

GATESHEAD METROPOLITAN BOROUGH COUNCIL
AUDIT AND STANDARDS COMMITTEE MEETING

Monday, 26 April 2021

PRESENT: Councillor M Charlton (Chair)

Councillor(s): D Burnett, R Beadle, L Green, S Green,
H Kelly, J McElroy, Mr Stuart Bell (Independent Member)
and G Clark (Independent Member)

APOLOGIES: Mr B Jones (Independent Member)

ASC311 MINUTES

The minutes of the meeting held on 8 March 2021 were agreed as a correct record.

ASC312 DECLARATIONS OF INTEREST

There were no declarations of interest.

ASC313 GATESHEAD CODE OF GOVERNANCE FOR COUNCILLORS

The Committee received a report which set out the updated Code of Conduct for the Council and updated members following a member led working group on amendments to the draft previously considered by the committee to better reflect the aspiration that members adhere to the highest standards of conduct. The report makes proposals in respect of the full Council adopting the updated code.

The Committee were advised that the working group resulted in important new drafting to support and underpin the rules. A preamble and introduction to the code is now included as part of the draft. This is very much there to set the scene and articulate that councillors in Gateshead aspire to meet the highest standards of ethical behaviour and conduct. The preamble now includes a statement that members not only comply with the letter of the code but also the spirit of the code.

The update code was appended to the main report at Appendix 1.

- RESOLVED -
- i) That the information be noted
 - ii) The Committee agreed to make a recommendation to the full Council to adopt the model code with the Gateshead specific amendments including the preamble and introductory paragraphs
 - iii) The Committee considered the existing arrangements for assessment of complaints received under the code and agreed to a member led working group to review these arrangements and making recommendations to the Committee.

- iv) The Committee noted that officers will prepare a training package to support the awareness of the code for both new and existing members.

ASC314 INTERNAL AUDIT CHARTER, STRATEGY STATEMENT AND ANNUAL PLAN

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 Service in 2021/22.

The Internal Audit Charter was attached at Appendix A for information, it was last circulated to Committee in April 2020. 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.

The plan for 2021/22 also includes three dedicated Corporate Fraud posts. These officers will continue to develop and embed the Council's Counter Fraud & Corruption Strategy as well as conducting any fraud and irregularity investigations. Updates in relation to Counter Fraud activity will be presented biannually to the Committee.

The Committee were advised that to take account of the ongoing response to COVID, the plan includes specific coverage of all high risk, key financial, IT and governance functions. An allowance has also been included for the ongoing work required in relation to audit of COVID grant funding from central government.

The Audit Strategy Statement was attached at Appendix B and the Annual Plan for 2021/22 was attached at Appendix C. 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 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) The Committee agreed that the Audit Strategy and Statement and the Annual Plan of work to be provided by the Internal Audit & Risk Service for 2021/22
 - iv) The Committee agreed to receive quarterly monitoring reports showing progress made against the plan

ASC315 EXTERNAL AUDITOR: ANNUAL STRATEGY MEMORANDUM YEAR ENDING 31 MARCH 2021

The Committee received the external auditor's Audit Strategy Memorandum for the year ended 31 March 2021.

The report set out:

- Engagement and responsibilities summary
- The audit engagement team
- Audit scope, approach and timeline
- Significant risks and other key judgement areas
- Value for Money
- Fees for audit and other services
- Commitment to independence
- Materiality and misstatements

The external auditor's report was attached to the main report at Appendix A

RESOLVED – The Committee noted the contents of the external auditor's Audit Strategy Memorandum.

ASC316 EXTERNAL AUDITOR: AUDIT PROGRESS REPORT

The Committee received a report requesting that the Committee note the external auditor's progress against planned work.

The report summarised the following:

- 2020/21 audit progress
- National publications

The external auditor's report was attached to the report at Appendix A.

RESOLVED – the Committee noted the contents of the external auditor's report.

ASC317 CORPORATE RISK MANAGEMENT 2020/21 - QUARTER 4 UPDATE

The Committee received a report which provided an update on Corporate Risk Management during the period 1 January 2021 to 31 March 2021.

In November 2018, Cabinet and Council approved a revised Strategic Risk Register which had been presented to Audit and Standards Committee on 1 October 2018. The Corporate Management Team has continued to ensure strategic risks are responded to in accordance with the Risk Management Policy, with risks and controls being recorded for inclusion within the Strategic Risk Register. As part of the iterative nature of the Register, risk owners are asked to provide updates as part of the quarterly reviews, which are then reported to Committee as part of the quarterly reporting.

Committee were advised that there have been no changes to the Strategic Risk Register in the fourth quarter 2020/21. The Strategic Risk Register was attached to the main report for information at Appendix 1.

The Committee were advised that work is ongoing to ensure operational risk

management activity within services continues to align with service objectives, including those risks specific to operational objectives.

The Committee were also informed that all Business Impact Assessments were reviewed by Services in March 2020 and again in November 2020. This was to identify threats to critical activities and potential increased demand on Council Services following a second wave of infections, along with other potential pressures such as exit from the EU and seasonal events like flu and adverse weather.

