

# AUDIT AND STANDARDS COMMITTEE AGENDA

**Monday, 30 January 2017 at 10.00 am in the Blaydon Room - Civic Centre**

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From the Acting Chief Executive, Mike Barker

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Item	Business
<b>1</b>	<b>Apologies for Absence</b>
<b>2</b>	<b>Minutes</b> (Pages 3 - 8)  The Committee is asked to approve, as a correct record, the minutes of the meeting held on 3 October 2016.
<b>3</b>	<b>Declarations of Interest</b>  Members of the Committee are invited to declare interests in any agenda items.
<b>4</b>	<b>External Auditor Appointments Beyond 1 April 2018</b> (To Follow)  Report of the Strategic Director Corporate Resources.
<b>5</b>	<b>External Auditor: Annual Audit Letter 2015/16</b> (To Follow)  Report of the Strategic Director Corporate Resources.
<b>6</b>	<b>Corporate Risk Management 2016/17 Quarterly Report to 31 December 2016</b> (To Follow)  Report of the Strategic Director Corporate Resources.
<b>7</b>	<b>Exclusion of the Press and Public</b>  The Committee may wish to exclude the press and public from the meeting during consideration of the exempt items in accordance with Schedule 12A to the Local Government Act 1972.  <b><u>EXEMPT AGENDA</u></b>
<b>8</b>	<b>Internal Audit Plan 2016/17 Quarterly Monitoring Report to 31 December 2016</b> (To Follow)  Report of the Strategic Director Corporate Resources.

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## **GATESHEAD METROPOLITAN BOROUGH COUNCIL AUDIT AND STANDARDS COMMITTEE MEETING**

**Monday, 3 October 2016**

**PRESENT:** Councillor H Hughes (Chair)  
  
Councillor(s): J Green, L Green, J McClurey, J McElroy,  
J Adams, G Clark, J Common and B Jones

**INDEPENDENT MEMBERS:** G Clark, J Common and B Jones

**APOLOGIES:** Councillor(s): P Dillon

### **ASC MINUTES 23**

RESOLVED: The minutes were approved as a correct record subject to it being highlighted that the Audit Completion report considered by the Committee on 25 July was a draft and that the audit opinion by Mazars was subject to the receipt of satisfactory assurance from the auditors of Tyne & Wear Pension Fund.

### **ASC DECLARATIONS OF INTEREST 24**

RESOLVED: There were no declarations of interest.

### **ASC COMMITTEE ON STANDARDS IN PUBLIC LIFE 25**

The Committee received a report informing it of the activities undertaken by the Committee on Standards and Public Life (CSPL) during 2015-16.

The CSPL monitors, reports and makes recommendations on all issues relating to standards in public life. This includes not only the standards of conduct of holders of public office, but all those involved in the delivery of public services.

The CSPL is an independent advisory non-departmental public body (NDPB) it is not founded in statute and has no legal powers to compel witnesses to provide evidence or to enforce its recommendations.

The report also identified the topics for consideration by the CSPL during 2016-17, including Local Government Standards.

It was noted that the CSPL has received correspondence from members of the public, Councils and Councillors on the issue of Local Government Standards. The correspondence includes calls for a national code of conduct, strengthened

guidelines or sanctions or a power of recall. The CSPL intends to liaise with the relevant stakeholders on the way in which ethical standards can be effectively embedded in all parts of local government.

RESOLVED:           i) That the information be noted.  
                          ii) That the Committee agreed to track the work of the CSPL in respect of Local Government Standards and contribute where possible.

**ASC 26      RESULTS OF 2015/16 CIPFA AUDIT BENCHMARKING**

The Committee received a report informing it of the annual Chartered Institute of Public Finance and Accountancy (CIPFA) Audit Benchmarking results for 2015/16.

The Internal Audit Service is required to objectively examine, evaluate and report upon the adequacy of the control environment as a contribution to the proper economic, efficient and effective use of the Council's resources.

Appended to the report was a summary of the 2015/16 benchmarking results. Overall this shows that the Council's Internal Audit Service is low cost with high productivity, in comparison with other local authorities.

It was queried how Gateshead continues to be low cost and high performing and it was commented that this is in part due to lower staffing costs and using a greater number of qualified technicians.

RESOLVED:           That the information be noted.

