

Audit Committee Annual Report 2022/2023

Blackpool Council

The logo for Blackpool Council features the text "Blackpool Council" in a serif font. "Blackpool" is in dark blue and "Council" is in purple. Below the text is a graphic consisting of two wavy, horizontal lines in a light blue-grey color.

Overview

I am pleased to provide this report to the Council on the work of the Audit Committee over the last Municipal Year.

During the 2022/23 Municipal Year the Committee was chaired by Councillor Paul Galley and I would like to extend my thanks for his work in developing the role of the Committee during his tenure as Chairman since 2015.

During 2022/23 Audit Committee has continued regular meetings and undertaken key pieces of work in ensuring that the Council has adequate provisions in place to address its areas of risk. In doing this the Committee has ensured that senior officers and external partners have continued to be adequately challenged and held accountable.

Training and support has been provided via the Audit Academy, which aimed to ensure that the Committee maintained its high quality of member questioning and levels of engagement, whilst also developing a greater breadth of knowledge of the wide range of issues falling within the remit of the Audit Committee. This will continue into the new Municipal Year to ensure the development of new members and improve existing members' knowledge. The Committee will also continue to raise its public profile and further encourage engagement from members of our wider community.

During 2022/23 the Committee also wished farewell to one of its Independent Members, Stuart Green, and has welcomed a new member, David Swift who brought a new perspectives and provided insightful question and expertise to the new role.

Councillor Jason Roberts
Chair of Audit Committee

Work Undertaken

Strategic Risk Register

The Committee has continued to focus upon the Strategic Risk Register and has received regular attendance from risk owners in order to provide challenge on the work undertaken to mitigate risk. The Committee adopted a new format for the Risk Register and the deep dive process, which has allowed clearer cohesion between risks and allowed for greater identification of key areas for further consideration and investigation. Over the course of the year the Committee undertook deep dives into the following strategic risk areas:

- Reputational
- Security
- Strategy
- Legal
- Commercial
- Financial

In March 2023 the Committee approached the new risk appetite process which links to the introduction of target risk scores on the Strategic Risk Register to further improve the monitoring of outcomes.

Annual Governance Statement

The Committee received the Annual Governance Statement 2021/2022 at its meeting in July 2022, which provided adequate assurance that public money was safeguarded, properly accounted for and used economically, efficiently and effectively, whilst also providing a reflective review of the past twelve months. A mid-year review of the Annual Governance Statement was considered at the January 2023 Committee meeting. At this meeting, progress against the actions to date was considered and answers sought from relevant officers where further clarification was required.

Risk Services

Members of the Committee have reviewed reporting on Risk Services on a quarterly basis and have requested Chief Officer attendance, as appropriate, to provide assurance of adequate progress, or explanations where progress may have been delayed. The Committee has provided specific challenge on a number of matters. With regards to overseeing specific internal audit reports, the Committee has continued to request attendance from operational level officers in order to respond to internal audit follow-ups on a number of areas, including:

- Management of the Council's Investment Portfolio
- Care at Home
- Management of Leisure Centres
- Governance of Wholly-Owned Companies
- Climate Change

The information provided by the attending officers has facilitated comprehensive questioning during meetings as well as allowing the Committee to maintain an overview of the controls in place in relation to a wide range of service areas across the Council.

Throughout the year, the Committee also considered the Council's compliance with the Risk Management Framework, the Business Continuity Framework and the Fraud Prevention Charter, as well as seeking assurance with regards to the financial sustainability of the Council's wholly owned companies. Members provided strong challenge to address any issues identified and sought explanations from relevant officers of the measures in place to mitigate current and future risks.

External Auditors

The Committee has continued to develop its productive working relationship with the Council's external auditors, Deloitte. Approval of the Annual Year End Accounts for 2020/2021 was delayed due to the emergence of a national issue around the historical accounting of local authority infrastructure assets, with questions being raised over the accuracy of previous methods used. The Chartered Institute of Public Finance and Accountancy established a task force to investigate the issue and to formulate a workable solution. As a result the audit was paused until such a solution had been agreed.

An audit solution was developed in 2022 and Deloitte have commenced work on approval for the 2020/2021 accounts. This issue has also delayed the completion of the audit of the 2021/2022 year end accounts. The Audit Committee will therefore be closely monitoring the situation over the situation into 2023/24 with a view to ensuring that the outstanding accounts are approved in a timely fashion.

The attendance of representatives from Deloitte, both in-person and virtually, at each meeting of the Audit Committee has provided members with the opportunity to seek assurance from the external auditors on the governance of the Council. In addition, the continuation of Deloitte's attendance at the Committee's pre-briefing meetings has proven to be a valuable asset, resulting in enhanced discussion of the key issues at the main meeting and the addition of a fresh perspective when considering areas of questioning.

Further Work Undertaken

- CIPFA Position Statement – which set out how the Committee meets the requirement of the CIPFA Position Statement.
- Internal Audit Plan 2023/2024 - the Committee received and approved the plan – March 2023.
- Internal Audit Charter 2023/2024 – the Committee received and approved the charter - March 2023.
- Strategic Risk Register 2022/2024 – the Committee received and approved the register - March 2023.
- Fraud Prevention Charter– the Committee received and approved the charter - March 2023.

The Audit Academy

High quality training and development has continued to be a focus for the Committee, delivered through the Audit Academy. Informative training sessions have been held regularly, where full participation from Committee members has been encouraged. In order to make the sessions as accessible as possible, these were undertaken remotely, which resulted in increased attendance levels and the facility for any absent members to access the sessions at a later date via the library of training session recordings. The training covered areas highlighted within the CIPFA Guidance for Audit Committee Members as well as any additional areas which members identified as requiring improvement in their skills or knowledge. As requested by the Committee, the following training sessions have been held over the past year:

- Audit Committee Terms of Reference
- Strategic Risk Register Deep Dives
- Role of the Audit Committee / Position Statement
- Statement of Accounts
- Annual Governance Statement

Future Work Programme

The Committee will continue to receive and review key information including the Annual Governance Statement and the Risk Services Quarterly Reports and, when appropriate, invite Chief Officers and operational officers to attend to provide explanations where inadequate assurance has been provided or where key controls have not been implemented. The Strategic Risk Register will be reviewed and the information within it improved as necessary. Chief Officers will continue to be required to update the Committee with regards to the controls that are being implemented in order to manage the Council's risks especially when audit follow-up action is requested.

In the upcoming year the Committee will continue to work towards the following over the coming Municipal Year:

- Maintaining and strengthening the relationship with Scrutiny.
- Support and help manage the high risk areas.
- Ensure that the Audit Committee remains an active player in identifying emerging risks and general horizon scanning.
- Support the Council to tackle fraud by raising awareness of successful prosecutions.
- Communicate high interest items in Audit Committee meetings to the public.