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## MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 16 JUNE 2022

### **Present:**

Councillor Galley (in the Chair)

Councillors

Burdess	Hunter	R Scott
Critchley	Roberts	

### **In Attendance:**

Councillor Mrs Maxine Callow JP, Scrutiny Lead Member

Neil Jack, Chief Executive  
Steve Thompson, Director of Resources  
Tracy Greenhalgh, Head of Audit and Risk

John Greenbank, Senior Democratic Governance Adviser

### **1 DECLARATIONS OF INTEREST**

There were no declarations of interest on this occasion.

### **2 MINUTES OF THE LAST MEETING HELD ON 28 APRIL 2022**

The Committee agreed that the minutes of the meeting held on 28 April 2022 be signed by the Chairman as a true and correct record.

### **3 STRATEGIC RISK REGISTER DEEP DIVE - REPUTATION**

Mr Steve Thompson, Director of Resources, presented a deep dive into the strategic risk 'reputation'.

The Committee considered the sub-risk "Inability to deliver services". It was noted that the list of updated business continuity plans for Children's Services had not been completed. Mr Thompson explained that this had not been undertaken due to an oversight during a period when the service was subject to an Ofsted inspection and had therefore been given until quarter two to complete the plans, with Internal Audit assisting to make sure that this was achieved. It was also noted that Children's Services had performed well during the unforeseen circumstances of the Covid-19 pandemic. Mr Neil Jack, Chief Executive, added that consideration was being given to how to prevent a reoccurrence of such an oversight, such as the development of a tracker that would highlight to services what risk management work was required in upcoming quarters.

Mr Thompson added that the updated plans across the Council had been placed on a standard format to ensure consistency. Business Continuity plans had also been embedded

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into directorate business plans, linking them to the risks in the strategic risk register.

External factors affecting risk, such as the ongoing war in the Ukraine, were also discussed. These factors had created pressures on supply chains and increased the cost of resources such as fuel. Mr Thompson explained that ongoing monitoring of these factors was needed to mitigate risks to the Council. Mr Jack added that the Council had some measures in place to reduce the impact of external shocks and panics, such as maintained stocks of fuel at the Layton Depot which would protect against a sudden increase in fuel costs in the short term. He also highlighted that such measures had allowed the Council to operate during Covid-19, as stocks of resources had allowed services to continue to operate when sourcing additional material had become difficult.

Ms Tracy Greenhalgh, Head of Audit and Risk, informed the Committee that the remaining outstanding Business Continuity plans in the report had been noted by the Risk and Resilience Team and that the work would be undertaken in the upcoming quarter to ensure they were completed.

The Committee further considered the sub-risk “Inability to respond to a major incident”. The impact of Council owned companies delivering an increasing number services on the Council’s volunteer arrangements was discussed. Mr Jack explained that the delivery of services by Council owned services had not impacted on services being able to attract volunteers or draw in further support from the companies. He noted for example that Blackpool Coastal Housing Limited’s Community Centres had been utilised as Rest Centres by Adult Services, and that volunteers for events like Elections had been successfully sought from a wide range of sources, including across the Council.

### **4 RISK SERVICES QUARTER FOUR REPORT**

Ms Tracy Greenhalgh, Head of Audit and Risk, presented the Risk Services Quarter Four Report. She highlighted that many of the areas covered in the report had met or exceeded their targets, although it was recognised that a small number of audit reports had been issued late. This had been due to a training issue which would be addressed going forward. The service was also shown to be working to ensure that the Council’s directorates risk registers were up to date, and a meeting had been arranged with the Director of Children’s Services to ensure that they were aware of all the audit work required.

The Committee discussed the pro-active communications work being undertaken, with Ms Greenhalgh explaining that this work had been launched in quarter one, highlighting the Council approach to fraud. This work had included an article in the local press and online. She also emphasised the importance of considering how to engage with the public, stating that it had been recognised that people were often reluctant to report instances of fraud involving their neighbours. Therefore, communications had sought to show the impact of fraud and its cost to Council services. The Committee noted that it was too early to consider the outcome of this work but further consideration could be given in future Risk Services updates.

Issues in obtaining a satisfactory insurance quote for Council property were also highlighted.

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The cost of insurance had increased significantly and the terms offered were worse than in previous years. Members of the Committee were informed that consideration was being given to using the Council's Self-Insurance Fund to ensure that premises were covered. Mr Steve Thompson, Director of Resources, and Chair of the Self Insurance Panel would therefore be looking at claims, the cost of insurance premiums and how Council reserves could be used to manage risk going forward.

With regards the National Fraud Initiative (NFI), Ms Greenhalgh advised the Committee that this was a Cabinet Office initiative that the Council had requested to take part in. The NFI would allow co-operation on issues such as Council Tax fraud. The Council had not taken part during 2021-2022 due to issues with a Covid-19 loan, but that there would be participation in the NFI during 2022-2023. A breakdown of the work could then be provided in future reports.

