

MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 29 FEBRUARY 2024

Present:

Councillor Roberts (in the Chair)

Councillors

Cartmell	Humphreys	Thomas
Fenlon	Marshall	Warne

David Swift, Independent Co-Opted Member

In Attendance:

Councillor Paul Galley, Chair of the Scrutiny Leadership Board

Mark Towers, Director of Governance and Partnerships

Mark Golden, Head of Accountancy

Tracy Greenhalgh, Head of Audit and Risk

Ian Large, Head of Highways and Traffic Maintenance

Lorraine Hurst, Head of Democratic Governance

John Greenbank, Democratic Governance Senior Adviser (Scrutiny)

1 DECLARATIONS OF INTEREST

There were no declarations of interest on this occasion.

2 MINUTES OF THE LAST MEETING HELD ON 18 JANUARY 2024

Resolved: That the minutes of the last meeting held on 18 January 2024 be signed by the Chair as a true and correct record.

3 INTERNAL AUDIT FOLLOW UP - DRIVING AT WORK

Mr John-Paul Lovie, Head of Waste Policy and Partnerships, presented an update on progress made against recommendations made in the Driving at Work internal audit. He advised that since the audit had previously been considered at the September 2023 meeting of the Committee a Driving at Work app had been launched for staff, to managed risk in association with the "grey fleet" of staff's privately owned vehicles used for work purposes.

The Committee was informed that only two recommendations remained outstanding from the audit. Recommendation 2, seeking the issuing of guidance to line managers on the turnaround of approvals of documentation, would be discussed by the Council's Driving at Work Risk Management Group, where Mr Lovie reported a proposal for guidance would be submitted. It was expected that following this the recommendation would be completed.

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In respect of Recommendation 8, which sought the implementation of performance reporting arrangements, Mr Lovie informed the Committee that the Risk Management Group would also be considering the issue. It was planned that performance would be assisted by the introduction of departmental leads, to drive compliance with the Driving at Work policy across the Council. In order to ensure monitoring of compliance was adequate Mr Lovie advised that more time would be needed to develop this approach.

Mr Lovie also reported that the new app, had achieved 53% compliance at the time of the meeting. Members discussed the work to achieve full compliance, noting that this would be a challenging undertaking. Mr Lovie advised that in addition to promotion by departmental leads a Communications Plan had been developed and would be rolled out for all staff, highlighting the app and the need to ensure compliance. Further to this work was underway to determine which areas of the Council had a low rate of compliance so that they could be engaged with to determine how best to increase levels experienced. A method to increase compliance being considered was the linking of compliance to the ability to make mileage claims.

Mr Lovie also reported that consideration was being given to the use of the app for individuals who did not have Council email addresses but performed ongoing work for the authority. Currently this was managed outside of the app

Ensuring that progress was maintained with ensuring staff used the app was discussed, with Members highlighted the need for ongoing momentum. Mr Lovie explained that compliance would be monitored going forward by the Driving at Work Risk Management Group and compliance would be emphasised through regular communications campaigns and the highlighting of the app as part of staff inductions.

The Committee was informed that a further report on the progress against the Driving at Work internal audit's recommendations would be brought to the September 2024 meeting.

Resolved: That the update be noted.

4 ANNUAL GOVERNANCE STATEMENT 2022-23 HALF-YEAR REVIEW

Mr Mark Towers, Director of Governance and Partnerships, presented the Annual Governance Statement 2022-23 (AGS) Half Year Review. He reported that the document had been circulated following the last meeting and that the report provided details of progress against the actions outlined in the AGS as of January 2024.

The Committee raised the issue of assurance against the risks from Wholly-Owned Companies. It was noted that oversight and monitoring of performance of the WOCs was undertaken by the Council's Shareholder Committee, and Mr Towers advised that assurance would be provided to the Audit Committee by the Chair of the Shareholder Committee at the next meeting. It was intended that the report provided would include an overview of the work that it had undertaken and details of WOCs strategic risk registers. Further to this assurance could be provided through the details provided in the AGS in respect of company finance and audit arrangements.

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It was also reported that Ms Tracy Greenhalgh, in her role as Audit Adviser to WOCs, had oversight of company's individual risk registers and that the details from these fed into the Council's Strategic Risk Register.

