

GATESHEAD METROPOLITAN BOROUGH COUNCIL
AUDIT AND STANDARDS COMMITTEE MEETING

Monday, 18 October 2021

PRESENT: Councillor M Charlton (Chair)

Councillor(s): J Reay (Vice-Chair), L Green, S Green, J McElroy, Mr S Bell, Mr G Clark and Mr B Jones (Independent Members)

APOLOGIES: Councillor(s): R Beadle and H Kelly

ASC355 MINUTES

The minutes were approved as a correct record.

ASC356 DECLARATIONS OF INTEREST

There were no declarations of interest.

ASC357 TREASURY MANAGEMENT - PERFORMANCE TO 30 SEPTEMBER 2021

The Committee received a report reviewing Treasury Management performance for the six months to 30 September 2021, covering investments and borrowing. This is consistent with approved performance management arrangements.

The report covered:-

- Treasury Management Strategy Statement
- Investment Performance
- The Economy
- Rate of Return
- Borrowing
- PWLB Government Borrowing

The projected net impact of investment and borrowing activity on the revenue budget in 2021/22 is an underspend of £1.012m, comprising £0.793m General Fund and £0.219m HRA.

Investment returns are likely to remain relatively low during 2021/22 then beyond and interest rates are expected to be below long-term borrowing rates therefore value for money considerations indicate that best value can be obtained by delaying new external borrowing and by using internal cash balances to finance new capital expenditure in the short term (this is referred to as internal borrowing).

The current approach of borrowing internally provides benefits in terms of reduced credit risk, as the Council has less cash invested than if it had gone to the markets and borrowed externally. This means that cash balances and investment returns, remain historically low resulting in reduced levels of income, which at present is outweighed by the savings achieved from avoiding external borrowing. The additional element of interest rate risk will continue to be monitored.

- RESOLVED -
- i) The Committee noted the contents of the report
 - ii) The Committee wished to place upon record their thanks to the Treasury Team
 - iii) That the Treasury Management Performance to 30 September 2021 be noted, prior to submission to Cabinet.

ASC358 CORPORATE RISK MANAGEMENT 2021/22 - QUARTER 2 UPDATE

The Committee received a report providing an update on Corporate Risk Management developments during the period 1 July 2021 to 30 September 2021 in line with the principles of good corporate governance.

The report included updates on:

- Strategic Risk Management
- Operational Risk Management
- Business Continuity Management
- Corporate Risk and Resilience Group

- RESOLVED -
- i) That the information be noted
 - ii) The Committee requested a briefing note be prepared on the impact of COVID 19 and Brexit and what the Council is doing to address and mitigate any problems
 - iii) The Committee endorsed the effectiveness of the Council's risk management arrangements

ASC359 EXCLUSION OF THE PRESS AND PUBLIC

- RESOLVED - That the press and public be excluded from the meeting during consideration of the remaining business in accordance with Paragraph 3 of Schedule 12A to the Local Government Act 1972.

ASC360 MID YEAR COUNTER FRAUD UPDATE 2021/22

The Committee received a report which provided an update on activity undertaken since 1 April 2021 by the Internal Audit and Risk Service in relation to the work of the Corporate Fraud Team. It also updated on action taken to raise awareness of the risk of fraud and corruption, details the cases of potential fraud and irregularity, updates on any proactive counter fraud work and progress of the Council's participation in National Fraud Initiative (NFI).

- RESOLVED -
- i) That the information be noted
 - ii) The Committee requested that a breakdown of all cases by type be provided to the next meeting of the Committee

ASC361 INTERNAL AUDIT PLAN 2021/22 QUARTERLY MONITORING REPORT TO 30 SEPTEMBER 2021

The Committee received a report outlining progress made by the Internal Audit & Risk Service against the audit plan for the financial year 2021/22 and summaries the main findings from audit activity throughout the period 1 July 2021 to 30 September 2021.

A total of 13 assignments were completed during the period, with details attached for information at Appendix A.

From the reviews carried out to 30 September 2021 audit work was found to be complying with PSIAS and the Audit Manual.

The Committee were advised that the year to date performance information was as follows:-

- 100% of audits were completed within budgeted time against a target of 90%
- Productive or chargeable time was recorded at 68% of overall time against an annual target of 73% of overall time.
- The average score of the customer satisfaction questionnaires returned is 3.9 out of 4, against a target of 3.4 (85%)
- The target for implementation of audit recommendations is 100% for high priority recommendations and 90% for medium priority recommendations. The current rate of implementation of all recommendations is 89% with 100% of all medium priority and 100% of all high priority recommendations having been implemented. Further information was provided to Committee at Appendix C in the main report.

RESOLVED – That the information be noted.

ASC362 DATE AND TIME OF NEXT MEETING

The next meeting will take place on Monday 31 January 2022 at 10.00 am

Chair.....