protect the vulnerable. He provided an overview of the provisions put in place in response to the pandemic, referencing the swift implementation of twelve Corona Kindness Community Hubs and the provision of accommodation for all homeless people within the town. The Corona Kindness Community

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Hubs had provided valuable support to vulnerable people in the community by delivering essential support such as food and medicines, whilst Adult Social Care had created a dedicated Provider Support and Resilience Hub to provide practical support to any social care provider requiring assistance including supply of Personal Protective Equipment (PPE), infection control advice and urgent staffing support.

Dr Rajpura reminded the Committee that on 1 June 2020 the government had implemented phase two of the pandemic response which would include limited opening of primary schools along with some non-essential retail also opening. As the cases had declined and Blackpool moved into phase two of its response, there had been a move to the Test, Track and Isolate phase, which would be important in the Council's efforts to contain localised outbreaks.

The Committee was informed that phase three would commence on 4 July 2020 with further restrictions being lifted on the hospitality industry. Members were assured that all changes would be kept under strict review and that if cases started to increase again then stricter measures may be re-implemented. Dr Rajpura advised that Covid-19 would likely remain for the foreseeable future and further waves of infection in the months to come were a strong possibility.

Dr Rajpura stressed that current measures had been suppressing the number of cases and deaths and Blackpool had passed the peak, with reported cases and deaths in decline. Death Data from the Office of National Statistics (ONS) up to 17 April 2020 showed that Blackpool had a low death rate from Covid-19 when compared to other areas. He further reported that despite the tragic loss of life experienced across the town, its hospital care had never been overwhelmed by the number of cases and according to the reported figures up to the end of May 2020 the rates within Blackpool were close to the average for England and well below North West rates. Moving forward, Dr Rajpura explained, the Council's role would be to regulate establishments to ensure they were adequately 'Covid Secure' and adhering to government guidance.

A question was raised regarding the risk scores assigned to the pandemic, with a query around whether a net score of 15 was considered robust enough for such an unprecedented event. Dr Rajpura advised that a high risk score of 25 had originally been assigned at a time when the impact of the pandemic was unknown. As the situation progressed it had become evident that the previously anticipated volume of deaths had not occurred and as hospital admissions were now in decline the risk score was felt to be appropriate.

In response to a question around the media portrayal of high levels of cases in Blackpool in comparison with other regions, Dr Rajpura advised that the number of reported cases was dependent upon the extent of testing undertaken within each area. He suggested that all areas had not been carrying out testing to the same level as Blackpool which impacted the reporting figures from these areas. Further questioning continued around the referenced figures, with a Committee Member querying why April/May 2020 data had been used when figures for June 2020 were now available, as well as suggesting that Blackpool had experienced a higher level of deaths than the averages reported for England and Lancashire. Dr Rajpura responded by assuring the Committee that the only verified figures were those

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issued by the ONS up to the end of May 2020 and agreed to circulate the data to all Committee Members for their information.

Further information was sought on the Test, Track and Isolate system within Blackpool. The Committee was informed that the system had been introduced approximately three weeks ago with anyone experiencing Coronavirus symptoms being asked to request a test. Once a positive test result had been received, the Test, Track and Isolate process would be initiated. Dr Rajpura explained that a three tier system had been introduced, with the majority of cases automatically being allocated to tiers two or three and dealt with at a national level. More complex cases would be escalated to tier one and dealt with locally by Public Health England and the Local Authority. Such cases would be those which required more local knowledge such as an outbreak within a school. The Committee was informed that Blackpool's outbreak management hub had been set up and was ready for use but had not as yet been required. Clarification was sought on whether the Test, Track and Isolate system would be implemented in incidences of deaths by Coronavirus, with Dr Rajpura confirming this to be the case. In response to a question on available capacity for testing should a surge in cases be experienced, Dr Rajpura confirmed that sufficient testing capacity would be available as required.

With regards to the number of participants contributing to the Test, Track and Isolate process, the question was raised of whether large enough numbers of cases had been reported through the system. Dr Rajpura informed the Committee that 160 cases had been reported from Blackpool and that the key messages regarding the importance of maintaining good hand hygiene as well as 'Don't be a contact' were being reiterated to encourage people to remain two metres apart to avoid the requirement to self-isolate if a contact tested positive. Dr Rajpura stressed that the Test, Track and Isolate system had only been implemented over recent weeks and that previously reported deaths from earlier in the pandemic would not have been included in the 160 reported cases. When questioned on why the Test, Track and Isolate system had not been introduced earlier in the pandemic as had been seen with some other Local Authorities, Mr Neil Jack, Chief Executive reiterated that the Council had been following national public health policy.

