

## MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 27 JULY 2023

### Present:

Councillor Roberts (in the Chair)

Councillors

Cartmell	Swift	Warne
Humphreys	Thomas	

David Swift, Independent Co-opted Member

### In Attendance:

Councillor Paul Galley, Chair of the Scrutiny Leadership Board

Steve Thompson, Director of Resources

Mark Towers, Director of Governance and Partnerships

Victoria Gent, Director of Children's Services

Kate Aldridge, Head of Corporate Delivery, Performance and Commissioning

Chris Coyle, Assistant Director of Children's Services (Children's Social Care and TiS)

Tracy Greenhalgh, Head of Audit and Risk

Karen Tomlinson, Corporate Finance Accountant

John Greenbank, Democratic Governance Senior Adviser (Scrutiny)

### 1 DECLARATIONS OF INTEREST

There were no declarations of interest made on this occasion.

### 2 MINUTES OF THE LAST MEETING HELD ON 15 JUNE 2023

**Resolved:** That the minutes of the meeting held on 15 June 2023 be signed by the Chair as a true and correct record.

### 3 CHILDREN'S SERVICES FINANCIAL SYSTEMS INTERNAL AUDIT FOLLOW UP

Mr Chris Coyle, Assistant Director of Operations - Children's Social Care, presented a report on progress against the recommendations made in the internal audit report of Children's Services Financial Systems issued on the 16 August 2022.

He explained that following the audit, work had been undertaken to ensure that all necessary information was captured on the Mosaic recording system. This would assist in enabling Children's Services in registering all spending against individual children, allowing a better understanding of how money is spent in each case and its effectiveness.

The development of the Mosaic system was being undertaken and it was expected that this

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work and the necessary testing and staff training would be complete by early September 2023. Mr Coyle added that the Children's Services financial team had also been involved in the commissioning of the system.

Compliance with the Scheme of Delegation was also discussed with Mr Coyle explaining that approval for spending had been reviewed to ensure that responsibility for approvals was in place and undertaken correctly. He further informed the Committee that the Mosaic System would be developed so that repeat costs could not be automatically renewed for a period longer than six weeks. This would ensure that repeat costs had to be re-entered after this time and allow ongoing monitoring of such costs and their effectiveness. In support of this a flowchart had been created to inform staff of the steps needed to approve spending and highlighting individuals responsible under the Scheme of Delegation.

The Committee noted that in addition to this, the audit had made recommendations that a Financial Framework be developed. Mr Coyle reported that the framework was being developed and the Committee asked that confirmation be provided once this had taken place.

Mr Steve Thompson, Director of Resources, also explained that although he held responsibility for agreeing the Scheme of Delegation the specific responsibility for financial decision making lay primarily with services. This was because such decisions required the service specific knowledge that officers within those services possessed. He added that the Council's Finance teams system, Tech One, was linked to the Mosaic system and allowed an overview of spending, but also highlighted that Children's Services provided value for money and that this had been demonstrated by the services performance when benchmarked against comparable local authorities.

The Committee noted that there had been a delay in the implementation of the internal audit's recommendations. Mr Coyle explained that this had been the result of the need to implement the new Mosaic system first before the audit recommendations could be implemented. Although it was stated that the system had already been successfully implemented within Adult Services, Ms Kate Aldridge, Head of Corporate Delivery, Performance and Commissioning, reported that the Children Services element of the system had not be activated at the time of procurement as this was not considered appropriate. However, the increased functionality of the system had meant that implementation within Children Services had been undertaken.

Members also considered what challenges existed to ensuring the implementation of the Mosaic system by September 2023, with Mr Coyle reporting that the main challenges were the need to ensure all staff had training. However, he stated that officers were confident that the system would be implemented by September as planned.

### **Resolved:** That

1. The report on progress against the recommendations made by the Internal Audit of Children's Services Financial Systems be noted; and
2. That confirmation of the development of a Financial Framework for Children's Services

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be provided to the Committee once complete.

### 4 STRATEGIC RISK REGISTER DEEP DIVE - OPERATIONS

The Committee considered a deep dive into the Strategic Risk "Operations" which included the sub-risks (a) Failure of Children's Social Care and (b) Failure of Adults Social Care.

