

GATESHEAD METROPOLITAN BOROUGH COUNCIL
AUDIT AND STANDARDS COMMITTEE MEETING

Monday, 1 October 2018

PRESENT: Councillor H Haran (Chair)
Councillor(s): L Green, J McElroy, N Weatherley, Mr Stuart Bell (Independent Member), G Clark and B Jones

APOLOGIES: Councillor(s): J Green, J McClurey and J Turnbull

ASC158 MINUTES

The minutes were approved as a correct record, with the amendment that Councillor Neil Weatherly was present at the meeting.

ASC159 DECLARATIONS OF INTEREST

There were no declarations of interest.

ASC160 AUDIT AND STANDARDS COMMITTEE WORK PROGRAMME 2017-18

The Audit and Standards Committee work programme was tabled and noted and it was agreed that all Independent Members will be invited to attend Ethics and Probity Training.

RESOLVED - that the information be noted.

ASC161 QUARTERLY STANDARDS UPDATE

The Committee received a report providing the quarterly update highlighting national and local standards issues.

Headlines issues with links to further reading was presented to the Committee, and were summarised as follows:-

- Information Commissioner's Office (ICO): Political Campaigns
- Committee on Standards in Public Life
- National Association of Local Councils
- Civic Society Strategy – "Innovation in Democracy"
- Election integrity pilots May 2019
- Consultation outcome: Access to elections: Call for evidence
- Guidance: Data Ethics Framework
- Centre for Public Scrutiny, and

- Consultation: Protecting the Debate: Intimidation, Influence and Information

RESOLVED -

- i) That the information be noted
- ii) That a Standards Update will be provided on a quarterly basis to the Committee

ASC162 RESULTS OF 2017/18 CIPFA AUDIT BENCHMARKING

The Committee received a report informing them of the annual Chartered Institute of Public Finance and Accountancy (CIPFA) Audit Benchmarking results for 2017/18.

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.

Benchmarking data allows the comparison of the Council's Internal Audit Service with 18 other local authorities (20 in 2016/17).

Appended to the main report was a summary report of the 2017/18 benchmarking results. Overall this continues the trend from previous years and highlights Gateshead Council's Internal Audit Service as being low cost with high productivity; in comparison with other local authorities in the benchmarking data.

The Committee were also advised that the information is based upon 2017/18 actual results taken from the financial ledger and the Internal Audit management system.

RESOLVED - that the information be noted.

ASC163 REVIEW OF INTERNAL AUDIT CHARTER

The Committee received a report advising of the review of the Internal Audit Charter, which was appended to the main report. It was last presented to Committee in October 2017 and the report sought comments on and approval of the Internal Audit Charter in line with best practice.

The Committee were advised that a key element of compliance with the Public Sector Internal Audit Standards (PSIAS) is the periodic review and approval by the Audit and Standards Committee of an Internal Audit Charter

The Chief Internal Auditor has carried out an annual review of the Internal Audit Charter and confirmed that it continues to reflect best practice and no amendments are required.

It is proposed that in future years the timing of the review of the Internal Audit Charter will be revised to April, to be reported with the Internal Audit Strategy Statement and Annual Plan.

RESOLVED -

- i) That the information be noted
- ii) The Committee agreed with the opinion that the Internal Audit Charter continues to comply with Public Sector Internal Audit

Standards.

ASC164 TREASURY MANAGEMENT - PERFORMANCE TO 30 SEPTEMBER 2018

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 six months to 30 September 2018 performance report in respect of the Treasury Management Service, covering investments and borrowing.

The Council operates a balanced approach, and this means broadly that cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning to ensure the Council can meet its capital spending operations.

The report set out performance in respect of Investments, Rate of Return and Borrowing and an update was provided in respect of Brexit and the Economy.

The summary of the mid-year performance highlighted that the projected net impact of investment and borrowing activity on the revenue budget in 2018/19 is an underspend of £2.307m, comprising of £1.413m General Fund and £0.894m HRA.

