

GATESHEAD METROPOLITAN BOROUGH COUNCIL
AUDIT AND STANDARDS COMMITTEE MEETING

Monday, 7 March 2022

PRESENT: Councillor M Charlton (Chair)
Councillors: L Green, S Green, H Kelly J McElroy and J Reay and I Dormer (Independent Member)

APOLOGIES: Councillor R Beadle and L Bowler (Independent Member)

ASC372 MINUTES

The minutes of the last meeting held on 31 January 2022 were approved as a correct record.

ASC373 DECLARATIONS OF INTEREST

There were no declarations of interest.

ASC374 ANNUAL GOVERNANCE STATEMENT 2021/22 - ASSURANCE FRAMEWORK

The Committee received an overview of the work to be undertaken to produce the Annual Governance Statement (AGS) 2021/22 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 31 January 2022. 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 2021/22 for approval by the Audit and Standards Committee in June 2022. This will then accompany the Statement of Accounts for 2021/22.

RESOLVED – That the Assurance Framework as set out in the report be agreed.

ASC375 TREASURY POLICY STATEMENT AND TREASURY STRATEGY 2022/23 TO 2026/27

The Committee received the proposed Treasury Policy Statement and Treasury Strategy for 2022/23 to 2026/27 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, Department for Levelling up, Housing and Communities (DLUHC) Guidance on Local Government Investments, CIPFA's Prudential Code for Capital (2021) and CIPFA's Code of Practice on Treasury Management (2021).

The Committee were asked to review the Treasury Policy and Treasury Strategy to ensure that the Council fully complies with the requirements of good financial practice in Treasury Management.

- RESOLVED -
- i) That the information be noted.
 - ii) That the recommendations on the Treasury Policy and the Treasury Strategy be noted and submitted to the Cabinet.

ASC376 EXTERNAL AUDITOR'S ANNUAL REPORT YEAR ENDED 31 MARCH 2021

The Committee received Mazars's Annual Report for year ended 31 March 2021 and agree to the schedule of fees in section 4 of the report.

The report outlines how Mazars have discharged these responsibilities and outlines the findings from the audit. Although the report is addressed to the Council, it is designed to be read by a wider audience including members of the public and other external stakeholders.

The Committee were advised that section 4 of the AAR outlines the proposed fees for 2020/21 and outlines specific areas of work over and above the core fee. Officers have discussed the proposed fees with Mazars and are satisfied that the fees are proportionate to the additional work undertaken, in line with guidance on fees issued by Public Sector Audit Appointments (PSAA). Once approved by the Council, Mazars will be required to seek approval by the PSAA.

The Committee were advised that the Department for Levelling Up, Housing and Communities (DLUHC) have recognised the additional work of the new Code of Audit Practice and other Redmond recommendations and have announced £15m of additional funding for local authorities in 2021/22 and a further £15m in each of the next two years to meet these new burdens and the increased audit fees. The Council is yet to be notified of its share of this national funding allocation.

- RESOLVED -
- i) That the information be noted.
 - ii) That the contents of the external auditor's Annual Report for year ended 31 March 2021 be noted.
 - iii) That the schedule of fees set out in section 4 of the report be agreed.
 - iv) That the publication of the AAR on the Council's website be agreed.

ASC377 DATE AND TIME OF NEXT MEETING

The next meeting will be held on Monday 25 April 2022 at 10.00 am

Chair.....