

**MINUTES OF THE MEETING OF THE AUDIT COMMITTEE OF
BLACKPOOL COASTAL HOUSING LIMITED
HELD VIA MICROSOFT TEAM CONFERENCE CALL
ON THURSDAY 2 JULY 2020 AT 2.00PM**

Present: Mr A Szatkowski, Independent, Non-Executive Director (Chairman)
Mrs V O’Shea, Tenant Non-Executive Director
Mrs E Upton, Independent Non-Executive Director
Councillor Robertson BEM, Non-Executive Director

In attendance: Mr J Donnellon, Chief Executive
Mr S Dunstan, Director of Resources
Mr J Weston, Head of Asset Management and Operations
Ms T Greenhalgh, Head of Audit and Risk (Internal Audit Advisor to the Board)
Miss Y Burnett, Assistant Company Secretary
Miss K Rourke, Company Secretariat Manager (Observer)

		Actions
1.	<p>Apologies for Absence</p> <p>Apologies for absence were submitted on behalf of Mr Herring, Tenant Non-Executive Director.</p>	
2.	<p>Declarations of Interest</p> <p>There were no declarations of interest.</p>	
3.	<p>Minutes of the last meeting held on 22 January 2020</p> <p>The Committee agreed: To approve the minutes of the Committee meeting held on 22 January 2020 as a correct record.</p>	
4.	<p>Matters Arising</p> <p><u>Appointment of External Auditor</u> Mr Dunstan advised the Committee that the External Auditor, Smith Craven did not produce an external Audit Plan, but would be attending the September 2020 Committee meeting to present the Draft Audited Accounts for the year ending 31 March 2020.</p> <p><u>Audit Plan, Reports and Actions – Internal Audit – Core Financial Controls Compliance Testing</u> Mr Dunstan confirmed that the actions taken to address Recommendation R4 (Steps should be taken to ensure that two suitable forms of ID have been provided) would be reviewed during the Internal Audit of Lettings scheduled</p>	

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<p>for later in the year.</p> <p>Ms Greenhalgh confirmed that the Audit Team would include further narrative in relation to 'Agreed action' on future internal audit reports.</p> <p><u>Financial Regulations</u> Mr Dunstan advised the Committee that he planned to task the Performance Team to collate and review all the Company policies and provide a summary of review dates. The Chairman suggested that it would be useful if the information was presented to the Committee annually and in a similar format to the Audit and Scrutiny Tracker.</p> <p><u>Fraud Update</u> Ms Greenhalgh confirmed that she had received the information relating to the potential fraud and whilst she had not experienced anything similar, had made a note in case there was a repeat incident.</p> <p><u>Health and Safety Update</u> Mr Dunstan informed the Committee that the High Risk Monitoring Report had not been included on the agenda, as it had been referenced in the Health and Safety Committee minutes that were appended to the Health and Safety Update (Item 10). Mr Weston added that in future a summary, which was presented to the officer Health and Safety Committee, would be circulated to Audit Committee Members outside of the meeting.</p> <p><u>Strategic Risk Register</u> It was noted that it had been agreed to defer the Deep Dive briefings until the September 2020 meeting. In considering the next two topics, Mr Dunstan advised the Committee that he had met with Councillor Jim Hobson, who had responsibility for Climate Change and confirmed that the Company had the same vision as the Council. He suggested reviewing the 'recruitment and retention' risk as the climate emergency was relatively new and therefore not yet subject to a deep dive.</p> <p>The Committee agreed: To receive deep dive reviews on the following risks:</p> <ul style="list-style-type: none"> • Risk 10 - Failure to attract and retain key personnel. • Risk 11 - Failure to address climate emergency. <p><u>Training Needs</u> The Chairman asked for the briefing regarding the Role of the Audit Committee, which had been deferred from the March meeting, to be delivered at the September 2020. The Company Secretary agreed to make the necessary arrangements.</p>	<p>JW</p> <p>JD SD</p> <p>Co Sec</p>