Investment returns are likely to remain relatively low during 2018/19 and 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)

Internal borrowing does incur an additional element of interest rate risk on the overall treasury management position, but this is being taken into account and mitigated by the monitoring and review of potential borrowing options and overall market conditions.

RESOLVED – that the Treasury Management Performance to 30 September 2018 be noted.

ASC165 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.

ASC166 CORPORATE RISK MANAGEMENT 2018/19 - QUARTERLY REPORT TO 30

SEPTEMBER 2018

A report was presented on developments in Corporate Risk Management during the period 1 July to 30 September 2018 in compliance with the requirements of good corporate governance.

On the 25 July the Corporate Management Team agreed the draft Strategic Risk Register was an accurate representation of key strategic risks and controls in place to mitigate these risks.

As part of the agreed governance process Committee was asked to consider the draft Strategic Risk Register and satisfy itself that it is an accurate record of risks faced by the Council and the associated controls. The draft Strategic Risk Register was appended to the main report for information and consideration.

The Committee were also advised that work is ongoing to review the Business Continuity Plan template, scoring assessment and the service impact assessment. Discussions have been held with the emergency resilience team and ICT critical services for joint working and joined up approach to BCP.

The Business Continuity Policy is being reviewed, updated and enhanced so that it incorporates a Business Continuity Framework, Policy and Strategy. The updated guidance, template and framework documents will be brought to the Audit and Standards Committee for review in the near future.

The Committee were also advised that the Risk and Resilience Group met on 12 September and the following items were discussed:

- Risk Management and Business Continuity Plans:
 - Update on drafting the revised Strategic Risk Register
 - Updates on Operational Risk
 - Update on business continuity plans and collaborative working with emergency resilience team and ICT
- Critical ICT systems:
 - Prioritisation of applications for scenario planning ongoing
- Resilience and Emergency Updates, which included:
 - Little Mix Concert
 - Great Exhibition of the North
 - Great North Run
 - Great North Games
 - Regent Court

RESOLVED -	i)	That the information be noted
	ii)	That the Committee were satisfied with the effectiveness of the Council's risk management arrangements.
	iii)	That the report be submitted to Cabinet for consideration in due course.

ASC167 MID YEAR COUNTER FRAUD UPDATE 2018/19

A report was presented on activity undertaken since 1 April 2018 by the Internal Audit and Risk Service in relation to the work of the Corporate Fraud Team. It also included updates on action taken to raise awareness of the risk of fraud and corruption, details the cases of potential 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).

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, and include:

- Council tax discounts and exemptions
- Council tax benefits
- Non-domestic rates relief
- Blue badge scheme misuse
- Procurement fraud, including links to organised crime
- Tenancy fraud (domestic and commercial)
- Employee corporate fraud
- Direct payments
- Insurance fraud

The Committee received an update on counter fraud communication and development, monitoring and reporting cases of potential fraud and irregularity, and proactive counter fraud work and the National Fraud Initiative (NFI).

The next NFI exercise is due to commence with data being submitted to the Cabinet Office in October 2018. Results from this exercise will be reported to the Audit and Standards Committee in due course.

RESOLVED – that the information be noted.

ASC168 INTERNAL AUDIT PLAN 2018/19 QUARTERLY MONITORING REPORT TO 30 SEPTEMBER 2018

A report was presented outlining the progress made by the Internal Audit & Risk Service against the audit plan for the financial year 2018/19 and summaries the main findings arising from audit activity throughout the period 1 July 2018 to 30 September 2018.

From the reviews carried out to 30 September 2018 audit work was found to be complying with PSIAS and the Audit Manual.

The year to date performance information is 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 3.73 against a target of 3.4 (85%)
- The target for implementation of audit recommendations due is 100% for high priority recommendations and 90% for medium priority recommendations. The current rate of implementation of all recommendations due is 100%, with 100% of all high priority and 100% of all medium priority recommendations having been implemented. Further information was tabled as an appendix to the main report.

RESOLVED - that the information be noted.

ASC169 DATE AND TIME OF NEXT MEETING

The next meeting will be held on Monday 28 January 2019 at 10.00 am in the Blaydon Room.

Chair.....