

GATESHEAD METROPOLITAN BOROUGH COUNCIL
AUDIT AND STANDARDS COMMITTEE MEETING

14 May 2018

PRESENT: Councillor H Haran (Chair)
Councillors: J Green, L Green, J McElroy, J Turnbull and N Weatherley
Mr Stuart Bell and Mr G Clark

APOLOGIES: Councillor J McClurey and Mr B Jones

ASC117 MINUTES

The minutes of the last meeting held on 5 March 2018 were approved as a correct record, subject to the inclusion of Councillor Weatherley in the list of attendees at the meeting.

ASC118 DECLARATIONS OF INTEREST

There were no declarations of interest.

ASC119 EXTERNAL AUDITOR: AUDIT PROGRESS REPORT

The Committee received the external auditor's progress against planned work report.

The 2017/18 audit work is continuing and overall all work is on track.

Details of work completed and on-going were presented.

The key challenge this year is to adhere to the new statutory timetable for accounts production and audit. Work continues with officers to seek to streamline arrangements for preparing the statement of accounts. Officers plan to produce the draft accounts requiring certification by the end of May 2018 and the aim is to complete the audit by the end of July 2018.

The Committee also received an update on National Publications and Technical Updates and, in particular, the implementation of GDPR by 25 May 2018. The Committee received reassurance that the Council was well prepared for 25 May, having rolled out to all staff and elected members, training and briefing sessions on how GDPR will affect them. A DVD and staff leaflet was also in hand together with the development of web and intranet pages.

The Committee wished to place on record its thanks to Tanya Rossington, Litigation and Information Rights Officer, and her team for the work undertaken on rolling out GDPR training across the Council.

It was also agreed that Tanya be invited to the next meeting to provide an update on GDPR.

- RESOLVED -
- i) That the information be noted.
 - ii) That the Litigation and Information Rights Officer be invited to the next meeting of the Committee to provide an update on GDPR implementation.
 - iii) That the thanks of the Committee be placed on record for the work by staff on the GDPR implementation across the Council.

ASC120 THE INTERNAL AUDIT STRATEGY STATEMENT AND ANNUAL PLAN 2018/19

The Committee received the proposed Audit Strategy Statement and annual plan of work to be undertaken by the Internal Audit and Risk Service in 2018/19.

Standards for Internal Audit in local government are set out in the Public Sector Internal Audit Standards (PSIAS).

The Chief Internal Auditor forms an annual assurance opinion based on the programme of audit work as well as assurance obtained from other means. Combined assurance aims to optimise the assurance coverage obtained from management, and both internal and external assurance providers. This is a key area where development work will continue in 2018/19 to formalise assurance mapping across the Council.

In addition to audit, the Chief Internal Auditor considers any issues identified through counter fraud and irregularities or developing systems and processes insofar as they impact of the effective operation of governance, risk management or internal controls.

The plan for 2018/19 includes two dedicated Corporate Fraud posts.

Updates in relation to Counter Fraud activity will be presented bi-annually to the Committee.

The plan includes allocation for advice and consultancy to all services and partnerships where appropriate.

Rather than a traditional cyclical-based approach, the plan focusses on the main risks to the Council.

The Audit Strategy Statement and the Annual Plan for 2018/19 is flexible, supportive, challenging, prioritised and timely, all characteristics endorsed by PSIAS which ensures the plan maintains focus on emerging risks and that assurance is continually focused on the most important risks to the Council, retaining flexibility to reprioritise assurance activities as required.

- RESOLVED -
- i) That the information is noted.
 - ii) That the Audit Strategy Statement and the annual plan of work to be provided by the Internal Audit and Risk Services for 2018/19 be noted.
 - iii) That quarterly monitoring reports be received showing progress made against the plan.

ASC121 CORPORATE RISK MANAGEMENT 2017/18 - QUARTERLY REPORT TO 31 MARCH 2018

The Committee received a report updating them of developments in Corporate Risk Management during the period 1 January to 31 March 2018 in compliance with the requirements of good corporate governance.

The Action Plan for the delivery of the Development Objectives for 2017/18 incorporating progress to date shows that work is progressing as per the plan

Following the approval of the Council's Thrive Agenda in March, the Strategic Risk Register has been updated and the Senior Office Risk Management Group have met to ensure the risks and controls are updated to reflect the work which has taken place since the previous review.