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<p>5.</p>	<p>Audit Plan, Reports and Actions Plans</p> <p><u>Internal Audit Proposal 2020/2021</u></p> <p>Ms Greenhalgh presented the proposed internal audit work programme for 2020/2021 reporting that two audits were planned, Gas Safety and Lettings. She explained that details of the internal audit work undertaken in the last two years had also been included. The Committee was advised that the Statutory Property Compliance Audit had been scoped, but due to the COVID-19 pandemic had been temporarily put on hold. It was anticipated that work would recommence in August/September 2020.</p> <p>Ms Greenhalgh informed the Committee that she had spoken to Mr Donnellon regarding the proposed New Delivery Structure Audit, which was due to review the potential working arrangements between Blackpool Coastal Housing and Blackpool Housing Company and it had been agreed that this was no longer appropriate. She added that the five days allocated for the audit would be 'banked' to be used at the Committee's discretion.</p> <p>Mr Weston reported that an independent Audit by Gas Safe had been scheduled for April 2020, but due to the pandemic had been postponed. He questioned whether this and the ongoing Statutory Property Compliance Audit would result in duplication. The Chairman suggested that the scope of each audit would be different and asked that a copy of the completed Gas Safe Audit be shared with the Internal Audit Team so the Gas Safety Internal Audit could be scoped accordingly.</p> <p>Mr Dunstan explained that he would prefer the Lettings audit to be undertaken in the autumn, but in order to allow the Gas Safe Audit to be rescheduled he was satisfied for the Lettings Audit to be undertaken first.</p> <p><u>Internal Audit Report – Fire Risk Assessment</u></p> <p>Ms Greenhalgh advised the Committee that the scope of the Audit was to review the Company's arrangements for Fire Risk Assessment. She explained that due to the revised fire risk assessment arrangements that had been developed with a new fire safety provider, the audit had concluded that there were adequate arrangements in place. Ms Greenhalgh added that some actions identified in the February 2019 internal audit review of building regulations and fire safety arrangements remained outstanding.</p> <p>It was reported that Internal Audit was pleased with the progress and had made no Priority 1 recommendations. Six Priority 2 and 3 recommendations had been made and further actions agreed with the Senior Management Team.</p>	<p>JW</p>

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6.	<p>In response to questions from the Chairman, Mr Weston confirmed that Recommendations 2 and 3, which had target dates of 31 May and 30 April 2020 respectively, had been completed. He added that the revised Fire Policy (R3) would be presented at the July 2020 Board meeting.</p> <p>Mr Weston, in response to a question from the Chairman, explained that Boundary Court was due to undergo a large-scale refurbishment, which would address the recommendations made in the Fire Risk Assessments. He informed the Committee that it was anticipated that by the end of the calendar year, the information from the FRA's would be incorporated into the Company's SHE Assure health and safety system to ensure appropriate prioritisation, allocation and monitoring of actions.</p> <p>The Committee agreed:</p> <ol style="list-style-type: none"> 1. To approve the Internal Audit Plan 2020/2021. 2. To note the Fire Risk Assessment Internal Audit Report. 3. That the Audit Tracker be updated to include the Priority 2 recommendations from the Internal Audit - Fire Risk Assessment. <p>Audit and Scrutiny Action Tracker</p> <p>The Committee reviewed the updated Audit and Scrutiny Tracker and noted the pleasing results that 96% of recommendations had been completed and congratulated the Company on its efforts.</p> <p>Mr Dunstan advised the Committee that the revised Fire Safety Policy had only recently been produced and following the increased resource in the Health and Safety Team the associated procedure notes recommended in the Internal Audit Review of Building Regulations and Fire Safety would be completed by September 2020. He sought the Committee's approval for an extension.</p> <p>The Committee agreed:</p> <ol style="list-style-type: none"> 1. To extended the completion of Recommendation 3 (Internal Audit - Review of Building Regulations and Fire Safety) until September 2020. 2. To note the update report. 	<p>JW</p> <p>Co Sec</p>
7.	<p>Fraud Update</p> <p>Mr Dunstan informed the Committee that he had discussed with Ms Greenhalgh an error that had occurred whilst dealing with a recent 'Right to Buy' application. It had been agreed that this was not considered as fraud, but a mistake and the Council Team involved had provided assurance that it would not be repeated.</p>	