**ASC 27      CORPORATE RISK MANAGEMENT QUARTERLY REPORT TO 30 SEPTEMBER 2016**

The Committee received an update report on developments in Corporate Risk Management during the period 1 July to 30 September 2016 in compliance with the requirements of good corporate governance.

The report covered progress against the Corporate Risk Management Development Objectives for 2016/17 as cited in the Corporate Risk Management Annual Report 2015/16 and other risk management issues emerging within the quarter.

It was noted that the Council's critical IT system template was discussed at the first meeting of the Risk and Resilience Group along with how the group can support services to complete the template. This work will enable ICT to implement the recommendations identified by the Council's External Auditors.

The Committee was also informed of the significant ICT issue encountered by a neighbouring authority, whose systems will not be fully restored for up to 1 year. It was queried whether the costs to that authority could be identified to enhance the

Council's understanding of the risks around ICT security.

It was noted that subsequently employees within this Council have been reminded of the potential impact of opening attachments from unknown sources.

RESOLVED: That the information be noted.

## **ASC 28 REVIEW OF INTERNAL AUDIT CHARTER**

The Committee received a report on the review of the Internal Audit Charter by the Chief Internal Auditor.

The purpose, authority and responsibility of Internal Audit must be formally defined in an Internal Audit Charter, consistent with the definition of Internal Auditing outlined in Public Sector Internal Audit Standards (PSIAS). The Chief Internal Auditor must periodically review the internal audit charter and present it for approval.

This year's review adds the Mission for Internal Audit and Core Principles for the Professional Practice of Internal Auditing into the Charter to reflect their incorporation in the revised PSIAS.

RESOLVED: That the Committee approved the revised Internal Audit Charter.

## **ASC 29 ANNUAL GOVERNANCE STATEMENT 2015/16 - INTERNAL AUDIT REVIEW OF MANAGERS' ASSURANCES**

The Committee received a report informing it of the Internal Audit Service review of assurances provided by Service Directors, to inform the 2015/16 Annual Governance Statement.

The Accounts and Audit Regulations 2015 require Authorities to produce an Annual Governance Statement setting out its governance arrangements and reviewing their effectiveness.

Assurances from managers on the effectiveness of controls they have in place are a fundamental part of the assurance framework agreed by the Committee on 1 February 2016.

The 2015/16 Annual Governance Statement Audit was carried out using a theme based approach across the Council. All Service Directors were required to provide evidence to support their declarations made on the Governance Statement in response to questions on Data Quality and Performance and Business Continuity.

The audit concluded that systems are operating well and that a good level of assurance is provided for the 2015/16 Annual Governance Statement.

RESOLVED: That the information be noted.

**ASC 30 TREASURY MANAGEMENT - PERFORMANCE TO 30 SEPTEMBER 2016**

In accordance with CIPFA's Code of Practice on Treasury Management and the Council's Treasury Policy Statement and Treasury Strategy, the Committee received the mid-year performance report in respect of the Treasury Management Service, covering investments and borrowing.

The Council operates a balance budget, broadly meaning that cash raised during the year will meet its cash expenditure. The role of treasury management was defined as, "The management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks".

The report set out performance in respect of Investments, Rate of Return and Borrowing and an update was provided in respect of the deposit the Council had made to Heritable Bank.

The summary of the mid-year performance highlighted that the projected net impact of investments and borrowing activity on the revenue budget in 2016/17 is an underspend of £1.117m, comprising £0.620m General Fund and £0.497m HRA.

It was also reported that as interest rates are expected to be below long term borrowing rates 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).

It was reported that potential borrowing options are being discussed with the Council's treasury management advisers, CAPITA.

It was requested that details of covenants limits be reported back to the Committee.

RESOLVED: That the Treasury Management Performance to 30 September 2016 be noted.

**ASC 31 EXCLUSION OF THE PRESS AND PUBLIC**

RESOLVED: That the press and the 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.

**ASC 32      INTERNAL AUDIT PLAN 2016/17 QUARTERLY MONITORING REPORT TO 30 SEPTEMBER 2016**

A report was presented outlining the progress made by the Internal Audit and Risk Service against the audit plan for the financial year 2016/17. The report also summarised the main findings arising from audit activity throughout the period 1 July 2016 to 30 September 2016.

RESOLVED: That the information be noted.

**Chair.....**

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