Members highlighted the review of the Council Plan referenced in relation to the "Developing, Communicating and Translating the Vision" issue. It was noted that this was scheduled for completion by 21 February 2024 and Mr Towers advised that this had been undertaken to align the work with the agreement of the Budget for 2024/2025.

Resolved: That the update be noted.

5 2021/2022 AND 2022/2023 EXTERNAL AUDIT/ACCOUNTS UPDATE

Ms Nicola Wright, External Auditor, Deloitte, provided a verbal update on the progress to finalise the Statement of Accounts for 2021/2022 and 2022/2023. She reported that it was aimed for the 2021/2022 accounts to be completed by the end of March 2024. Capacity at the Council remained a challenge and discussions were ongoing to ensure the necessary information could be provided as required. It was expected that the Statement of Accounts 2021/2022 would be completed and ready for consideration by the committee at its June 2024 meeting.

Members were also advised that the financial statements for 2022/2023 were undergoing public consultation and that once work had been completed on the 2021/2022 accounts, work would begin on the 2022/2023 accounts to be finalised for consideration by the Committee in September 2024.

It was also highlighted that the Council's new external auditor KPMG had begun work. Mr Mark Golden, Head of Accountancy (Deputy S151 Officer), advised that they had already requested information in respect of the 2023/2024 accounts and that discussions were underway on ensuring Council capacity to undertake the required work.

Resolved: That the update be noted.

6 AUDIT AND RISK SERVICES QUARTER THREE REPORT

Ms Tracy Greenhalgh, Head of Audit and Risk, presented the Audit and Risk Services Quarter Three Report, outlining work completed in quarter three of the 2023/2024 financial year.

Mr Ian Large, Head of Highways and Traffic Management Services, provided an update in respect of the outstanding Priority 1 recommendations made in the Stores Internal Audit. He reported that progress had been made against each of the P1 recommendations, highlighting the implementation of stores within the Technology One Financial System, for which a member of the Council's Procurement Team had been assisting. Further to this the opportunity had been used to review operation of the stores management system to ensure it was easier to use, testing for which was ongoing. Mr Large also raised the issue of invoicing Wholly-Owned Companies, for which a solution was being considered. He advised

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that it was foreseen that compliance with the recommendations would be achieved by 1 April 2024.

Ms Greenhalgh, informed the Committee that regarding the Contract Management one P1 recommendation had been made. She advised that the recommendation had been made in relation to a known area of weakness, with procurement processes varying across the Council's services. Therefore the Corporate Leadership Team had agreed a plan of action in relation to high risk areas to ensure compliance. In addition to which the Head of Procurement was working on training for staff and a new Procurement Policy. Ms Greenhalgh advised that a further audit would be undertaken in 2024/2025 to review the planned work and how it had embedded at the Council.

An update was also provided by Ms Greenhalgh in respect of the P1 recommendation from the Statutory Property Inspections internal audit. She advised that work was in progress and that CIPFA had been appointed to review the work being undertaken by the Council's housing companies, with work in relation to the other WOCs to be discussed in 2024.

The Committee raised a concern regarding a compliance with statutory standards identified in the Taxi Licensing Internal Audit. Ms Greenhalgh reported that the core statutory standards in relation to Taxi Licensing were in place and that the areas of concern had some controls in place, so no P1 recommendations had been made, however ten lower priority recommendations were made. Going forward the Licensing Service would be reviewing its procedures and documenting the existing delegations in place.

Members noted that a number of audits had been deferred and queried which areas these would have covered. Ms Greenhalgh advised that these would have covered Procurement, in respect of requirements under new legislation, Mental Health Initial Response Services, which had been delayed to allow a new pilot of services to be undertaken and Workforce Development, which had been deferred to allow a new HR system to embed. It was foreseen that all of these internal audit would be undertaken in 2024.

Corporate Fraud was discussed with Ms Greenhalgh reporting that while significant work remained to examine the remaining data matches for the Single Person Discount. She added that all High Risk matches had been identified and addressed and that the remaining medium and low risk matches would be addressed by the end of the financial year.

Members of the Committee noted that the Whistleblowing Policy was reviewed annual, but highlighted that training was bi-annual, and questioned if these should be aligned. Mr Mark towers, Director of Governance and Partnerships, stated that this was so that the policy was aligned with standards reporting, and that more training could be offered depending on circumstances.

Resolved That the update be noted.