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<p>Ms Greenhalgh added that as the National Fraud Initiative could query this the Council's Risk Services Team had been made aware of the circumstances.</p> <p>The Committee agreed: To note the update.</p> <p>8. Strategic Risk Register Review</p> <p>The Committee was informed that the COVID-19 pandemic had led to significant changes in the way the Company had operated in the short to medium term and potentially how the Company would operate in the future. Mr Dunstan, who had recently attended a webinar delivered by KPMG on strategic risk management, proposed a number of minor improvements/ changes to the existing strategic risk register. He added that it was not proposed to add new risks because of the pandemic.</p> <p>Mrs Upton suggested that the RAG rating for Risk 9 should be increased to Red due to the increased number of employees working from home; in response, Mr Dunstan confirmed that all employees had received Data Protection and GDPR training. He agreed that there was an increased risk, but was of the opinion that this did not necessitate a Red rating, but suggested increasing the net risk score within the Amber action level.</p> <p>The Committee agreed: To the following amendments to the Strategic Risk Register:</p> <ol style="list-style-type: none"> 1. Risk 1 - Failure to provide high quality asset management, repairs and housing services to customers. (Amber) – To remain at Amber. 2. Risk 2 - Council chooses to cease providing services through ALMO as BCH does not meet its aims and aspirations (either taking provision back in house or instigating stock transfer). (Amber) – Reduce to Green. 3. Risk 3 - Significant business interruption (Amber) - To remain at Amber. 4. Risk 4 - Income not collected (Red) – To remain at Red. 5. Risk 5 – Housing Revenue Account (HRA) not financially viable (Red) – To remain at Red. 6. Risk 6 - Ineffective Health and Safety Risk Management (Red) – To remain at Red following advice from the Health and Safety Team. 7. Risk 7 - Failure of Governance (Amber) – To remain at Amber. 8. Risk 8 - Integration of new services from the Council (Amber) – To remain at Amber. 9. Risk 9 - Failure to comply with legislation and best practice relating to service and tenant information leads to data breach, fraud or financial penalty. (Amber) – To remain at Amber with continued monitoring. 10. Risk 10 - Attracting and retaining key personnel (Amber) – To remain at Amber. 	

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<p>9.</p>	<p>11. Risk - 11 - Failure to address Climate Emergency (Red) – To remain at Red.</p> <p>12. For the revised Strategic Risk Register to be presented to the Board for approval.</p> <p>Business Continuity Update</p> <p>Mr Dunstan reminded the Committee that he had provided a detailed update at the last Board meeting regarding the Company’s performance in delivering its core services during the lockdown. He added that the management assessment had confirmed that its successes had been due to the recent review of the continuity plan.</p> <p>A further update had been considered by the Board, through a discussion paper, at an informal meeting held on Thursday 25 June, which the majority of the Committee had attended and had an opportunity to comment. Mr Dunstan reported that the Performance Team would be facilitating a ‘lessons learnt’ audit prior to the new Business Plan being finalised.</p> <p>The Chairman commented that if the Company decided to continue working remotely consideration needed to be given to what information and systems employees were able to access from home as internal audits appeared to have been delayed as a result. Ms Greenhalgh added that the Council’s Risk Services Team had been operating remotely and had used the ‘share screen’ facility to review electronic data.</p> <p>The Committee agreed: To note the update.</p>	<p>SD</p>
<p>10.</p>	<p>Health and Safety Update</p> <p>Mr Dunstan presented the Committee with an update on the current position regarding Health and Safety matters, reporting that a member of the Operations Team had been redeployed providing an additional resource to the Health and Safety Advisor.</p> <p>The report included the minutes of the Health and Safety Committee, which had met on 15 June. Mr Dunstan reported that discussion had focussed around the Company’s emergency response to COVID-19 and it had been agreed that the initial response had been appropriate and proportionate. He added that a number of employees had supported the Council with the delivery of its Corona kindness hubs.</p> <p>The Committee was informed that the offices at Coastal House and Grange Park had been modified to enable employees to work socially distantly and ‘bubbles’ had been created to ensure that employees did not mix between</p>	

