

## MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 21 JANUARY 2021

### Present:

Councillor Galley (in the Chair)

Councillors

Burdess	Critchley	Roberts
Collett	Hugo	
Cox	Mitchell	

Ms Brown and Dr Green, Independent members

### In Attendance:

Mr Neil Jack, Chief Executive

Mrs Tracy Greenhalgh, Head of Audit and Risk

Ms Louise Jones, Head of Revenues, Benefits and Customer Services

Ms Liz Petch, Consultant in Public Health

Mrs Chloe Pieri, Community Engagement and Partnership Manager

Dr Arif Rajpura, Director of Public Health

Mr Steve Thompson, Director of Resources

Mrs Elaine Ireland, Senior Democratic Governance Adviser

Mr Nick Rayner, Deloitte

Ms Nicola Wright, Deloitte

Councillor Mrs Callow JP, Chair of the Scrutiny Leadership Board

### 1 DECLARATIONS OF INTEREST

There were no declarations of interest on this occasion.

### 2 APPOINTMENT OF INDEPENDENT MEMBERS TO THE AUDIT COMMITTEE

The Committee noted the appointment of Ms Gill Brown and Dr Stuart Green as Independent members of the Audit Committee.

### 3 MINUTES OF THE LAST MEETING HELD ON 30 NOVEMBER 2020

The Committee agreed that the minutes of the meeting held on 30 November 2020 be signed by the Chairman as a true and correct record.

### 4 CLIENT FINANCES AUDIT FOLLOW-UP

Ms Louise Jones, Head of Revenues, Benefits and Customer Services presented a progress report on the recommendations made in the internal audit report of Client Finances which had been issued in February 2020.

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Ms Jones provided the Committee with an overview of the work undertaken by the Client Finances team and highlighted that demand had increased substantially since the service had transferred to the Resources Directorate in 2016. Ms Jones reported that the original internal audit of Client Finances undertaken in 2016 had found the systems within the team to be inadequate and had resulted in 14 recommendations for improvement. The audit from February 2020 had reported adequate assurance of the system controls and made six recommendations for improvement, none of which were priority one.

The Committee received updates in relation to the recommendations which had not been completed.

With regards to R2 'A record of the checks undertaken as part of the monthly audit visits by the Client Finances Specialist should be documented on the client's file,' Ms Jones advised that the monthly audit visits to Blackpool Football Stadium had been put on hold due to the pandemic and as a result the recommendation had not yet been implemented in full. The intention was for the visits to be reinstated once restrictions permitted.

Ms Jones advised that in relation to R4 'As part of the reconciliation process consideration should be given to selecting a sample of clients each month and checks made to ensure that the balance of the client's account on CASPAR agrees to the balance as per their bank statement,' the target date had not been met due to the pandemic and the resulting increase in online transactions and purchases the team had been called upon to deal with for clients. She informed the Committee that although the recommendation had called for a sample of clients to be checked, all clients' accounts would be reconciled on a monthly basis moving forward.

The Committee sought further details of the computerised reconciliation process and questioned whether a software upgrade would allow for the process to be undertaken automatically. Ms Jones clarified that all predictable and recurring client payments were automated but that any unanticipated transactions, such as refunds or one-off payments, could not be and instead needed to be reconciled manually by the team. She assured the Committee that all client bank statements remained correct and that the transaction adjustments were carried out via the internal IT system to ensure reconciliation.

With regards to the fraudulent activity discovered within the service in 2018, Ms Jones provided assurance that a thorough review of processes had occurred and was satisfied that the recent audit had confirmed adequate processes to now be in place. In response to a question regarding how the team was coping with the increased workload pressures, Ms Jones advised that additional resources could be called upon should the workload require more staff.

The Committee expressed thanks to Ms Jones and the Client Finance team for their continued efforts in supporting residents throughout the pandemic.

