

GATESHEAD METROPOLITAN BOROUGH COUNCIL
AUDIT AND STANDARDS COMMITTEE MEETING

Monday, 29 April 2019

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

IN ATTENDANCE: Councillor(s):

APOLOGIES: Councillor(s): L Green, J Turnbull and N Weatherley

ASC193 MINUTES

RESOLVED - That the minutes of the last meeting held on 4 March 2019 be approved as a correct record.

ASC194 DECLARATIONS OF INTEREST

There were no declarations of interest.

ASC195 AUDIT AND STANDARDS COMMITTEE WORK PROGRAMME

The Audit and Standards Committee Work Programme for 2019/20 was tabled and the contents noted.

ASC196 AUDIT AND STANDARDS COMMITTEE - INDUCTION AND TRAINING

The Committee received a report setting out the proposals for induction and training plans for the Audit and Standards Committee.

The Committee, at its last meeting on 4 March 2019 agreed that a CIPFA knowledge and skills assessment form should be circulated to all members of the Committee to help develop a training development plan. A copy of the form (Appendix 1) was appended to the main report for information. It was also agreed that an outline development plan (Appendix 2) was also appended to the main report and should be circulated with this form.

The form and outline development plan were circulated to all members. Of the replies received, one member indicated that he had not acquired the relevant knowledge for the core aspects outlined in the knowledge and skills assessment form. It is considered that the proposals outlined below will address this training need.

No comments were received on the outline development plan.

The proposals were outlined to the Committee as follows:-

Induction

At present all newly elected councillors undertake an induction programme which consists of them meeting all Strategic Directors. As part of this programme they receive a hard copy of the Council's Code of Conduct and related guidance following their election. It is proposed that they will also receive a hard copy of the Local Code of Governance in their induction packs. These will also be provided to independent members following their appointment.

In addition, all newly appointed members of the Committee (including councillors and independent members) receive an induction meeting from officers from Corporate Services and Governance and Corporate Resources prior to their first attendance at the Committee.

The induction meeting covers the role and remit of the Committee, the role descriptor for members of the Committee, any training needs they need to fulfil their roles, and an overview of the governance structures of the authority and decision making processes.

Training

All councillors are expected to undertake training on Ethics and Probity once in their four year term following their election. Regular training sessions have been arranged on this topic and it is proposed that they continue to be arranged throughout 2019/20.

It is proposed that the potential training areas outlined in Appendix 2 should be developed into a training programme to be rolled out throughout the year to not only committee members but also to all members of the Council. Some of this training could be in the form of sessions at the end of committee meetings facilitated by Council officers or Mazars. The training programme will be flexible and other topics can be added, as and when necessary.

Officers will identify training opportunities for members of the Committee to attend national and regional events, as appropriate. Any member attending such an event would be expected to give feedback and share any learning materials with the Committee to maximise learning and development opportunities. The Chair and Vice Chair are invited to meetings of the North East Governance Forum, hosted by Mazars, which along with presentations and discussions on topical issues, provides networking and member development opportunities. These meetings are attended by Audit Committee Chairs/Vice Chairs from other North East Councils, along with their Chief Internal Auditors.

- RESOLVED -
- i) That the information be noted.
 - ii) The Committee endorsed the approach to induction and training and agreed to receive a detailed training programme at the next

- meeting.
- iii) The Committee were also reminded to return the needs assessment forms as soon as possible.

ASC197 LOCAL GOVERNMENT ETHICAL STANDARDS REPORT

The Committee were advised that on 30 January 2019 the Committee on Standards in Public Life published its report on local government ethical standards. The report contains recommendations on ethical standards in local government, following a year-long review and wide consultation.

