

GATESHEAD METROPOLITAN BOROUGH COUNCIL
AUDIT AND STANDARDS COMMITTEE MEETING

Monday, 8 March 2021

PRESENT: Councillor M Charlton (Chair)

Councillor(s): L Green, J McElroy, Mr Stuart Bell
(Independent Member), D Burnett, S Green, H Kelly and
R Beadle

APOLOGIES: Councillor(s): G Clark

ASC304 MINUTES

The minutes of the last meeting held on 25 January 2021 were approved as a correct record, with one amendment, that Councillor Ron Beadle was in attendance and not Councillor John McClurey.

ASC305 DECLARATIONS OF INTEREST

There were no declarations of interest.

ASC306 LOCAL GOVERNMENT ASSOCIATION, MODEL CODE OF CONDUCT

The Committee received a report setting out the LGA Code of Conduct and sought further comments from members following officers reviewing the draft code to ensure it met with best practice to making recommendations to full Council on adopting the new model code.

Since the last meeting of the Committee members requested that officers ensure that members across the council were aware of the proposals and details of the new code. Additional comments have now been received and it was agreed to set up a working group to look at these and bring them back in their entirety to the next meeting in April.

The Committee also agreed that training be provided in June following on from the local elections in May on the Code of Conduct and the Council's Constitution.

- RESOLVED -
- i) That the information be noted
 - ii) That a member/officer working group be established to look at the comments received and a further report brought back to the April meeting
 - iii) The Committee agreed that training should be provided in June on the Code of Conduct and the Council's Constitution

ASC307 ANNUAL GOVERNANCE STATEMENT 2020/21 ASSURANCE STATEMENT

The Committee received a report which provided an overview of the work to be undertaken to produce the Annual Governance Statement (AGS) for 2020/21 which demonstrates the level of assurance that can be given by the Council's control systems and governance arrangements.

The assurance framework supports the AGS and provides councillors with information on the Council's control environment and governance arrangements. It maps the Council's strategic objectives to risks and controls and seeks assurance from a number of sources of Council activity.

The process of preparing the AGS should itself add value to the effectiveness of the Governance Assurance Framework. The assurance process will demonstrate four aspects:

- **Identify** – what do we want assurance on?
- **Assess** – what are the sources of assurance?
- **Review** – how is assurance validated?
- **Act** – what are the opportunities to improve?

The Committee were advised that in preparing the governance statement it will be necessary to review evidence from the following sources which together form the assurance framework:

- Governance arrangements
- Councillors
- Senior Managers
- The system of internal audit
- Risk management arrangements
- Counter Fraud arrangements
- Performance Management and data quality
- Views of the external auditor and other external inspectorates
- The legal and regulatory framework
- Financial controls
- Partnership arrangements and governance
- Other sources of assurance

The Committee were advised that the Council has a Local Code of Governance, which was last updated and agreed by the Audit and Standards Committee on 25 January 2021. This code defines how the Council complies with the principles of good governance as set out in the Local Code of Governance developed by CIPFA, Delivering Good Governance in Local Government Framework. The principles of good governance in the framework are:

- Behaving with integrity
- Ensuring openness and comprehensive engagement
- Defining sustainable outcomes
- Determining interventions

- Developing capacity
- Managing risks and performance
- Implementing good practice in transparency

The Committee were advised that a corporate group, chaired by the Strategic Director, Resources and Digital will use the findings of the sources of assurance to form a view on the adequacy of the Council's overall internal control and governance arrangements.

Using evidence from this assessment the Group will prepare the AGS for 2021/21 for approval by the Audit and Standards Committee in June 2021. This will then accompany the Statement of Accounts for 2020/21.

RESOLVED - That the Assurance Framework as set out in the report was agreed

ASC308 TREASURY POLICY STATEMENT AND TREASURY STRATEGY 2021/22 TO 2025/26

The Committee received a report to review the proposed Treasury Policy Statement and Treasury Strategy for 2021/22 to 2025/26 prior to consideration by Cabinet.

The Committee were informed that in order to provide a framework for the Strategic Director, Resources and Digital to exercise his delegated powers, the Council agrees a five-year Treasury Management Policy and Treasury Strategy which is reviewed at the start of each financial year.

The Committee were advised that the Treasury Policy and Treasury Strategy appended to the main report have been prepared considering the Local Government Act 2003, Ministry of Housing, Communities and Local Government's (MHCLG) Guidance on Local Government Investments, CIPFA's Prudential Code for Capital and CIPFA's Code of Practice on Treasury Management (2017).

The Committee were advised that there was an error in the report at page 44 of the pack, paragraph 4.9 which read:

External and Internal Borrowing

4.9 As at 30 November 2020 the Council had net debt of £595.921m; this includes total borrowing of £665.224m and investments of £69.303m

The correct sentence should read:

As at 30 November 2020 the Council had net debt of £554.617m; this includes total borrowing of £664.206m and investments of £109.589m

The Committee were asked to review the Treasury Policy and Treasury Strategy as attached at appendix 1 and 2, to ensure that the Council fully complies with the requirement of good financial practice in Treasury Management

The Committee asked questions in relation to a 40% limit on loans, comparison to other Tyne and Wear authorities and further details of Treasury Management advisors. Officers will provide separate responses after the meeting and email members of the Committee.

- RESOLVED -
- i) That the information be noted
 - ii) The Committee reviewed the recommendations on the Treasury Policy and the Treasury Strategy and agreed to submit the report to Cabinet.

ASC309 ANNUAL AUDIT LETTER AND NEW VALUE FOR MONEY ARRANGEMENTS APPROACH

The Committee received the Annual Audit letter from Mazars, which summarised the work undertaken as the auditor for Gateshead Council. It outlined audit of the financial statements, other information published alongside the audited financial statements, the value for money conclusion, statutory reporting and reporting to the group auditor.

The Committee also received a presentation outlining the new value for money arrangements approach.

RESOLVED - That the information be noted.

ASC310 DATE AND TIME OF NEXT MEETING

The next meeting will be held on Monday 26 April 2021 at 10.30 am via Teams

Chair.....