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### 5 STRATEGIC RISK REGISTER - RESILIENCE

The Committee considered a progress report outlining the individual risks identified within the Strategic Risk – Lack of Resilience.

Mr Neil Jack, Chief Executive provided an overview of the sub-risk ‘Lack of capacity to deliver Council services.’ He summarised the existing controls and mitigations as outlined within the progress report and advised that the original target dates would require amendment. In response to the Committee’s suggestion that the Strategic Risk Register failed to adequately reflect the changing landscape of the Covid-19 response, Mr Jack advised that a separate report had been produced which detailed the Council’s ongoing response to the pandemic and that full Council had been identified as the most appropriate method of communicating the information to the public.

The Committee questioned the level to which the Council was able to oversee its partners’ risks, noting the importance of effective relationships with external agencies during the pandemic. Mr Jack reported close working between the Council and its partners, specifically through the work of the Lancashire Resilience Forum which had ensured a coordinated response across the region. He also identified the police as a key partner, acknowledging their role in helping to reduce the impact of unseen risks arising from school closures, such as the dangers posed to vulnerable children.

In relation to the utilisation of Council employees who were unable to fulfil their usual roles during the lockdown periods, for example due to the closure of leisure facilities, Mr Jack reported that colleagues from across the Council had been redeployed to a number of vital roles as required, as well as seeing an increase in engagement from volunteers. He explained that a group had been established to collate and analyse the examples of positive learning resulting from the pandemic, with the findings being used to influence future ways of working.

Dr Arif Rajpura, Director of Public Health addressed the sub-risk ‘Over reliance on public sector services.’ He reported that many of the proposed actions had been postponed due to the necessary focus on the response to the pandemic and the prioritisation of the Covid-19 vaccination programme. Dr Rajpura informed the Committee that on 25 January 2021 the Winter Gardens would be opening for use as a mass vaccination centre. Clarification was sought around which vaccination centres Blackpool residents were being allocated and the system in place should they wish to request an alternative location. Dr Rajpura explained that letters to patients would include a suggested vaccination venue but also the option to wait for allocation to a nearer centre if preferred, which would include the Winter Gardens from 25 January 2021.

Ms Liz Petch, Consultant in Public Health advised that the smoking cessation initiative had continued as planned, with the Smokefree Blackpool helpline offering access to free smoking cessation medications and behaviour support. She reported that the new Tobacco Addiction Treatment service was on target to commence in January 2021 as planned.

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With regards to the anticipated Community Engagement Strategy, Mrs Chloe Pieri, Community Engagement and Partnership Manager advised that the strategy, which incorporated an exploration of how digital methods could be used to target engagement, had been close to completion at the time of the initial outbreak of Covid-19. After reviewing the strategy it had been agreed that due to the changes brought about by the pandemic, the strategy would need to be revisited and amended.

Mrs Tracy Greenhalgh, Head of Audit and Risk informed the Committee that an audit of Community Engagement had taken place prior to the pandemic, which had resulted in an inadequate assurance rating and a number of priority one recommendations. She was in agreement that it was prudent to halt the launch of the Community Engagement Strategy in order to allow the inclusion of the recent valuable learning to be incorporated and to ensure that the strategy adequately reflected the changing picture of community engagement. Reference was made to the previously-commenced scrutiny review of Channel Shift, with the Committee proposing that the Scrutiny Leadership Board be asked to give consideration to revisiting the scope of the review with a view to including the work of the voluntary sector.

Further information was sought from Mrs Pieri on the development of the cited local Voluntary Community Faith Sector (VCFS) accord. She explained that the accord was an agreement between the Council and third sector organisations and was being led by Lancashire County Council. Due to the prioritisation of the Covid-19 response, Mrs Pieri advised that delays had been experienced but suggested that progress could be reported back at a later date.

The Committee sought clarification over whether the slippage of target dates within the Strategic Risk Register would negatively impact the reported nett risk scores. Dr Rajpura advised that the aim of the Risk Register was to report the current position and that scores had been adapted to reflect any changes to mitigations.