The key recommendations include:

- a new power for local authorities to suspend councillors without allowances for up to six months
- revised rules on declaring interests, gifts and hospitality
- local authorities retain ownership of their own Codes of Conduct
- a right of appeal for suspended councillors to the Local Government Ombudsman
- a strengthened role for the independent person
- greater transparency about the number and nature of Code complaints

The Committee concluded that whilst improvements could be made to the system of adjudicating on standards, there was no need to reintroduce a centralised body.

The Committee proposed that Local Authorities should retain ultimate responsibility for implementing and applying the 7 Principles of Public Life in local government:

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership

The full 110 page report can be viewed at:

<https://www.gov.uk/government/publications/local-government-ethical-standards-report>

The Committee makes 26 recommendations (Appendix 1 – attached to main report). These are made to the Government for a change in primary legislation as well as to specific groups of public office-holders for a change in secondary legislation and the Local Government Transparency Code, the latter of which could be implemented more swiftly.

The best practice recommendations are aimed at local authorities and should be considered a benchmark of good ethical practice (Appendix 2 – attached to main report). The Committee expects local authorities to implement best practice and will review implementation of their best practice in 2020.

The Audit and Standards Committee were advised that the recommendations are seen as an opportunity to reform local government standards through strengthening and providing clarity to the existing framework. Whilst some recommendations require primary legislation change, it is hoped that where secondary legislative changes are required, these can happen relatively quickly. With local authorities implementing the best practices without delay, the uptake of which will be reviewed by the Committee in 2020.

- RESOLVED -
- i) That the information be noted
 - ii) The Committee agreed to receive regular update reports on the implementation of the recommendations

ASC198 QUARTERLEY STANDARDS UPDATE

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

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

- Intimidation in Public
- Artificial Intelligence and Public Standards – Review
- Minutes of Committee Meetings
- Electoral Reform
- Electoral integrity pilots May 2019
- Electoral Commission
- Association for Public Service Excellence (APSE)
- Ministry of Housing, Communities and Local Government
- Centre for Public Scutiny (CfPS)

- RESOLVED -
- i) That the information be noted
 - ii) That further updates will be presented to the Committee on a quarterly basis
 - iii) It was noted that the content of the update will vary depending on the local and national picture at that time

ASC199 EXTERNAL AUDITOR: AUDIT PROGRESS REPORT

The Committee received a report outlining the Audit Progress Report of the External Auditor against planned work.

The report summaries the following:

- 2018/19 audit progress.
- National publications and technical updates

The external auditor's report was attached as an appendix to the main report and the

Chair requested that the “Local Auditor Reporting in England 2018, NAO, January 2019” and “Local Authorities – Governance, NAO, January 2019” publications be provided as hard copies to members of the Committee.

- RESOLVED -
- i) That the information be noted.
 - ii) That hard copies of two national publications be provided to members of the Committee, at the request of the chair.
 - iii) That relevant case studies be provided to the Committee detailing examples of audit findings from other local authorities.

ASC200 INTERNAL AUDIT CHARTER, STRATEGY STATEMENT AND ANNUAL PLAN 2019/20

The Committee received a report which set out the proposed Internal Audit Charter, Strategy Statement and Annual Plan of work to be undertaken by the Internal Audit & Risk Services in 2019/20.

The Committee were advised that 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).

A key element of compliance with PSIAS is the periodic review and approval by the Audit and Standards Committee of an Internal Audit Charter. The Charter is a formal document that defines Internal Audit’s purpose, authority and responsibility setting out the Chief Internal Auditor’s functional reporting relationships, authorises rights of access for internal audit staff and defines the scope of internal audit activity. Final approval of the Internal Audit Charter resides with the Audit and Standards Committee.

The Internal Audit Charter was attached to the main report as an appendix. It was last presented to Committee in October 2018, where it was agreed that in future years the timing of the review would be revised to April, to be reported with the Internal Audit Strategy Statement and Annual Plan.

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.

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

In accordance with the PSIAS, the input of senior management must be considered in this process and all Service Directors were given the opportunity to contribute towards the plan.

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.

