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## GATESHEAD METROPOLITAN BOROUGH COUNCIL

### AUDIT AND STANDARDS COMMITTEE MEETING

Tuesday, 18 June 2024

**PRESENT:** Councillor J Simpson (Chair)

Councillor(s): R Mullen, R Beadle, J McElroy, M McNestry,  
Mr Stuart Bell (Independent Member) and Ian Dormer  
(Independent Member)

**APOLOGIES:** Councillor(s): H Kelly and C Ord

#### **ASC505 CONSTITUTION**

The Constitution of the Committee for municipal year 2024/25 was noted.

#### **ASC506 MINUTES**

The minutes were approved as a correct record.

#### **ASC507 DECLARATIONS OF INTEREST**

There were no declarations of interest.

#### **ASC508 MEMBERS' ASSURANCE STATEMENTS 2023/24**

The Committee received a report informing them of the opinion of Members of the Cabinet on the effectiveness of the Council's governance arrangements to feed into the Annual Governance Statement.

Assurance was sought from Councillors who served in the Cabinet during 2023/24, in the form of a self-assessment statement, on the effectiveness of the Council's corporate governance arrangements.

All Cabinet Members considered that governance arrangements are effective.

Based on the evidence identified in the assurance statement from Members of Cabinet, governance arrangements are considered to be effective.

**RESOLVED:**

- (i) That the information be noted.
- (ii) The Committee noted the assurances of Members of Cabinet and the evidence on oversight and endorsed the opinion that the Council's governance arrangements are effective.

## **ASC509 MANAGERS' ASSURANCE STATEMENTS 2023/24**

The Committee received a report informing them of the assurance which Service Directors have placed on their control systems to feed into the Annual Governance Statement.

The Audit and Standards Committee agreed on 7 March 2024 an assurance framework which would provide evidence for the completion of the Annual Governance Statement, Assurances from senior managers on the effectiveness of controls they have in place are fundamental within the framework.

Service Directors were asked to complete self-assessments which took the form of a questionnaire covering the processes in place to manage their key control and governance processes. This included a requirement to state whether they agreed or disagreed that the processes they had in place provided an effective level of assurance in 18 key areas, with a requirement to detail the evidence to support their assessment.

The Committee sought further clarification on who was classed as a senior manager and also as to why some column on the table showed differing numbers, officers explained that senior managers were Service Director level and that some of the questions asked were not relevant to all managers across the organisation.

RESOLVED:

- (i) That the information be noted
- (ii) That the assurances provided by senior managers be noted

## **ASC510 REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT 2023/24**

The Committee were asked to review the effectiveness of internal audit within the Council for 2023/24.

The Accounts and Audit Regulations 2015 require all authorities to “conduct an annual review of the effectiveness of internal audit for a committee of the body to consider its findings” and that this process should be part of the annual review of the effectiveness of the system of internal control, which results in the production of the Annual Governance Statement.

Best practice highlights that “internal audit”, in this context, includes not only the internal Audit Service but also the Audit and Standards Committee in 2023/24.

The review ensures that the opinion of the Chief Internal Auditor given in the Internal Audit Annual Report, included as a separate report on this agenda, can be relied upon as a key source of evidence in the Annual Governance Statement.

The review of the effectiveness of the system of Internal Audit for 2022/23 has been undertaken by the Council’s Internal Control Group, which includes the Strategic

Directors of Resources & Digital and Corporate Services & Governance. The Committee were advised that the basis of the review was as follows:

- Self-assessment against Public Sector Internal Audit Standards (PSIAS);
- Self-assessment against the CIPFA Statement of the Role of the Head of Internal Audit;
- Reliance placed upon Internal Audit by the Council's external auditor;
- Assessment of the effectiveness of the Audit and Standards Committee; and
- Relevant performance information

Performance monitoring of the work carried out by the Internal Audit Service provides further assurance that the system of Internal Audit is operating effectively and adding value to the Council as a whole. During 2023/24 the following key performance indicators are relevant:

- 99% of audits were completed within budgeted time against a target of 90%
- Productive or chargeable time was recorded at 67% of overall time against an annual target of 70% of overall time
- The average score of the customer satisfaction questionnaires returned is 3.81 out of 4 (95%) against a target of 3.4 (85%)
- The target for implementation of audit recommendations was 100% for high priority recommendations and 90% for medium priority and best practice recommendations. The rate of implementation of all recommendations was 99% with 100% of all medium and high priority recommendations having been implemented.

RESOLVED:

- (i) That the information be noted
- (ii) The Committee considered and endorsed the opinion that the Council's system of internal audit is operating successfully

#### **ASC511 CORPORATE RISK MANAGEMENT ANNUAL REPORT 2023/24**

The Committee received a report which outlined the arrangements that exist within the Council for managing risk, the impact that these have had and the plans for further development of risk management arrangements.

The Committee asked when the 'stress test' for business continuity would be implemented into the Corporate Risk Management reports. It had been advised the Council do have individual service and overall Council plans in place that are continually being developed and refreshed, however, there are plans for training opportunities within the Committee to enhance business continuity and risk management.

RESOLVED:

- (i) That the information be noted
- (ii) The Committee noted the Corporate Risk Management Annual Report 2022/23 as shown in Appendix 1 and agreed that the Council has effective

risk management arrangements in place

#### **ASC512 ANNUAL REPORT 2023/24 - TREASURY MANAGEMENT**

The Committee received a report requesting to review the proposed Treasury Annual Report prior to consideration by Cabinet.