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<p>sites.</p> <p>Mr Dunstan advised the Committee that concerns had been raised regarding an increased number of fires within tenanted properties, including gardens. He explained that this was due to lockdown activities e.g. burning rubbish, but also new tenants from within Emergency Dispersed Housing, where the risk of carelessness was already greater. He added that an internal working group had been established to ensure multi agency working and prevention of future recurrence.</p> <p>The Committee was advised that the contract for the lone worker system with 'First2Help You' had been extended for 12 months during COVID-19 and Mr Dunstan assured the Committee that there had been no issues with the contractor. He added that the service would be re-tendered in 2021.</p> <p>In response to a question from Mrs Upton, Mr Dunstan confirmed that the service was generally well used by the majority of employees and those not using the system had been challenged.</p> <p>Mr Donnellon, on behalf of the Board, expressed his appreciation for Mr Mark Midgley, who throughout the pandemic, had provided policy advice and reassurance to employees, worked flexibly all whilst undertaken his normal day-to-day duties.</p> <p>The Chairman commented on the concerns raised by the Health and Safety Committee regarding Zurich Municipal. Mr Weston explained, in response, that the Company had ceased insurance inspections to lifting equipment at the onset of lockdown and was unlikely to resume until at least 4 July. He added that fortunately, Stannah Lifts and Prism Medical UK had continued to operate, but the impact of Zurich Municipal's decision had been raised with the Council's Risk Services Team as their contract was with Blackpool Council.</p> <p>The Committee agreed: To note the update.</p>	
<p>11. General Data Protection and Regulation (GDPR) Compliance</p> <p>In Mr Pickup's absence, Mr Dunstan presented the Biannual Performance report covering the period 1 October 2019 to 31 March 2020, highlighting a number of key points.</p> <p>During the specified period, there had been two personal data breaches, the first following a stolen laptop. It was reported that the device had had appropriate security measures applied to protect personal data and that the incident was not a breach of the GDPR. The second incident had involved a manager emailing employee personal data to an incorrect recipient. The</p>	

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	<p>recipient was a trusted recipient and the personal data had been deleted. The Committee was advised that this had been confirmed as a breach of the GDPR, but the risk had been deemed minimal and had therefore not been reported to the data subject or Information Commissioner's Office (ICO).</p> <p>It was reported that whilst home working potentially increased the risk of GDPR breaches, the Health and Safety and Mental Health risks to employees was equally important and would be considered in parallel by the Senior Management Team if home working were to continue.</p> <p>Mr Donnellon added that the Company was likely to offer mixed working arrangements in the future and whilst it had worked, well consideration would be given to the tightening of procedures, safe working places and GDPR compliance.</p> <p>The Chairman welcomed visibility of a review of the home working arrangements at a future meeting.</p> <p>The Committee agreed: To note the update report.</p>	
12.	<p>Any Other Business</p> <p>There was no other business.</p>	
13.	<p>Date of the Next Meeting – 2 September 2020</p> <p>The Committee agreed:</p> <ol style="list-style-type: none"> 1) To note that the date of the next Board meeting would be held on Wednesday 2 September 2020 at 6.00pm via Microsoft Teams, unless Government guidance permitted a physical meeting. 2) In addition to the standing items, to consider the following items: <ul style="list-style-type: none"> • Draft Audited Accounts for year ending 31 March 2020. • Training for Committee Members. 	JD/ SD

The meeting ended at 3.08pm

Signed by the Chairman

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Mr Andrei Szatkowski, 2 September 2020