

GATESHEAD METROPOLITAN BOROUGH COUNCIL

AUDIT AND STANDARDS COMMITTEE MEETING

Monday, 25 April 2022

PRESENT: Councillor M Charlton (Chair)
Councillor(s): J Reay, S Green, H Kelly, R Beadle and J McElroy
Independent Member(s): Mr S Bell, Mr I Dormer and Ms L Bowler

APOLOGIES: Councillor(s): L Green

ASC378 MINUTES

The minutes were approved as a correct record.

ASC379 DECLARATIONS OF INTEREST

There were no declarations of interest.

ASC380 GRANT OF DISPENSATIONS

The Committee received a report asking them to grant a dispensation to all councillors:

- who may have a prejudicial interest in any matter arising from consideration of reports dealing with outside bodies of which they are a member through appointment by the Council;
- who may have a prejudicial interest in any matter arising from consideration at Cabinet or Council, of reports dealing with:
 - The budget, including council tax precepts;
 - Fees and charges;
 - Capital and revenue monitoring; and
 - The medium term financial strategy.

In accordance with the Localism Act 2011 and the Council's Code of Conduct for Members, councillors who have a registrable or non-registrable interest in a matter arising at a meeting which is 'prejudicial', must declare the interest, not participate in a debate or vote, and leave the room while the matter is discussed.

The Act allows councils to grant dispensations for a specified period of time, not exceeding four years, in circumstances where:

- (i) without the dispensation the number of persons prohibited would be so great a proportion so as to impede the transaction of the business;
- (ii) without the dispensation the representation of different political groups on the body transacting business would be so upset as to alter the likely outcome of any vote;
- (iii) without the dispensation all of the Executive would be prohibited from participating;
- (iv) the granting of a dispensation is in the interests of persons living in the authority; and
- (v) it is otherwise appropriate to grant a dispensation

The Committee were advised that on 31 May 2012 the Council delegated power to grant dispensations on grounds (i) to (iii) above to the Monitoring Officer. Power to grant under grounds (iv) to (v) was delegated to this Committee.

The Committee has previously granted dispensations to all councillors:

- who are appointed by the Council as members of a Board (or any other governing committee) of an outside body, from the need to leave a meeting and desist from voting, when that meeting is considering business relating to the outside body, except when the business concerns a contract or agreement, with financial implications, directly between the Council and the outside body, or the giving of monetary grants to or from the outside body. In this context 'meeting' means a meeting of Cabinet, Council, Overview and Scrutiny Committees or the Health and Wellbeing Board, but to no other committee meetings of the Council. The interest will still need to be declared in the meeting.
- to enable them to participate fully in Cabinet and Council meetings (and any related pre-meetings or discussions) when considering reports dealing with;
 - the budget, including council tax precepts;
 - fees and charges;
 - capital and revenue monitoring; and
 - the medium term financial plan.

The Committee were advised that the above dispensations were approved for a period of four years until 17 June 2022. It is considered appropriate to renew the dispensations set out above for a further period of four years from 17 June 2022.

- RESOLVED -
- i) That the information be noted
 - ii) That the Committee agreed to extend the dispensations set out above for a four year period from 17 June 2022

ASC381 EXTERNAL AUDITOR: AUDIT STRATEGY MEMORANDUM YEAR ENDING 31 MARCH 2022

The Committee received the external auditor's Audit Strategy Memorandum for the year ended 31 March 2022.

The report set out:

- Engagement and responsibilities summary
- The audit engagement team
- Audit scope, approach and timeline
- Significant risks and other key judgements 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 1.

The external auditor highlighted that concerns have been raised at a national level concerning the audit of Infrastructure Assets across all local authorities and agreed to provide an update at the next meeting of the Committee, and also to provide a training session on local authority accounts.

