

MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 13 JUNE 2019

Present:

Councillor Galley (in the Chair)

Councillors

Burdess	Critchley	Mitchell	Russell
Mrs Callow JP	Hugo	Roberts	Mrs Scott

In Attendance:

Ms Moya Foster, Head of Early Help
Mrs Tracy Greenhalgh, Head of Audit and Risk
Mr Neil Jack, Chief Executive
Mr Nick Raynor, Senior Manager Audit and Risk Advisory, Deloitte
Mr Steve Thompson, Director of Resources
Mr Mark Towers, Director of Governance and Partnerships
Mrs Elaine Ireland, Democratic Governance

1 DECLARATIONS OF INTEREST

Councillor Hugo declared a personal interest in relation to agenda item 3 Adolescent Hub Audit Follow-Up due to her involvement with the Streetlife project.

2 MINUTES OF THE LAST MEETING HELD ON 7 MARCH 2019

The Committee agreed that the minutes of the meeting held on 7 March 2019 be signed by the Chairman as a true and correct record.

3 ADOLESCENT HUB AUDIT FOLLOW-UP

The Committee considered a progress report on the recommendations made in the internal audit review of the transition from children's to adult services, with specific reference to the management of Adolescent Hub risks, issued in March 2017.

Ms Foster, Head of Early Help, introduced the report and informed the Committee of the significant changes that had occurred since the audit report had been produced. At the time of the review it was considered that controls in place within the Vulnerable Adolescent Hub were inadequate and a number of key areas requiring further development had been identified.

Ms Foster explained that following the recent Ofsted inspection of Children's Services and Her Majesty's Inspectorate of Probation review of the Youth Offending Team, there had been a resulting refocus of services and resources to address the inspection improvement plan. It was also stated that significant work was ongoing around the Journey of the Child, with service users becoming involved in providing their experiences of accessing the service.

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In response to a question regarding whether a further audit of the service was anticipated, Ms Foster explained that due to the large amount of scrutiny that the service had been receiving it had been decided that time would be allowed in order to embed the changes. She further explained that once all external inspections had been completed, the Adolescent Hub would then be included within the internal audit schedule of reviews. Mrs Greenhalgh, Head of Audit and Risk, confirmed that a decision had been taken to omit the Adolescent Hub from the immediate internal audit plan, but that further assurance of the governance and challenge framework across Children's Services would be sought as a result of the external inspections and improvements.

A query was raised around the development of partnership working, with Ms Foster assuring the Committee that refreshing links with key partners had been a significant focus, with the embedding of processes with key statutory partners being strengthened going forward.

Around the question of the introduction of improved data collection, Ms Foster gave assurance that data dashboards were in the process of being created for the Youth Offending Team Executive Board and updated for the Children's Improvement Board.

Discussions were held around the importance of ensuring that all recommendations were addressed and the agreement that external scrutiny was both a healthy and beneficial process, with Mrs Greenhalgh assuring members that internal audit would be reviewing the governance structure going forward.

[Ms Foster left the meeting on conclusion of this item.]

4 RISK SERVICES REPORT QUARTER 4

Mrs Greenhalgh presented a summary of the work completed by Risk Services in quarter four of the 2018/2019 financial year. For the benefit of new members of the Committee, Mrs Greenhalgh explained that each quarter she produced a report summarising the work of Risk Services which included the overall assurance statements for all audit reviews completed in that quarter.

Mrs Greenhalgh drew members' particular attention to the update of the proactive anti-fraud action plan for 2018/2019; the summary of Strategic Risk areas for the new financial year and the end of year performance data for Risk Services. It was identified that business continuity plans remained a concern, with a target of 100 per cent update completion rate across the Council being worked towards as a business plan priority. It was clarified to members that all business continuity plans were in place with the target referring to them being updated by service areas.

Assurance was sought that services could adequately continue if business continuity plans remained outdated, with Mrs Greenhalgh explaining that Directors of Service provided guarantees that critical functions were assured. It was made clear that Mrs Greenhalgh would continue to report on progress to the Audit Committee on a quarterly basis, with a

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key target for 2020 being the 100 per cent completion of business continuity plan updates which would be robust and monitored.

A question was submitted around the purchasing of external computer audit services via a framework agreement arranged through Lancashire County Council as a result of a lack of sufficiently qualified staff within the Council's internal audit team. Mrs Greenhalgh confirmed that, despite the favourable rate secured with Lancashire County Council, buying the service in was more expensive than employing a suitably qualified member of staff internally. It was anticipated that the relevant qualifications from within the team would be completed within the next two to three years.