#### (a) Failure of Children's Social Care

Ms Victoria Gent, Director of Children's Services presented an update in relation to sub risk (a). She explained that following Ofsted awarding the Council a rating of "Requires Improvement" in 2022 work continued towards achieving a rating of "Good". A key part of this work was the submission for funding from the Department for Education (DfE) for the creation of a multi-disciplinary team within Children's Social Care (CSC). The team would focus on working with parents and families to prevent children entering into the care system and it was recognised that time would be needed to embed this new approach and new ways of working.

It was hoped that this team would also support the work being undertaken as part of the Children's Services Improvement Plan with work to establish a team complete by the autumn of 2023. Ms Kate Aldridge, Head of Corporate Delivery, Performance and Commissioning, added that the DfE funding for the team would be for its establishment not its ongoing operation, funding for which would be needed for elsewhere.

Partnership working was also highlighted as a key area of work for CSC, with a draft partnership plan being developed. Local safeguarding arrangements were also reported as undergoing change with a return to a place based approach, starting 4 September 2023, from the Pan-Lancashire working that had been operated. This would allow a greater focus from partners on work being undertaken within Blackpool in areas such as domestic abuse and neglect.

The Council had also worked with partners to establish Early Help family hubs in the north, south and central areas of the Blackpool. This work had been achieved with support from services across the Council and would represent a significant improvement on the early help offer of CSC.

Looked After Children (LAC) was a significant challenge and work had been undertaken to reduce the number of children being cared for in this way. Ms Gent explained that this had to be undertaken in a safe and proportional way but that officers were confident that the number of LAC could be reduced in line with comparable local authorities. Mr Chris Coyle, Assistant Director Children's Services (Children's Social Care and TiS) explained that although a small number of Blackpool's LAC were placed outside of the town, where possible CSC sought to keep children within Blackpool. He also added that there was no financial benefit to placing children outside of Blackpool as the cost of their placement was still the responsibility of the Council.

The Committee noted that the overall gross risk score had fallen to 15 from 25 and queried

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in light of the ongoing overspend within Children's Services, if this was realistic. Ms Gent responded that although major challenges existed the work that had been outlined in the report and the overall change in the approach to CSC meant that the reduction in overall gross risk score was a realistic reflection of the level of risk.

### (b) Failure of Adult Social Care

Ms Kate Aldridge provided an update on the work being undertaken in relation to this sub-risk. She informed the Committee that the main mitigation was to ensure closer working between Adult Social Care (ASC) and health partners. This work involved the delivery of wrap around services and the need to control the level of demand experienced. Work with partners included engagement with third sector organisations in areas where it had been recognised that ASC and health services could not operate. This allowed for a "Home First Approach" aimed at assisting adults within their own homes and limiting the need for them to access hospital services.

**Resolved:** That the update be noted.

[Ms Gent, Mr Coyle and Ms Aldridge left the meeting following this item].

## 5 EXTERNAL AUDITOR'S REPORT TO THOSE CHARGED WITH GOVERNANCE (ISA 260) AND STATEMENT OF ACCOUNTS 2020/2021

Mr Steve Thompson, Director of Resources, presented the External Auditor's Report to those Charged with Governance (ISA 260) and Statement of Accounts 2020/2021. He highlighted the delay that had been experienced in finalising the accounts due to a national issue relating to the accounting of infrastructure assets. A solution for this had been agreed by Parliament in November 2022 and this had allowed the External Auditor to complete the work on the 2020/2021 accounts. Mr Thompson also stated that the delay to the 2020/2021 accounts had caused a delay to the accounts for 2021/2022 and 2022/2023. It was planned that the 2021/2022 accounts would therefore be brought to the Committee by November 2023 and that the 2022/2023 accounts would be brought by the end of the current financial year.

Mr Stuart Kenny, External Auditor, Deloitte, informed the Committee that due to the solution agreed for accounting for infrastructure assets up to 85% of the 2020/2021 accounts had to be amended. Despite this however, it was not expected that there would be a material change to the Council's financial position. He added that the value for money assessment would state that weaknesses had been identified around Children's Services due to the outcome of the 2019 Ofsted review of Children's Services.