Business Continuity Plans were also revised accordingly to mitigate, as far as possible, any threats to the delivery of key activities with a focus on activity that could not be interrupted for more than 48 hours without critical impact. This exercise was also used to assess which activities might require additional support to resilience and estimated the officer numbers and skills that might be needed.

Where these could not be provided by redeployment from within the Service or Group, redeployment of officers would be sought from Services that had either been stood down due to COVID or could be reduced in the short term without significant impact.

Quarterly audit and risk reports are provided to Group Management Teams to highlight the activities for which services have developed continuity plans.

The Committee were advised that the Corporate Risk and Resilience Group is currently being refocused to a Corporate Risk and Business Continuity Group to more accurately reflect the needs of the Council. Membership and terms of reference of the group will be reconsidered and the group will be coordinated by the Service Director, Commercialisation & Improvement. This revised group will remain within the remit of this committee.

- RESOLVED -
- i) That the information be noted
 - ii) The Committee were satisfied with the effectiveness of the council's risk management arrangements

ASC318 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.

ASC319 COVID GRANT POST ASSURANCE UPDATE 2020/21 - FIRST TRANCHE

The Committee received a report which provided an update on the assurance work completed to date on the first tranche of the Small Business Grant Scheme, Retail, Hospitality and Leisure Grant Scheme and the Local Discretionary Fund grants, administered by the Council as part of additional COVID funding allocations.

Since the start of the initial restrictions in March 2020, the Council has administered multiple grants in relation to providing support to local residents and businesses.

The Council were allocated a total of £40.3m in the first tranche through the following three programmes, to support local businesses impacted by the pandemic:

- Small Business Grant Scheme
- Retail, Hospitality and Leisure Grant Scheme
- Local Discretionary Fund

Details of pre-payment contracts and post assurance checks were also outlined to the Committee for information, as well as issues identified and lessons learned and improvements identified.

The main lessons learned and improvements identified were outlined to Committee as follows:-

- Inspection of properties -physical checks have been carried out for some properties to establish occupation and to verify the business was retail (a qualifying element of the grant). Other local changes could also be noted whilst physically out in the borough.
- Improvements to the database were made in relation to occupancy changes.
- Use of Spotlight, the government's online automated due-diligence tool, to complement existing pre and post payment checks and highlight areas of risk and potential fraud.
- Use of Experian, the government's partnership with Experian through the National Fraud Initiative (NFI), to carry out additional post payment bank and business details checks.
- Links to other Council departments and use of local knowledge have strengthened throughout the delivery of the scheme to aid the validation of legitimate businesses and activities.
- Cross reference of bank details to bank statements supplied has improved, with bank statements now being requested for a three-month period to identify consistent active trading.
- Use of social media checks to validate business legitimacy.

- RESOLVED -
- i) That the information be noted.
 - ii) The Committee noted the work completed to date.
 - iii) The Committee agreed to receive future updates in line with grant requirements.

ASC320 INTERNAL AUDIT PLAN 2020/21 QUARTERLY MONITORING REPORT TO 31 MARCH 2021

The Committee received a report outlining progress made by the Internal Audit & Risk Service against the audit plan for the financial year 2020/21 and summaries the main findings arising from audit activity throughout the period 1 January 2021 to 31 March 2021.

The Committee received a table for information showing progress made up to 31

March against the revised audit plan for the financial year 2020/21. The table demonstrates the completion of 98% of the revised audit plan, in terms of actual audit hours against planned hours to date. Adjusting for the work of External Bodies, Northumbria Police and The Gateshead Housing Company, this equates to 107% for the Council. This achieves the local performance target of 97.25% of actual hours completed against the planned hours for the year.

The Committee received the summary of main findings arising from audit activity during the period which was attached as Appendix A. A total of 25 assignments were completed during the period.

From the reviews carried out to 31 March 2021, audit work was found to be complying with PSIAS and the Audit Manual.

The year to date performance information is as follows:

- 96% of audits were completed within budgeted time, against a target of 90%
- Productive of chargeable time was recorded at 67% of overall time, against as annual target of 66%
- The average score of the customer satisfaction questionnaires returned is 3.92 out of 4, against a target of 3.4 (85%)
- The target for implementation of audit recommendations and 100% for high priority recommendations and 90% for medium priority recommendations. The current rate of implementation of all recommendations is 84%, with 83% of all medium priority and 100% of all high priority recommendations having been implemented. Further details were provided to Committee in Appendix B.

Officers across the Council are continuing to work through the backlog in relation to the implementation of recommendations. Many Council services have remained under continued pressure to sustain front line delivery, which has continued to impact on the capacity and availability of staff to respond to audit challenge. Whilst high priority recommendations have achieved the 100% target, officers are working towards improving the position on medium priority recommendations in the new year.

RESOLVED – That the information be noted.

ASC321 DATE AND TIME OF NEXT MEETING

The next meeting will be held on Monday 21 June 2021 at 10.00 am, venue to be confirmed.

Chair.....