Ms Greenhalgh also informed the Committee of the service's failure to meet its target for 2021-2022 in respect of professional and technical qualifications which had been missed due to recruitment issues. This had meant that the service's strategy had been changed and a number of trainees had been brought in. Although the new staff lacked qualifications they were working towards them at the Council. Support was being provided financially and professionally by risk services and it was planned that the target for qualifications would be met in the medium term.

Assurance Statements for internal audit work completed in the quarter had also been provided as part of the report. The statement showed that most audits had resulted in good or adequate assurance. Inadequate assurance however had been shown in Highway Enforcement and Carbon Emissions while split assurance had been given for Data Infrastructure.

Highways Enforcement had implemented cross training with Public Protection to address the issues highlighted in the audit. The issues surrounding the lack of carbon emissions data in the Carbon Emissions audit were also being addressed by the Director of Community and Environmental Services.

The Committee was also informed that the Highways Enforcement priority one recommendations made would be undertaken with Enveco to determine their role in enforcement and to ensure that enforcement activity was not duplicated.

The split assurance in Data Infrastructure related to the security of physical assets, mitigation for which had since been identified. Further assurance on the progress cyber risk was sought by the Committee with Ms Greenhalgh advising that Mr Tony Doyle, Head of IT Services, could provide an update to the next meeting.

Ms Greenhalgh further advised the Committee that the high risk identified in the report in respect of Adult Services – Keats and Langdale day Centre, had been the result of the impact of the Covid-19 pandemic. During this time the centre had been closed and the staff redeployed elsewhere. The centre had since reopened and the Council was confident that the identified issues would be addressed.

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The eleven priority two recommendations made in the Climate Change audit were discussed. Ms Greenhalgh explained that a Climate Action Plan had been developed and would assist services in delivering against the recommendations. It was also recognised that the Tourism, Economy and Communities Scrutiny Committee had a role in scrutinising the progress being made against the action plan as part of its climate emergency work.

**The Committee agreed:** That an update on the progress of the data infrastructure centre be provided to the July meeting.

### 5 ANNUAL AUDIT OPINION

Ms Tracy Greenhalgh, Head of Audit and Risk, presented the Annual Audit Opinion to the Committee. She informed Members that the overall opinion was adequate. However a number of challenges existed including finance, Children's Services, Regeneration and the Council Owned Company finance.

The report showed that a number of audits had yet to be completed. Ms Greenhalgh informed the Committee that these audits had been undertaken and draft reports would be available. The Committee also noted the 'Timetable for Audit Follow-Up' that had been included in the report.

Levels of external work and their impact on risk services resources which consisted of 18% of its work were considered, with Ms Greenhalgh explaining that the majority of work was for Council owned companies. Service Level Agreements were in place for this work and additional recruitment had been undertaken to ensure resources were sufficient.

The outcome of the Taxi advice work was discussed with members being informed that it was advice work that would not normally be considered by the Committee. The audit had engaged taxi operators on the licensing process to feed back to the Council. The response to this work was reported as being good.

Members of the Committee also discussed how unplanned audit work was paid for by Council Services. Ms Greenhalgh advised that any unplanned work was recharged back from central funds. This was based on the number of days used and was undertaken to ensure that all priority areas were covered. Mr Neil Jack, Chief Executive, added that the Council's corporate leadership recognised the value of independent audit for assurance work. Although it was noted that as a scarce resource, consideration was needed to ensure it focussed on risk and control.

**The Committee agreed:** That the Timetable for Audit Follow-Up be noted.

### 6 ANNUAL STATEMENT OF ACCOUNTS 2020/2021 UPDATE

Mr Steve Thompson, Director of Resources, provided a verbal update on the progress to receive the Annual Statement of Accounts 2020/2021. He informed the Committee that there had been no change in progress since April 2022 and that the asset depreciation issue

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remained unresolved. The Chartered Institute for Public Finance and Accountancy (CIPFA) had provided guidance for councils to assist in resolving this issue and work to progress the accounts could begin in July 2022 to prepare them for September 2022. The Committee also noted that the delay in preparing the accounts was being experienced by other councils.

### 7 INTERNAL AUDIT QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME 2022/2023

Ms Tracy Greenhalgh, Head of Audit and Risk, presented the Internal Audit Quality Assurance and Improvement Programme 2022/2023. She informed the Committee that the findings in the programme had been based on external assessment and an action plan had been included setting out how the service would be improved and structured.

The Committee noted that some of the target dates for actions in the programme were up to two-years away. Ms Greenhalgh explained that due to the appointment of trainees and other junior staff it would take time to achieve some of the targets, due to the time needed for training and obtaining relevant qualifications.

### 8 AUDIT COMMITTEE ACTION TRACKER

The Committee gave consideration to the updated Action Tracker, noting that a number of actions had been completed and removed following the previous meeting.

The Committee identified that two outstanding updates were required from Mr John Blackledge, Director of Community and Environmental Services. Ms Greenhalgh advised that these would be provided by Mr Blackledge at the July meeting.

**The Committee agreed:** That the Audit Committee Action Tracker be noted.

### 9 DATE OF NEXT MEETING

The date of the next meeting was noted as 27 July 2022 commencing at 6pm.

### Chairman

(The meeting ended at 7.30 pm)

Any queries regarding these minutes, please contact:  
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