When questioned on plans for the future and preparations in place for a second wave of infection, Dr Rajpura informed the Committee that planning for winter had now become the priority with a full mechanism of delivery and oversight in place to assist in curbing the spread of any increase in infection rates, alongside the continued reiteration of key health messages. With reference to a vaccine for the virus, Dr Rajpura suggested that it could be several months before a vaccine was identified and tested but should one become available the main focus would be on the delivery of the vaccine to the vulnerable groups within the community.

The Committee questioned what the current situation within Blackpool care homes was and whether visits would now be permitted to residents. Dr Rajpura informed Committee Members that a support hub for care homes had been established and a system of daily telephone calls had been implemented to offer support and guidance as required to staff. PPE had also been provided in sufficient quantities to all care homes. Coronavirus testing of whole care homes, to include all residents and staff, had been introduced in order to

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identify any asymptomatic cases. Visitors would be permitted at the current time, with one visitor per resident allowed and for visits to take place outside wherever possible, although Mr Jack identified that should a second wave of infection be identified, these measures would be reviewed in order to mitigate the risk of further infection as required.

The Committee questioned whether local businesses would be in receipt of the same level of support when reopening as schools had received. Mr Jack advised that the business community would require personalised approaches dependent upon the type and size of the business but confirmed that the national guidance would be shared across businesses and additional support provided as necessary.

Mr Jack was questioned regarding whether the Covid-19 response had impacted on the Council's ability to deliver statutory services elsewhere. Mr Jack reported that within the risk matrix, the only services which had not been fully provided were those which the government had advised not to such as some waste services and the full operation of household recycling centres. Children's Social Care had seen a reduction in the number of face-to-face appointments and had instead been making contact via a number of alternative methods.

In response to a question on the long-term financial impact and sustainability of the Council, Mr Jack advised that a second settlement from central government was anticipated imminently and assured the Committee that the Council was not in the same fragile position as a number of other Local Authorities which relied heavily upon external sources of income. Mr Steve Thompson, Director of Resources reported that the Council was in the process of ascertaining the full cost of the Covid-19 response, both via direct costs and loss of income and also via those experienced by the Council's Wholly Owned Companies. He advised that the Council had prudently carried forward earmarked reserves in the region of £47 million from the previous financial year and anticipated that much of these would be required in recovering from the impact of the pandemic.

4 EXTERNAL AUDIT INTERIM REPORT

Ms Nicola Wright, Partner and Mr Nick Rayner, Senior Manager, both Deloitte attended the meeting to provide a verbal update on the external audit interim report. Ms Wright advised that a revised timetable for the audit would be required as a result of the impact of the Covid-19 pandemic, with an amended start date for the audit having been agreed as 6 July 2020.

Mr Rayner informed the Committee that the work would be undertaken remotely due to restrictions preventing the external audit team from working on site and he anticipated the impact of Covid-19 to affect a number of accounting areas. He provided assurance to Committee Members that initial preparatory work had been commenced by the Council's finance team in anticipation of the audit. Ms Wright acknowledged that there would be a substantial amount of work to cover but that the team at Deloitte was experienced at managing complex projects.

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5 ANNUAL AUDIT OPINION

Ms Tracy Greenhalgh, Head of Audit and Risk presented a report setting out the individual and collective outcomes of the audit reviews undertaken over the financial year ending 31 March 2020. In addition the report provided an audit opinion on the control environment based on the audit work undertaken. Within her report, Ms Greenhalgh set out the proposed programme for Heads of Service to report progress against audit recommendations to the Audit Committee based on a random sample of audits.

Ms Greenhalgh reminded the Committee that as the Head of Audit and Risk she was responsible for the delivery of an annual audit opinion and report that could be used by the Council to inform its Annual Governance Statement. The annual opinion concluded on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. In giving this opinion, assurance could never be absolute and therefore only reasonable assurance that there were no major weaknesses in the processes reviewed could be provided but she assured Committee Members that where high risk areas had been identified as part of audit reviews these would be subject to a follow-up process to ensure that effective controls were implemented.

Ms Greenhalgh reported that she was satisfied that sufficient assurance work had been carried out to allow the provision of a reasonable conclusion on the adequacy and effectiveness of the Council's internal control environment and that the overall control environment of the Council was adequate, however she recognised that there were significant issues faced by Children's Services as identified in the Ofsted report and ongoing overspends which needed to be addressed. The Covid-19 pandemic had also impacted on the control environment in March 2020 and this would continue to be monitored during 2020/2021 and steps taken to manage risk as effectively as possible given the challenging circumstances. Where weaknesses had been identified through internal audit work the team had worked with management to agree appropriate remedial actions and a timescale for improvement. This was particularly relevant in high risk areas where innovative solutions were being implemented to support future sustainability.

