

## MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 2 MARCH 2023

### **Present:**

Councillor Galley (in the Chair)

Councillors

Burdess

Critchley

R Scott

Wright

Mr David Swift, Independent Co-opted Member

### **In Attendance:**

Councillor Maxine Callow, Chair of the Scrutiny Leadership Board

Steve Thompson, Director of Resources

Alan Cavill, Director of Communications and Regeneration

Tracy Greenhalgh, Head of Audit and Risk

Philip Welsh, Head of Tourism and Communications

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 19 JANUARY 2023**

**Resolved:** That the minutes of the meeting held on 19 January 2023 be signed by the Chair as a true and correct record.

### **3 INTERNAL AUDIT FOLLOW UP - COMMUNICATIONS**

Mr Philip Welsh, Head of Tourism and Communications, presented a report on progress made against the recommendations in the internal audit report of Communications. He informed the Committee that significant progress had been made in the previous year following the lifting of Covid restrictions. The end of the pandemic had allowed Communications to 'reset' its approach and how the team would support the Council's corporate priorities going forward.

Significant support for Public Health, fostering and economic regeneration projects had been provided and aimed to improve public understanding of the work being undertaken in these areas.

Communications had adopted a "One Council" approach to messaging to ensure consistency across services' communications. However flexibility in the approach had been maintained to ensure that communications could be matched to the issue being publicised. This

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recognised that different services had differing aims in their communications while ensuring that Council messaging was consistent.

The Committee noted that a “corporate” voice was not always appropriate for some Council communications and Mr Welsh explained that the “One Council” approach was flexible enough to allow the tailoring of messaging to the needs of a service. This had been demonstrated in communications work with the Tourism team. Challenges in this messaging had included the need to speak to both a resident and tourist audience, but Mr Welsh informed Members that the work had generated a number of successful communications as part of Tourism supported events.

Where possible Communications had also sought to take a proactive approach to ensure that the Council maintained control of messaging to residents. However, the Committee noted that there were circumstances where a quick reaction would be needed and Mr Welsh provided assurance that Communications could react quickly if required. He added however that the speed of a response would depend on the issue in question.

Mr Welsh also reported that a Communications Workplan had been developed, with the flexibility to respond to unforeseen events. A weekly update on communications work was provided to the Council’s Corporate Leadership Team to ensure that senior officers were aware of communication work taking place and planned.

The Committee thanked Mr Welsh for the update on progress and asked that details of progress in developing Communications be provided to the Tourism, Economy and Communities Scrutiny Committee as part of its next tourism update.

**Resolved:** That the progress against the recommendations made in the Internal Audit of Communications be noted.

### 4 RISK SERVICES QUARTER THREE REPORT

Ms Tracy Greenhalgh, Head of Audit and Risk, provided an update on the work completed by Risk Services in quarter three of the 2022/23 financial year.

In respect of Service Development, Ms Greenhalgh reported that ongoing work to address recruitment issues within the service was being undertaken, with an additional Auditor having been appointed. Despite this, the Committee was made aware that the delivery of the Internal Audit Plan and all identified reviews would not be completed in 2022/23. The reviews that would not be delivered would be added to the 2023/24 Internal Audit Plan and completed at a later date. Ms Greenhalgh added that it was forecast that as a result of this 89% of the plan would be delivered in 2022/23.

The Committee was also informed that Children’s Services had completed 100% of Business Continuity Plans within the service. This was noted as a significant achievement by Children’s Services with support from the Risk and Resilience Team.

An update on Corporate Fraud work being undertaken was also provided with Ms

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Greenhalgh explaining that the report contained a summary of assurance work carried out on the Small Business Grant Fund which had operated during the Covid Pandemic. The Committee noted that cases of “potential fraud” had been detected and would be investigated. Ms Greenhalgh explained in response that this section of the report showed applications had been rejected and no grant paid due to issues identified in the application process.

Mr Steve Thompson, Director of Resources, asked that it be noted that out of over three thousand payments made under the scheme only nine had been identified as having being fraudulent or cases of attempted fraud. This was recognised as a significant achievement at a time during the Covid Pandemic when services were experiencing significant pressure to make grant payments. Mr Thompson added that learning from the delivery of the scheme had been captured and would be used in the future if necessary.

Mr Alan Cavill, Director of Communications and Regeneration, provided an update on progress to ensure that Risk Registers were updated and in place for each service within his directorate. The Committee had noted that the report had shown that only 38% had been completed and Mr Cavill explained that since the report had been issued eleven out of sixteen outstanding risk registers had been completed and that Risk Services had been engaged to ensure the remaining five were completed in a timely manner.

It was noted by Members that in respect of the Single Person Discount for Council Tax the report had shown that the figure had risen to £111,322.001 and asked if this had been due to an increase in Council Tax overall. Ms Greenhalgh explained that the figure represented the cases where the discount had been removed and would reset at the start of the 2023/24 financial year.

Progress against the Internal Audit of the Illuminations recommendations was discussed with assurance sought regarding the issues experienced with procurement. Mr Cavill explained that the issue had been experienced due to a procurement exemption being issued for contracts below a certain threshold, but that a contract had subsequently grown to a value above this. In order to ensure that this would not reoccur Mr Cavill informed Members that controls had been put in place and that a new method of procurement was undergoing testing. The Committee asked that an update be provided to its next meeting on progress with the new system.

The Committee also discussed the work taking place to address the recommendations from the Internal Audit of Energy Management. Mr Thompson explained that he had been monitoring progress and that it had been noted that the service had experienced a high level of transactions in relation to billing. It was recognised that many of these could be rationalised to make them more manageable and that a new IT system had been procured to assist with this.