In line with what the Government defines as best practice and the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management, the Council must consider a Treasury Annual Report each year.

The Committee were asked to review the Treasury Annual Report which was attached at Appendices 2, 3 and 4 to ensure that the Council fully complies with the requirements of good financial practice in Treasury Management and submit any comments to Cabinet.

RESOLVED:

- (i) The Committee noted and agreed that the Treasury Annual Report be submitted to Cabinet for approval

#### **ASC513 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 197

#### **ASC514 ANNUAL COUNTER FRAUD UPDATE 2023/24**

The Committee received a report outlining the arrangements that exist within the Council for countering fraud and provided an update on activity undertaken since 1 April 2023 by the Internal Audit and Risk Service in relation to work of the Corporate Fraud Team.

The Committee received details of counter fraud awareness and some of the awareness initiatives carried out in 2022/23 were:

- Participation in a regional Tenancy Fraud Awareness Week in October 2023. A regional press release, Council News article, social media posts and internal communications were issued as part of the campaign.
- A Council News advert has published in November 2023 to raise the profile of the Corporate Fraud team to the public.
- An Employee Bulletin, intranet update, social media posts and article in the Gateshead Now newsletter were issued in November 2023 to raise the profile of the Corporate Fraud team as part of the National Fraud Awareness Week.
- A general fraud awareness Toolbox Talk briefing was produced for the School Catering team to highlight the expectations and responsibilities of employees within the Service.
- The on-line Corporate Induction Programme training course was updated in

March 2024 to cover Counter Fraud to raise awareness of the team, and the expectations and responsibilities of employees.

- Regular alerts and warnings are received from the National Anti-Fraud Network (NAFN) regarding a range of frauds and scams against Council's and schools. All warnings are monitored by the Corporate Fraud Officers and communicated to the related service areas. Relevant warnings are added to the Corporate Fraud section on the internet and staff are alerted via the weekly team brief.

The Committee were advised that the Corporate Fraud Team referrals related to a variety of fraud types and a full breakdown was shown at Appendix A.

The Committee also received an update on the Right to Buy applications for the Year 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2024.

The Committee also received an update on DWP Joint Working, Fraud Case Management system and the National Fraud Initiative.

The Committee requested if this information could be made public to show the Council are completing rigorous checks for right to buy applications, this information will be discussed, and we can work with Communications to advertise this information.

RESOLVED:

- (i) That the information be noted
- (ii) The Committee noted the counter fraud activity undertaken during the year and agreed that the Council has effective counter fraud arrangements in place

## **ASC515 INTERNAL AUDIT ANNUAL REPORT 2023/24**

The Committee received a report informing them about work undertaken by the Internal Audit and Risk Service during 2023/24 and gave an overall assessment of the adequacy of the Council's internal control systems and governance arrangements to inform the Annual Governance Statement and to provide a summary of the main findings.

The Committee were advised that based on evidence arising from the planned internal audit activity during 2023/24, the Council's internal control systems and governance arrangements are considered to be effective.

This opinion is based on all audit activity throughout the year, which has been reported to the Audit and Standards Committee on a quarterly basis and the opinion is based on internal audit work undertaken and completed. A summary of the audit activity for the year was attached to the main report at Appendix A.

RESOLVED:

- (i) That the information be noted

- (ii) The Committee noted the audit opinion that the Council's internal control systems and governance arrangements are considered to be effective

#### **ASC516 RE-ADMITTANCE OF THE PRESS AND PUBLIC**

RESOLVED – That the press and public be re-admitted for the remainder of the meeting

#### **ASC517 ANNUAL GOVERNANCE STATEMENT 2023/24**

The Committee received a report and were asked to review the evidence of assurances provided on the Council's internal controls, risk management and governance arrangements, and approve the Annual Governance Statement (AGS) 2023/24, which was attached as Appendix A.

The Accounts and Audit Regulations 2015 required Councils to provide an Annual Governance Statement giving an assessment of governance arrangements and their effectiveness. This accompanies the Annual Statement of Accounts and is signed by the Leader of the Council and the Chief Executive.

The Audit and Standards Committee agreed on 7 March 2024 the assurance framework which would provide evidence for the completion of the Annual Governance Statement. Assurances were required in the following areas:

- Governance arrangements
- Councillors
- Senior Managers
- The system of internal audit
- Risk management arrangements
- Counter Fraud arrangements
- Performance management and data quality
- Views of the external auditor and other external inspectorates
- The legal and regulatory framework
- Financial controls
- Partnership arrangements and governance
- Other source of assurance

The Committee were advised that based on the review of the Council's governance arrangement during 2023/24, including the internal control and risk management environments, the opinion is that the Council's governance arrangements continue to be regarded as fit for purpose.

The Annual Governance Statement therefore reflects this opinion and gives details of the evidence obtained to achieve it, actions taken to improve governance following the previous Annual Governance Statement, and an action plan for the next year.

RESOLVED:

- (i) That the information be noted
- (ii) The Committee approved the Annual Governance Statement to accompany the Statement of Accounts 2023/24

**ASC518 DATE AND TIME OF NEXT MEETING**

Tuesday 16<sup>th</sup> July 2024 at 4pm.

**Chair.....**

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