The Committee questioned the anticipated long-term future impact of the pandemic on Public Health, questioning whether sufficient resources and budgetary levels would be available to cope with the demand. Dr Rajpura acknowledged that the Covid-19 response had generated backlogs across the whole healthcare system as well as the potential widening of inequalities in poorer areas, despite efforts to minimise the impact as much as possible across Blackpool. He noted that restrictions remained in place and anticipated these to continue until at least Easter, stressing the need to reduce positive cases of the virus in conjunction with the delivery of the mass vaccination programme.

Mr Jack provided an update on the sub-risk 'Lack of individual resilience to work in a changing environment,' and reported that the recovery plan would include the lessons learnt with regards to the benefits of flexible working. The Committee questioned whether a thorough exploration of the sickness absence levels had been undertaken in order to gain an insight into influencing factors and to explore whether the current working from home requirements had impacted on absence levels. Mr Jack confirmed that the data had been thoroughly reviewed and had highlighted variations across different directorates. He stressed the importance of avoiding generic strategies and instead suggested that a variety

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of approaches would be required to address the varying stressors experienced by different roles.

**Resolved:** That the Scrutiny Leadership Board be asked to give consideration to revisiting the scope of the Channel Shift review.

### 6 STATEMENT OF ACCOUNTS 2019/2020 UPDATE

Ms Nicola Wright, Audit and Assurance Partner, Deloitte updated the Committee on the current status of the financial statement audit for the year ended 31 March 2020. She reported that a meeting had been held in December 2020 between Deloitte, the Council's Director of Resources and the Chair and Vice Chair of the Audit Committee in order to discuss the audit's progress and anticipated timeline for completion. Ms Wright noted that the external audit team had now received the updated accounts and were in the process of checking through the requested technical adjustments. Ms Wright informed the Committee that the anticipated target was for the statement of accounts to be presented to the Audit Committee at its next meeting on 4 March 2021, but she noted the necessity to adequately complete work on the additional procedures generated in response to the risks around the Covid-19 pandemic, as well as the previously cited capital works queries. Mr Steve Thompson, Director of Resources stressed the importance of providing assurance to the Audit Committee and hoped that the 4 March 2021 deadline could be successfully achieved by Deloitte.

Ms Wright agreed to the Committee's request for Deloitte's log detailing all additional work and the associated costs to be submitted to the Committee for review once completed, with any materially significant queries to be identified.

The Committee noted that prolonged delays to the approval of the accounts negatively impacted the Committee's ability to fulfil its other responsibilities and as such the Committee hoped to support the Council and the external auditors in developing a closer working relationship to reduce the likelihood of future delays. Ms Wright welcomed such support and the Committee was optimistic that as the following year's accounts would be the third consecutive year of Deloitte working with the Council that the process should be smoother.

**Resolved:** To receive, in due course, Deloitte's detailed log of all additional work and the associated costs, with any materially significant queries identified.

### 7 INTERNAL AUDIT CHARTER 2021/2022

Mrs Tracy Greenhalgh, Head of Audit and Risk introduced the Internal Audit Charter 2021/2022. She explained that the Internal Audit Charter established internal audit's position within the Council and defined the scope of internal audit activities and reporting lines. The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (CIIA) had set the internal audit standards in respect of local government across the UK and had adopted a common set of Public Sector Internal Audit Standards (PSIAS) in April 2013. The Charter as presented followed the model document

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provided by the CIAA.

Within the Charter reference had been made to data being communicated and reported to the Audit Committee. The Committee questioned the language used and suggested that a fair representation of the level of input of the Audit Committee had not been adequately reflected. Mrs Greenhalgh agreed with the assertion and informed the Committee that she would amend the relevant sections prior to adoption of the Charter.