The Committee noted that the level of "Unusable Reserves" had experienced a significant reduction compared to the previous year. Ms Karen Tomlinson, Corporate Finance Accountant, explained that the reduction was due to technical adjustments relating to valuations of the pension fund and property, plant and equipment. The Committee also noted that the level of creditors at 31<sup>st</sup> March 2021 was significantly higher than the previous year due to the timeliness of creditor payments and the level of Covid grants

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received in advance.

The valuation of Blackpool Housing Company Ltd's (BHC) housing stock was discussed with it being noted that the valuation had been undertaken by a BHC Senior Manager. Mr Kenny explained that although best practice was for an independent valuation to be sought, the external auditor had reviewed the valuation outcome and found it to be correct.

Members highlighted that the External Auditor had stated that the Council's Internal Audit could not be relied upon in preparation of its audit of the accounts. Mr Kenny explained that this statement was required by the regulator and did not reflect Deloitte's view of the Council's Internal Audit Team. The regulator required Deloitte to undertake its audit without reference to an internal audit work that had been undertaken.

The Committee asked that in light of the additional work required to finalise the accounts that details of the external auditor's fee be brought to a future meeting of the Committee.

It was noted that there remained a number of points of clarification that were needed before the accounts could be signed. The Committee therefore were requested to approve the accounts but asked, recognising the need to complete the accounts and move forward, that Mr Thompson await the clarification of these issues and consult with the Chair before signing the accounts.

**Resolved:** That

1. The Statement of Accounts 2020/2021 be approved, subject to clarification on the following points;
  - A review of the updated Statement of Accounts to ensure all expected adjustments have been made;
  - That the documentation of Infrastructure Assets has been completed; and
  - A final review of the ISA 260 document to include the management response to Internal Risk and Control findings.
2. That subject to the above points being agreed with the Director of Resources after consultation with the Chair of the Committee, the Director of Resources be authorised to sign the Statement of Accounts for 2020/2021 as a true and fair view of the financial position of the Council and its income and expenditure for the year ended 31st March 2021.
3. That subject to (3) above the Chair of the Committee be approved in accordance with the Accounts and Audit Regulations (England) 2015, to certify that the Statement of Accounts have been approved by this Committee for the year ended 31st March 2021.
4. That details of the external auditor's fees be brought to a future meeting of the Committee.

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### 6 RISK SERVICES QUARTER ONE REPORT

Ms Tracy Greenhalgh, Head of Audit and Risk, presented the Risk Services Quarter One Report. She highlighted that in respect of Corporate Fraud in addition to the fraud team's work in relation to Council Tax work had been undertaken to assist in identifying the fraudulent use of Blue Badges as part of the "National Blue Badge Day of Action". As part of this exercise 200 hundred badges had been inspected, with 10 being seized due to fraudulent use.

The Committee noted in respect of Council Tax Fraud that no fraud had been reported, this was as a result of the Council treating all cases of suspected fraud in the first instances as error. If any of these cases were found to be ongoing in quarter two Ms Greenhalgh confirmed that they would then be treated as fraud.

The internal audit reports issued in quarter one were discussed with Ms Greenhalgh highlighting instance of Priority One recommendations being made in relation to Heritage Service Transition and IT Help Desk and Device Management audits. In both these cases management had confirmed that the recommendations would be implemented within the agreed timescales.

Members discussed the ongoing recruitment challenge within the Audit and Risk Team with Ms Greenhalgh explaining that a "grow your own" approach had been adopted, whereby the Council trained up auditors itself. It was noted that this approach was a long term strategy and would assist in retaining staff.

**Resolved:** That the Risk Services Quarter One Report be noted.

### 7 ACTION TRACKER

The Committee noted that there were no outstanding items on the Action Tracker.

### 8 DATE OF NEXT MEETING

The date and time of the next meeting was noted as Thursday, 14 September 2023 at 6pm.

### Chairman

(The meeting ended at 7.20pm)

Any queries regarding these minutes, please contact:  
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Tel: 01253 477229

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