Within the report Ms Greenhalgh had identified four areas where planned internal audit work for 2019/2020 had not been undertaken and which included Homelessness; the Conference Centre; Children's Legal Services and Fostering. Councillor Mitchell, as Chair of the ongoing scrutiny review of Housing and Homelessness queried the lack of liaison between internal audit and the scrutiny working group and suggested that internal audit's input would be appreciated. Ms Greenhalgh confirmed that internal audit's support could be offered to the working group if any areas of risk were identified during its review.

The Committee queried the decision to defer the audit of the Conference Centre, stating that as a one-off occurrence if the construction process was not audited there would be no future opportunity to undertake this review. Ms Greenhalgh clarified that a full audit of the Conference Centre would be undertaken at a future date and that she had been involved throughout the project to ensure an overview of the adequate handling of risks.

With regards to the remaining deferred items of Children's Legal Services and Fostering, Ms

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Greenhalgh reported that these areas would both undergo an element of peer review or external scrutiny and internal audit would be made aware should any significant areas of risk or control be identified. The suggestion was made that the review of Fostering could benefit from involvement from the Children and Young People's Scrutiny Committee.

The Committee agreed: That involvement in the Fostering review be considered for inclusion within the Children and Young People's Scrutiny Committee's work plan.

6 RISK SERVICES REPORT QUARTER FOUR

The Committee considered the Risk Services Quarter Four report which provided a summary of the work completed by Risk Services in quarter four of the 2019/2020 financial year.

Ms Tracy Greenhalgh, Head of Audit and Risk reported that only fifteen per cent of risk registers had been updated by the end of the quarter but that due to the on-going Covid-19 situation services had not been actively chased for their submissions. Ms Greenhalgh advised that each service would have received an email reminder in late February/early March 2020 and the indicator would be revisited in quarter one of the new financial year to ensure a higher rate of compliance.

In relation to applications for Coronavirus business grants, the Committee questioned whether any potential risk of fraud had been identified and addressed. Ms Greenhalgh confirmed that internal audit had been heavily involved in the issuing of the grants along with the implementation of a post-payment support network to help ensure adequate due diligence had been maintained and therefore reduce the risk of fraudulent applications.

Ms Greenhalgh provided a summary of the audits undertaken over the period and highlighted to the Committee those areas which had been identified as 'Inadequate', these being 'Non-Contracted ICT Software' and 'Water Self Supply'. The Committee was informed that work was ongoing to address the identified weaknesses.

Ms Greenhalgh reported that the review of priority one audit recommendations would usually be undertaken at the end of each quarter, however due to the Council's ongoing response to the Covid-19 emergency the review had been delayed until the first quarter of 2020/2021.

7 QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

Ms Tracy Greenhalgh, Head of Audit and Risk presented and sought approval of the Quality Assurance and Improvement Programme (QAIP) for the internal audit service for 2020/2021.

The Committee was informed that internal audit's QAIP was designed to provide reasonable assurance to stakeholders of internal audit that the service performed its work in accordance with its Charter whilst conforming to the requirements of the Public Sector Internal Audit Standards (PSIAS); operating in an effective and efficient manner and was perceived by stakeholders as adding value and improving operations. Internal audit's QAIP

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covered all aspects of the Internal Audit Service in accordance with the PSIAS Standard 1300 (Quality Assurance and Improvement Programme).

As the Head of Audit and Risk, Ms Greenhalgh advised that she would be responsible for the QAIP, which covered all types of internal audit activity, including advice and consulting. She highlighted that external review was recommended at least every five years and this period was now approaching.

The Committee questioned what succession planning or support was in place with regards to her role as Head of Audit and Risk. Ms Greenhalgh assured the Committee that the newly introduced structure had increased capacity at Senior Auditor level and she was working closely with her team to develop the necessary support skills yet further.

The Committee agreed: To approve Internal Audit's Quality Assurance and Improvement Programme 2020/2021.

8 AUDIT COMMITTEE SELF EVALUATION AND TRAINING PROGRAMME

Ms Tracy Greenhalgh, Head of Internal Audit and Risk introduced the results of the Audit Committee Self Evaluation and the resulting training programme for approval.

The Committee was reminded that the self-evaluation responses were used to inform the Committee's proposed training programme and as such it was important that all Committee Members completed and returned the information. Ms Greenhalgh acknowledged that on this occasion some Members of the Committee had experienced IT issues and due to the Covid-19 restrictions paper copies could not be made available but would be provided in future if necessary.

The Chair of the Committee highlighted that the Audit Committee was on a journey over a three year period, whereby Members' skills and knowledge continued to develop. He asserted that the Committee would be enhanced yet further by the recruitment of an independent member and extended his thanks to the Committee Members for their hard work and dedication.

The Committee agreed: To approve the Audit Committee training programme for 2020/2021.

9 DATE OF NEXT MEETING

The date and time of the next meeting of the Committee was noted as 24 September 2020, commencing at 6pm.

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Councillor Galley, Chairman

(The meeting ended at 7.55pm)

Any queries regarding these minutes, please contact:

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