Further consultation will take place on the draft Strategic Register prior to it being finalised and reported to the Committee for consideration.

A new crime has been introduced in the Criminal Finance Act 2017, the failure to prevent the criminal facilitation of tax evasion, which took effect from 30 September 2017. To ensure the Council has mitigated the risks associated with the Act risk assessments have been completed and the results collated into a risk register, which was then presented to the Risk and Resilience Group.

The outcome of the assessment was that the Council has sufficient controls in place to mitigate the risk arising from the Act and the main action arising from the risk assessment is relating to the wider communication of the Act. In response to this finding a Tackling Tax Evasion Statement has been prepared which documents the Council's approach to tackling tax evasion and its commitment to preventing anyone facilitating tax evasion. It will now be communicated to all employees and councillors.

It was also suggested that further risk management training for councillors and officers appropriate to their responsibilities be rolled out in due course.

- RESOLVED -
- i) That the information be noted.
 - ii) That further risk management training for councillors and officers appropriate to their responsibilities be rolled out in due course.

ASC122 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.

ASC123 INTERNAL AUDIT PLAN 2017/18, QUARTERLY MONITORING REPORT TO 31 MARCH 2018

The Committee received a report outlining progress made by the Internal Audit and Risk Service against the audit plan for the financial year 2017/18 and summarised the main findings arising from audit activity throughout the period 1 January 2018 to 31 March 2018.

RESOLVED - That the information be noted.

ASC124 COUNTER FRAUD UPDATE

The Committee received a report which provided an update on activity undertaken since 1 April 2017 by the Internal Audit and Risk Service in relation to the work of the Corporate Fraud Team.

Two dedicated fraud officers were appointed in April 2017 and following a period of training are now Accredited Counter Fraud Specialists (ACFS) with CIPFA. The team are managed by a Senior Audit and Risk Officer.

The Corporate Fraud Officers will carry out proactive anti-fraud and corruption work, targeting the areas which have been identified nationally as being at a high risk of fraud.

In order to pro-actively support management in the prevention and identification of potential fraud and irregularity, the Corporate Fraud Team are members of several regional and national bodies.

A counter fraud communication and awareness strategy is currently being developed with the Communications Team to publicise the work of the Corporate Fraud Team, and to show the Council's commitment to preventing and reporting fraud and corruption.

Details of counter fraud awareness initiatives progressed to date were presented.

The Fraud Response Plan, which underpins the Counter Fraud and Corruption Strategy, requires that cases of attempted, suspected or proven corporate fraud or irregularities must be reported to the Corporate Fraud Team when they are identified or raised.

Corporate Fraud Officers are currently working with Legal and Democratic Services on a Right to Buy investigation that it is anticipated will be taken for prosecution with regard to a fraudulent claim.

The Corporate Fraud Team identified two initial areas to focus as proactive counter fraud reviews. These are non-domestic rates relief and blue badge scheme misuse.

Corporate Fraud Officers are conducting introductory meetings with senior managers in high risk areas to establish what fraud arrangements are in place and where the Team may be able to assist in the future and provide added value.

A standard counter fraud objective for testing is now included within appropriate internal audits in the 2018/19 audit plan to ensure that senior managers are aware of their responsibilities in relation to detecting and preventing fraud within their areas of responsibilities.

The National Fraud Initiative (NFI) is an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud. Details of this work were outlined. The next NFI exercise is due to start during 2018/19 with data being submitted to the Cabinet Office in October 2018.

RESOLVED - That the information be noted.

ASC125 OTHER BUSINESS

The Committee was advised that the terms of reference would be on the agenda for its next meeting together with a report reviewing the effectiveness of internal audit including an assessment of the effectiveness of the Committee. In addition, a quarterly report would be presented to the Committee giving an update on standards issues.

The Committee wished to place on record its praise to the staff in the Council's Resilience and Emergency Planning Team for the way they handled the recent fire evacuation at Regents Court.

ASC126 DATE AND TIME OF NEXT MEETING

The next meeting will take place on Monday 18 June 2018 at 10.00 am in the Blaydon Room, Civic Centre

Chair.....