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 2019/20 also includes two dedicated Corporate Fraud posts. These officers will continue to develop and embed the Council's Fraud and Corruption Strategy as well as conducting any fraud and irregularity investigations. 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. This is an increasing area of focus given the amount of change ongoing across the Council and its partners. Time is allocated to support developing systems, ensuring engagement and audit support across the Council.

Rather than a traditional cyclical-based approach, the plan focusses on the main risks to the Council. It provides a balanced approach to traditional compliance work with advisory work as a catalyst for service improvement and to sharpen focus on emerging risks. The plan is flexible and is reviewed and adjusted throughout the year as necessary in response to changes in policies, systems, processes, risks and controls across the Council.

The Audit Strategy Statement and the Annual Plan for 2019/20 are attached were appended to the main report as Appendix B. The approach to the plan is that it 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 be noted
 - ii) That the report be noted and the opinion that the Internal Audit Charter continues to comply with Public Sector Internal Audit Standards.
 - iii) That the Audit Strategy Statement and the Annual Plan of work to be provided by the Internal Audit & Risk Service for 2019/20 be agreed.
 - iv) That the Committee agreed to receive quarterly monitoring reports showing progress made against the plan.

ASC201 CORPORATE RISK MANAGEMENT 2018/19 QUARTERLY REPORT TO 31 MARCH 2019

The Committee received a report providing an update on developments in Corporate Risk Management during the period 1 January 2019 to 31 March 2019 in compliance

with the requirements of good corporate governance.

In November 2018 Cabinet and Council approved the revised Strategic Risk Register which had been presented to Audit and Standards Committee on 1 October 2018.

The Committee were advised that the Register has now been adopted and will be monitored and actions reported quarterly to Audit and Standards Committee with any significant amendments reported to Cabinet.

A new risk in relation to cyber attack has been documented which details how the Council could have its confidentiality, integrity and availability of information and systems effected by such an event. Work is ongoing to assess how cyber risks could be built into operational risk registers and on raising the awareness and general profile of the risk of a cyber security attack. Plans for maintaining service provision in the event of such a business interruption will be considered as part of Business Continuity Planning.

A risk in relation to UK exit from the EU has also been documented to monitor the potential local impact of EU exit planning, considering the implications for Gateshead and assessing the Council's readiness to respond until a final agreement is known. The Council's Risk and Resilience Group has also been meeting on a more frequent basis to inform Council preparedness for EU exit.

The Committee were advised that an updated version of the Strategic Risk Register was appended to the main report for information.

The Committee were updated that ongoing work was underway with regards to Operational Risk, Business Continuity and Critical IT systems.

The Committee were also advised that at its meeting in April the Risk and Resilience Group discussed the following:

- The latest position in relation to UK exit from the EU
- The issues, challenges and outcomes from the work which has taken place during the previous quarter, including the revised Risk Management and Business Continuity guidance.
- Any lessons learned, or good practice identified from reviews of Operational Risk Registers to ensure consistent application across the Council.

RESOLVED - i) That the information be noted
 ii) That further updates be provided to future meetings where appropriate.

ASC202 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.

ASC203 INTERNAL AUDIT PLAN 2018/19 QUARTERLY MONITORING REPORT TO 31 MARCH 2019

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 January 2019 to 31 March 2019.

From the reviews carried out to 31 March 2019 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 76% of overall time was recorded at 76% of overall time.
- The average score of the customer satisfaction questionnaires returned is 3.59 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 and best practice recommendations. The current rate of implementation of all recommendations due is 100%, with 100% of all high priority and 100% of all medium priority and best practice recommendations having been implemented. Further information was appended to the main report at Appendix B and the implementation of best practice recommendations is being monitored with effect from 1 November 2018.

RESOLVED - That the information be noted.

ASC204 DATE AND TIME OF NEXT MEETING

Monday 24 June 2019 at 10.00 am in the Blaydon Room, Civic Centre

Chair.....