The potential impact of the Redmond Review on the Internal Audit Charter was questioned by the Committee, with Mrs Greenhalgh reporting that whilst closer liaison between internal and external audit would be worked towards, the Charter would not be directly impacted by the recommendations arising from the Redmond Review.

**Resolved:** That the Internal Audit Charter 2021/2022 be approved subject to the agreed amendment to include appropriate reference to the input of the Audit Committee.

### 8 RISK MANAGEMENT FRAMEWORK 2021-2025

Mrs Tracy Greenhalgh, Head of Audit and Risk presented the Risk Management Framework 2021-2025, explaining that the revised framework set out the Council's approach to risk management for the period of 2021-2025. The Committee was informed that the document had been aligned to the government's Orange Book which incorporated the latest thinking in terms of risk management in the public sector and that the framework was intended to promote best practice in risk management at all levels and in all activities, including those delivered with external partners whilst linking into the Council's framework for good governance.

In response to a question around whether the revised framework reflected the lessons learnt from the pandemic, Mrs Greenhalgh reported that whilst such information had not been captured within the framework itself, the Risk Registers and associated Risk Assessments which sat beneath the framework did. With reference to the Council's risk management groups, as cited within the framework, the Committee questioned whether inclusion of a specific Public Health risk management group may be beneficial. Mrs Greenhalgh advised that due to the limited size of the directorate, Public Health did not have its own dedicated risk management group, however Public Health was included within discussions as part of the Corporate Risk Management group in addition to a number of separate Public Health groups established specifically to respond to the pandemic. The Committee suggested that consideration should be given to the creation of a 'Working from Home' risk management group in light of the ongoing changes to working practices across the Council. Mrs Greenhalgh informed the Committee of a new multi-disciplinary project which would be tasked with specifically examining future proposals for continued working from home and which would include health and safety considerations and the management of any associated risks.

Mrs Greenhalgh assured the Committee that the current risk management structure and arrangements were working well and that risk management was now significantly embedded within the organisation. She reported that all Chief Officers had approved the

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amended Risk Management Framework and as such she was confident that they would support its implementation. In addition, regular reporting and governance measures were in place to ensure compliance and to identify any occurrences whereby Risk Registers had not been adequately updated or agreed actions not completed.

**Resolved:** To approve the Risk Management Framework 2021-2025.

### 9 BUSINESS CONTINUITY FRAMEWORK 2021-2025

Mrs Tracy Greenhalgh, Head of Audit and Risk introduced the Business Continuity Management Framework 2021-2025 and explained that the revised framework set out how the Council would effectively manage business continuity across the organisation. She identified that learning taken from the pandemic response had been incorporated into the document, along with 'how to' information to ensure consistency of approach across the authority. The requirement to test business continuity plans had also been included within the framework, with suggested scenario planning to assist managers to undertake sufficient testing. In addition, support was being offered by the Risk Management team to assist departments to create robust continuity plans. In respect of Chief Officer compliance, Mrs Greenhalgh reported that the pandemic had raised awareness of the need to ensure business continuity planning was up to date and that any areas of non-compliance would be reported to the Audit Committee.

The Committee questioned whether the Council's previous disaster management plans had proven effective during the pandemic and whether they had been fit for purpose. Mrs Greenhalgh advised that the majority of the Council's emergency planning was undertaken in conjunction with the Lancashire Resilience Forum and due to the sensitive nature of the information contained within the documents they were largely not suitable for release within the public domain. Dr Arif Rajpura, Director of Public Health confirmed that an Outbreak Management Plan as well as a Pandemic Influenza Plan had been in place and had proven helpful, although he noted that specific occurrences and features of the virus resulted in necessary adjustment and amendment of the plans as more was learnt.

**Resolved:** To approve the Business Continuity Framework 2021-2025.

### 10 DATE OF NEXT MEETING

The date of the next meeting of the Committee was noted as 4 March 2021, commencing at 6pm.

**Chairman**

(The meeting ended at 8.03pm)

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Any queries regarding these minutes, please contact:  
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