Mrs Greenhalgh then introduced the second half of the report which referred to quarter four performance data and liability insurance claims received by the Council.

A question was raised about the inadequate findings in relation to the financial controls in operation within the Rideability scheme, with a single priority one recommendation receiving follow-up review. Mrs Greenhalgh provided assurance that an improved system was now in place and that further recommendations for improvement would be implemented as resources permitted.

The Committee wished to note the excellent performance from Troubled Families, with zero recommendations resulting from the testing of 2018/2019 grant returns.

Discussion was held around the Business Loans Fund which had been subject to an internal audit review, with clarification sought on the timeframe of the release of specific details of high value loans approved by the Council. Mr Towers, Director of Governance and Partnerships, explained that in accordance with guidance from the Information Commissioner's Office the details of any loan would be made public once it had been completed and drawn down, with the corresponding decision notice being republished to include the specific information. Mr Jack, Chief Executive, confirmed that once the decision notice was republished then an alert would be triggered.

It was noted that community engagement which is led by Public Health remained as an area identified as inadequate, with the Committee observing that concerns in relation to this issue had been raised previously. It was agreed by the Committee that the issue should be referred to the Scrutiny Leadership Board for consideration on how Public Health community engagement could be improved.

In relation to data on insurance claims submitted against the Council it was noted that a small increase was identifiable in comparison to the previous year's data, with the question being raised of whether the positive effects of Project 30 were diminishing. It was noted that it was too soon to claim that Project 30's effects were reducing and that more representative data should be reviewed.

5 ANNUAL AUDIT OPINION

Mrs Greenhalgh introduced the Annual Audit Opinion 2018/2019, explaining that it set out

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the individual and collective outcomes of the audit reviews undertaken in the year ending 31 March 2019. She went on to explain that the report provided an audit opinion on the control environment based on the reported audit work.

The Committee was also presented with a proposed timetable of sample audit reports for inclusion on the Audit Committee's work programme.

On consideration of the data provided it was queried as to why only six per cent of internal audit coverage had been allocated to Adult Services, with the suggestion being made that the service warranted more attention from internal audit.

Mrs Greenhalgh explained that the internal audit work plan was created via a risk-based approach based on Chief Officers' views and internal audit opinion, with greater risk areas receiving more attention. In addition, it was clarified that other sources of review were considered, such as external inspections of a service, with sufficient relevance applied to their findings.

Further discussion was held around the allocation of audit coverage, with assurances provided by Mrs Greenhalgh that where service areas were reviewed as part of a wider corporate audit, the Committee would be updated on the findings of this wider work via feedback on the audit plan.

Resolved: That the proposed timetable of sample audit reports be approved for inclusion on the Audit Committee's work programme.

[Councillor Burdess joined the meeting during consideration of the above item.]

6 ANNUAL GOVERNANCE STATEMENT 2018/2019

Mr Towers introduced the Annual Governance Statement, explaining that its purpose was to provide assurance that the Council's business was conducted in accordance with the law whilst ensuring that public money was safeguarded, properly accounted for and used economically, efficiently and effectively. Mr Towers further explained that the Annual Governance Statement provided a reflective review of the past 12 months, with the governance framework incorporated into the report having been in place for the year ending 31 March 2019.

The Committee was informed that a Good Governance Group had been established in October 2016 which had led on the review of effectiveness and the production of the Annual Governance Statement, including reviewing the 2017/2018 statement to ensure that governance issues identified had subsequently been addressed.

A workshop had been held on 7 March 2019 with elected member representation from Scrutiny, Audit and Standards and facilitated by the Head of Audit and Risk, Head of Democratic Governance and Transformation Manager.

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The Council's Corporate Leadership Team had been required to complete a control self-assessment questionnaire providing assurance that their directorate was compliant with a number of key controls.

The question of the risk of intimidation in office towards elected members was raised, with specific reference made to a recent security alert at the Council's Bickerstaffe House offices. Mr Towers explained that the particular incident had been limited to Bickerstaffe House with information initially being shared only with staff based at that location. Elected members had been notified of the situation but due to the location were at low risk. Mrs Greenhalgh assured members of the Committee that work was ongoing to review the corporate warning register. It was queried whether it was feasible to share existing information with members prior to the completion of the register, which Mrs Greenhalgh confirmed she would review.