- RESOLVED -
- i) That the information be noted
 - ii) The Committee noted the contents of the external auditor's Audit Strategy Memorandum
 - iii) That an update will be provided to the next meeting of the Committee on the audit of local authority infrastructure assets
 - iv) That a training session on local authority accounts will be arranged in due course

ASC382 INTERNAL AUDIT CHARTER, STRATEGY STATEMENT AND ANNUAL PLAN 2022/23

The Committee received a report which set out the proposed Internal Audit Charter, Strategy Statement Annual Plan of work to be undertaken by the Internal Audit & Risk Service in 2022/23.

The Internal Audit Charter was attached at Appendix A for information. It was last circulated to Committee in April 2021.

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 2022/23 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 Audit Strategy Statement was attached at Appendix B and the Annual Plan for 2022/23 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 the Council, retaining flexibility to reprioritise assurance activities are 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 Statement and the Annual Plan of work to be provided by the Internal Audit & Risk Service for 2022/23; and
 - iv) The Committee agreed to receive quarterly monitoring reports showing progress made against the plan.

ASC383 CORPORATE RISK MANAGEMENT 2021/22 QUARTER 4 UPDATE

The Committee received a report which provided an update on Corporate Risk Management during the period 1 January 2022 to 31 March 2022.

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.

The Committee were advised that there have been no changes to the Strategic Risk Register in the fourth quarter 2021/22. The current Strategic Risk Register was attached for information at Appendix 1.

The Committee were advised that work is proactively 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 advised that all Business Impact Assessments (BIA) were reviewed by services in March 2020, November 2020, May 2021, November 2021 and are currently undergoing a further assessment. Business Continuity Plans (BCP) are 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. These reviews are also used to assess which activities might require additional support to strengthen resilience and estimate the officer numbers and skills that might be needed.

The Committee were advised that the Corporate Risk and Resilience Group last met on 5 April 2022. The following items were considered:

- Ongoing impact of COVID-10 national landscape and on service delivery
- Resilience and Emergency Planning
- Business and Continuity Planning
- Updates by exception from Groups and Services

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

ASC384 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.

ASC385 INTERNAL AUDIT PLAN 2021/22 QUARTERLY MONITORING REPORT TO 31 MARCH 2022

The Committee received a report outlining progress made by the Internal Audit & Risk Service against the audit plan for the financial year 2021/22 and summaries the main findings arising from audit activity throughout the period 1 January 2022 to 31 March 2022.

The Committee received a table for information showing progress made up to 31 March against the revised audit plan for the financial year 2021/22. The table demonstrates the completion of 87% of the audit plan, in terms of actual audit hours against planned hours to date. Overall, this is below the local performance target of completing 97.25% of actual hours against the planned hours for the full year. This was due to delays experienced in recruiting to fill unplanned vacancies, further compounded by higher than anticipated levels of staff absence due to sickness.

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

From the reviews carried out to 31 March 2022, audit work was found to be complying with PSIAS and the Audit Manual.

The year to date performance is as follows:

- 97% of audits were completed within budgeted time, against a target of 90%
- Productive or chargeable time was recorded at 66% of overall time, against an annual target of 73%
- The average score of the customer satisfaction questionnaires returned is 2.82 out of 3.4 against a target of 3.4 (85%)
- The target for implementation of audit recommendations is 100% for high priority recommendations and 90% for medium priority recommendations. The current rate of implementation of all recommendations is 99%, with 100% of all medium and high priority recommendations having been implemented.

- RESOLVED -
- i) That the information be noted
 - ii) A query was raised regarding the deadline date of December 2025 and officers agreed to circulate the details separately after the meeting as the information was not to hand.

ASC386 VOTE OF THANKS FROM OUTGOING CHAIR

The Chair (Councillor Marilyn Charlton) will be standing down from the Council at the local elections in May 2022. Councillor Charlton wished to place upon record her thanks to the Vice-Chair and officers for their support during her time as Chair.

ASC387 DATE AND TIME OF NEXT MEETING

Monday 20 June 2022 at 10.00 am

Chair.....