Mr Large left the meeting following this item.

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7 INTERNAL AUDIT CHARTER 2024/25

Ms Tracy Greenhalgh, Head of Audit and Risk, presented the Internal Audit Charter 2024/2025 for approval. She advised that there had been minimal changes from the version agreed for 2023/2024, but highlighted the introduction of new professional standards could result in a greater changes for 2025/2026.

Resolved: That the Internal Audit Charter 2024/2025 be approved.

8 INTERNAL AUDIT PLAN 2024/25

Ms Tracy Greenhalgh, Head of Audit and Risk, presented the Internal Audit Plan 2024/2025 for approval. The plan set out the areas of proposed internal audit work for 2024/2025. Ms Greenhalgh reported that a new approach to audit opinions would be introduced during 2024/2025, in line with new CIPFA guidance, and that training had been planned to ensure these were understood.

The Committee noted that capacity had been an issue in previous years to meeting the work set out in audit plans, with Ms Greenhalgh stating that she was confident that sufficient capacity existed. She highlighted the appointment of additional staff had been recruited which would assist in ensuring capacity to undertake the work outlined.

Members queried if additional consideration should be given to undertaken audit work in respect of cyber security, noting the significant risks that existed and their potential impact on the Council. Ms Greenhalgh advised that cyber security was a known and constantly changing area of risk and that IT services undertook ongoing regular testing against threats and reviewed potential new and emerging one. In addition to this the Council's insurer undertook daily testing of the Council's cyber security systems to provide assurance that they were fit for purpose. In addition to this the Local Government Association would be undertaking training with the Council's Corporate Leadership Team, learning from which would be provided.

Resolved: That the Internal Audit Plan 2024/2025 be approved.

9 STRATEGIC RISK REGISTER 2024/25

Ms Tracy Greenhalgh, Head of Audit and Risk, presented the revised Strategic Risk register for approval. She reported that the register had been reviewed for 2024/2025 and that a schedule of deep dive reviews for the Committee had been proposed.

Members asked that consideration be given to the inclusion of cyber security as part of the schedule of deep dives and Ms Greenhalgh stated that details on cyber security could be added to the schedule.

Resolved:

1. That the revised Strategic Risk Register be approved; and

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2. That cyber security be added to the schedule of Deep Dive Review for the Committee during 2024/2025.

10 FRAUD AND ERROR PREVENTION CHARTER 2024/25

Ms Tracy Greenhalgh, Head of Audit and Risk, the Fraud and Error Prevention Charter 2024/2025 for approval. The document also refreshed the Fraud Risk Assessment and the Proactive Anti-Fraud Action Plan. She advised that it was considered best practice to have a charter in place and that minimal changes had been made from the version approved for 2023/2024.

Members noted that fraud in relation to Air BnBs had been mark low, however the committee recognised that these forms of holiday lets were an area of concern within Blackpool. The rating identified in the document was explained by Ms Greenhalgh as based on exiting data and that collection of additional data could result in the risk levels being amended.

Resolved: That the Fraud and Error Prevention Charter 2024/2025 be approved.

11 ANTI-MONEY LAUNDERING POLICY AND PROCEDURE (2024)

Ms Tracy Greenhalgh, Head of Audit and Risk, presented the revised Anti-Money Laundering Policy and Procedure for approval. The policy had previously been agreed in 2018 and despite minimal changes it had been brought back to Committee as best practice and ensure Member oversight of its operation.

Members were informed that to ensuring ongoing assurance of compliance with the policy and procedure any operation of them would be reported in the Committee's quarterly audit and risk reports. Ms Greenhalgh advised that the operation of the policy was infrequent due to the low levels experienced.

Resolved: That the Anti-Money Laundering Policy and Procedure be approved.

12 AUDIT ACADEMY TRAINING PROGRAMME 2024/25

Ms Tracy Greenhalgh, Head of Audit and Risk, presented the proposed programme of Audit Academy Training for 2024/2025. Members agreed the programme and highlighted that the first training session would be in March 2024 on the Role of the External Auditor.

Resolved: That the Audit Academy Training Programme 2024/2025 be approved.

13 DATE OF NEXT MEETING

The Committee noted that the date and time of its next meeting was subject to agreement at Full Council.

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Chairman

(The meeting ended at 7.10 pm)

Any queries regarding these minutes, please contact:
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