### **Resolved:**

1. That the report be noted; and
2. That an update on the new procurement for the Illuminations be provided to the

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June 2023 meeting of the Committee.

### 5 STRATEGIC RISK REGISTER 2023/24

Ms Tracy Greenhalgh, Head of Audit and Risk, presented the revised Strategic Risk Register for approval. The register had been updated for 2023/24 and revised to ensure clarity and readability.

The report highlighted that two significant changes in approach had been included. The first of these was the inclusion of Target Risk Scores for each area. These had been agreed with each Risk's owner and highlighted the level each service risk should be. The second change outlined was the inclusion of a risk appetite for each area of the register, to show what level of risk was acceptable for each service.

The development of risk appetite was discussed with Ms Greenhalgh explaining that the Committee could feed into how risk appetite was determined through the process of deep dive reports it received.

**Resolved:** That the Strategic Risk Register 2023/24 be approved.

### 6 INTERNAL AUDIT CHARTER 2023/24

Ms Tracy Greenhalgh, Head of Audit and Risk, presented the Internal Audit Charter 2023/24 for approval. She informed the Committee that the Charter set out the role of audit at the Council and was based on the Chartered Institute for Public Finance and Accountancy (CIPFA) and Chartered Institute for Internal Auditors (CIIA) standards.

The Committee discussed the future of the development of the Charter and audit at the Council and Ms Greenhalgh reported that the CIIA would be undertaking a consultation with local authorities on recommended approaches. It was believed that this could result in a move away from having annual internal audit plans. The outcome of the consultation was not expected to be known until at least 2024.

Members were also informed that the next peer review of the Council's audit function would be held in 2025/26.

**Resolved:** That the Internal Audit Charter 2023/24 be approved.

### 7 INTERNAL AUDIT PLAN 2023/24

Ms Tracy Greenhalgh, Head of Audit and Risk, presented the Internal Audit Plan 2023/24 for approval. She reported that the plan included a risk assessment that had identified the areas of priority for audit during 2023/24. A vacancy factor had also been included which demonstrated the additional work that could be undertaken if recruitment to all vacant posts was achieved. Ms Greenhalgh also informed Members that internal and external audit work would be covered during quarterly discussions with the external auditor, Deloitte.

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The flexibility of the plan was discussed with Ms Greenhalgh explaining that twenty audit days were allocated for each review at the beginning of the year. This number could then be changed based on the scoping for each review and discussions with Officers. This approach ensured that the plan was deliverable, while recognising the staffing required and that identified reviews could be undertaken.

Purchasing of IT specialist support for internal audit reviews was queried with Ms Greenhalgh informing the Committee that none had been identified for 2023/24 but that if needed the Council had a contract with Lancashire County Council for specialist support via Mersey Internal Audit Agency. It was noted that many members of the audit team already possessed good IT skills that would assist in audit work.

**Resolved:** that the Internal Audit Plan 2023/24 be approved.

### 8 FRAUD AND ERROR PREVENTION CHARTER 2023/24

Ms Tracy Greenhalgh, Head of Audit and Risk, presented the Fraud and Error Prevention Charter 2023/24 for approval. She informed the Committee that there had been minimal change from the 2022/23 document and that the main area of fraud work in 2023/24 would be in respect of the Single Person Discount (SPD) for Council Tax. This work would look to establish if further investigation was needed into any cases of SPD fraud that had been detected.

The Committee discussed the difference in approach to cases of fraud and cases of error in relation to SPD. It was explained by Ms Greenhalgh that in the first instance when SPD had been applied incorrectly it would be removed and treated as an error. However, if further cases were identified for the same address then these would be treated as fraud and the at fault parties prosecuted. In all cases where SPD was removed the full amount of Council Tax would become payable for the relevant year.

**Resolved:** That the Fraud and Error Prevention Charter 2023/24 be approved.

### 9 STATEMENT OF ACCOUNTS 2020/21

Ms Nicola Wright, External Auditor, Deloitte, provided a verbal update on progress to sign-off the Annual Statement of Accounts 2020/21. She reported that the revised accounts had been received in January 2023, following the resolution of the Infrastructure Assets issue. Staffing pressures at the Council had meant that it had been recognised that in order to ensure capacity to provide the necessary assurance for the accounts that they had been delayed for consideration until the June 2023 meeting of the Committee.

Mr Steve Thompson, Director of Resources, added that staffing resource had had to be reprioritised from the Accounts to implementing the new finance system which was due to go live in April 2023. However he did recognise that the Committee required independent external assurance regarding the delayed accounts. Work was also underway on the Statement of Accounts 2021/22 and it was planned that these would also be ready for consideration at the same meeting.

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The hand-over of Deloitte to KPMG as the Council's external auditor from 2023 was discussed with Mr Thompson reporting that a meeting would be held soon to discuss the transition. Ms Wright added that there were also industry guidelines for a change in auditor and that Deloitte would ensure that KPMG had all the information they needed once they took over the role of external auditor for the Council.

### **10 AUDIT COMMITTEE ACTION TRACKER**

The Committee gave consideration to the updated Action Tracker and noted the updates provided.

The Committee noted that this meeting was the last of the 2022/2023 Municipal Year and asked that its appreciation be recorded for Councillor Paul Galley in his role as Chair and his role in developing the work of the Committee during his tenure.

### **12 DATE OF NEXT MEETING**

The date and time of the next meeting was noted as Thursday, 15 June 2023 at 6pm, subject to confirmation at Annual Council.

### **Chairman**

(The meeting ended at 7.01 pm)

Any queries regarding these minutes, please contact:  
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