The subject of Community Engagement was considered, with Mrs Greenhalgh clarifying that the internal audit review had been completed, with the priority area of the creation of a Community Engagement Strategy being identified.

Resolved: That the Committee approves the draft Annual Governance Statement for 2018/2019.

7 INTERIM EXTERNAL AUDIT REPORT

Mr Raynor, Senior Manager Audit and Risk Advisory, Deloitte provided the Committee with an interim report on the external audit review underway. Members were informed that the external auditors had arrived on site last week with work anticipated to be completed over the coming weeks. Mr Raynor assured members that no issues had been identified and that further updates would be reported to future meetings of the Audit Committee.

8 STRATEGIC RISK REGISTER REVIEW

Mrs Greenhalgh presented the Strategic Risk Register 2019/2020 for approval by the Committee. Committee members were informed that the Strategic Risk Register was reviewed and updated by the Corporate Risk Management Group and the Corporate Leadership Team prior to seeking annual approval from the Audit Committee.

In addition, Mrs Greenhalgh explained that 'Risk Owners' would be required to attend Audit Committee on a periodic basis to provide an update in terms of how each risk was being managed and she proposed that this would continue throughout 2019/2020. The proposed rolling programme for risk reporting was presented to the Committee for approval.

Resolved: That the annual Strategic Risk Register 2019/2020 and proposed timetable of risk reporting be approved.

9 INTERNAL AUDIT QUALITY ASSURANCE AND IMPROVEMENT PLAN 2019/2020

Mrs Greenhalgh presented the Quality Assurance and Improvement Programme 2019/2020

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for consideration and approval. Members were informed that internal audit's Quality Assurance and Improvement Programme (QAIP) was designed to provide reasonable assurance that the service performed its work in accordance with its Charter which conforms to the requirements of the Public Sector Internal Audit Standards; operated in an effective and efficient manner and was perceived by stakeholders as adding value and improving operations.

Mrs Greenhalgh outlined that as Head of Audit and Risk she was ultimately responsible for the QAIP, which covered all types of internal audit activity, including advice and consulting. In addition, members were informed that the North West Chief Audit Executive Group had completed the first round of external peer reviews, with Blackpool's review being undertaken in 2016 and Blackpool supporting the peer reviews at Bury and Tameside as part of the process. A report had been published outlining the overall findings of the reviews with a copy provided to Committee members for information.

Members queried how Blackpool had performed in relation to other Local Authorities. Mrs Greenhalgh reported that the feedback provided did not include peer comparison data but that her team would be utilising the report findings to undertake analysis and identify any areas for improvement.

The internal audit target aimed at raising the profile and value added by internal audit across the Council and with external customers was queried as surprising, as it was felt that the reputation and high profile of the service should already be well established. Mrs Greenhalgh clarified that work on this target had been addressed over the previous year and was primarily focused on raising awareness across the Council's wholly owned companies.

Resolved: That the Quality Assurance and Improvement Programme for the internal audit service for 2019/2020 be approved.

10 AUDIT COMMITTEE TRAINING PROGRAMME 2019/2020

Mrs Greenhalgh presented the Committee with a proposed training programme to be delivered over 2019/2020. It was explained that the aim of the training was to develop the skills and knowledge of Committee members and to help ensure that members were able to fulfil their responsibilities as part of the Audit Committee. It was suggested that Committee members may wish to complete the Chartered Institute of Public Finance and Accountancy (CIPFA) Guidance on Audit Committees (2013) evaluation titled 'Audit Committee Members – Knowledge and Skills Framework'. Mrs Greenhalgh advised that this may identify additional training and development needs which could potentially be provided internally, or where budget allowed, at external events.

The Committee discussed the possibility of prioritising the Strategic Risk Register training session with the suggestion being made that it be relocated to appear further up the training programme. Following further discussion the Committee requested that the Strategic Risk Register training information be distributed to Committee members for information in order that any areas requiring clarification could be raised with Mrs Greenhalgh.

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Resolved: That the Audit Committee Training Programme 2019/2020 be approved.

11 DATE OF NEXT MEETING

The date and time of the next meeting of the Committee was noted as 25 July 2019, commencing at 6pm.

Chairman

(The meeting ended at 7.25 pm)

Any queries regarding these minutes, please contact:
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