

**Approved Minutes  
Audit and Standards Committee**

14 February 2019

(2.00 - 3.15 pm)

Meeting held: North Tyneside Council Offices, Quadrant, The Silverlink North, Cobalt Business Park, North Tyneside, NE27 0BY

**Minutes**

**Present:**

Doug Ross: Independent Chair

Councillors: C Penny-Evans, D Cox, S Dickinson, M Swinburn, G Stone, K Lee and J Hutchinson

**1 APPOINTMENT OF THE VICE CHAIR OF THE NORTH OF TYNE COMBINED AUTHORITY AUDIT AND STANDARDS COMMITTEE FOR THE MUNICIPAL YEAR 2018/19**

Councillor D Cox and Councillor M Swinburn were both nominated and seconded for position of Vice Chair of the Audit and Standards Committee.

Each candidate received 3 votes each. It was therefore:

**RESOLVED** – that the appointment be deferred to the next meeting.

**2 WELCOME AND APOLOGIES**

The Chair welcomed everyone to the meeting and introductions were made.

Apologies were received from Councillors A Lower, A Chisholm, R Glindon, J Watson and M Rankin,

**3 DECLARATIONS OF INTEREST**

Councillor M Swinburn declared an interest as a Member of the North East Joint Transport Audit Committee.

#### 4 **THE ROLE OF THE AUDIT AND STANDARDS COMMITTEE**

Submitted: A presentation by the Chief Internal Auditor and the Monitoring Officer (previously circulated and a copy attached to the Official Minutes).

Allison Mitchell and J Softly gave a presentation on the creation of the North of Tyne Combined Authority and the Role of the Audit and Standards Committee. Some of the points highlighted included: -

- The role of the Committee, as defined in the Cities and Local Government Devolution Act 2016 and the purpose of the Committee.
- The Members Code of Conduct.
- The independent role of Internal Audit
- The Local Auditor
- Effective risk management and areas of initial assurance focus.
- Standards – Localism Act 2011
- Alleged breaches of the code of conduct for members.
- Monitor and review the Combined Authority's' ethical governance framework
- Dispensations.

At this point J Softly circulated a brief document, Annexe 4 to the Code of Conduct – Dispensations Procedure. Members were advised that the North of Tyne Combined Authority Cabinet have delegated the granting of dispensations to the Audit and Standards Committee. J Softly sought delegated authority (in consultation with the Chair) to issue dispensations for meetings of the North of Tyne Cabinet prior to the next meeting of the Audit and Standards Committee when the Committee will consider the issue for the longer term. The reason for the dispensations is to allow Cabinet Members to make decisions on proposals in respect of grant funding and the award of contracts to constituent authorities.

**RESOLVED** that -

- i) The presentation on the Role of the Audit and Standards Committee was noted.
- ii) Delegated Authority be given to the Monitoring Officer to issue dispensations to Members of the North of Tyne Combined Authority and a further report be submitted to the next meeting of Audit and Standards Committee.

#### 5 **INTERNAL AUDIT PLAN - INITIAL ASSURANCE COVERAGE (2018/19) AND DEVELOPMENT OF STRATEGIC AUDIT PLAN (2019/20)**

Submitted: Report of the Chief Internal Auditor (previously circulated and a copy attached to the Official Minutes).

Allison Mitchell gave a brief outline of the report which outlined a) the proposed approach to identifying optimum assurance coverage for the North of Tyne Combined Authority in its first year of operation (2018/19); and b) the proposed approach to preparing a full year Strategic Audit Plan for 2019/20.

The report also ensures that the Audit and Standards Committee, as a key stakeholder of Internal Audit's work is engaged at an early stage in the planning process.

As the Combined Authority has just recently been created it is likely that the main areas of immediate assurance focus for senior management and the Audit Committee will therefore include Key Internal Controls Systems and Assurance Framework (Inclusive Economy, 'Quick Wins' and Business Case Development). Members were encouraged to suggest other areas of work.

Committee were also informed that preparation of the detailed Strategic Audit plan for 2019/20 is now underway and will be presented to the Audit and Standards Committee in April.

**RESOLVED** – that the Audit and Standards Committee endorsed the approach to preparation of assurance coverage and resulting Strategic Plans for 2018/19 (part year) and 2019/20.

## 6 INTERNAL AUDIT CHARTER

Submitted: Report of the Chief Internal Auditor (previously circulated and a copy attached to the Official Minutes).

Members considered the report presented by Allison Mitchell which set out an Internal Audit Charter, prepared in conformance with the Public Sector Internal Audit Standards (PSIAS). Agreement of the Internal Audit Charter by Audit and Standards Committee, as the designated 'board' under the Public Sector Internal Audit Standards, will allow the Authority to fulfil its responsibilities regarding the Public Sector Internal Audit and Standards.

The role and responsibilities of the Audit and Standards Committee are detailed in the PSIAS as approving the Internal Audit Charter; approving the annual risk based Internal Audit Plan and any amendments to the plan during the course of the year; approving the Internal Audit budget and resource plan and establishing that there are sufficient resources with regard to the provision of an annual audit opinion; considering communications from the Chief Internal Auditor on internal Audit performance relative to its plan and other matters; receiving annual confirmation from the Chief Internal Auditor that Internal Audit is organisationally independent and considering the results of the quality assurance and improvement programme from the Chief Internal Auditor.

A Mitchell stressed the independence of Internal Audit and the right of access to all records, documents, correspondence and control systems with direct access to employees, Head of Paid Service and Members and access to financial records including third parties as outlined in detail in section 6 of the Charter.

Committee heard about consulting activity, that is any assignments which fall within the definition defined in the PSIAS and any significant additional consulting services approved by the Audit Committee; significant services within the NTCA are any single assignments which are estimated to require a resource of 15 days or more.

Reference was also made to the reporting of assignments and a quality assurance and improvement programme.

**RESOLVED** – that Audit and Standards Committee approved the Internal Audit Charter attached as Appendix A to the report, which is a requirement of the Public Sector Internal Audit and Standards.

## 7 **STRATEGIC RISK REGISTER - APPROACH AND NEXT STEPS**

Submitted: Report of the Audit, Risk and Insurance Service Manager (previously circulated and a copy attached to the Official Minutes).

Consideration was given to the report which provided Members with information on the development of a Strategic Risk Register for the North of Tyne Combined Authority. Audit and Standards Committee are required to introduce a risk management process which identifies the key risks to the operation of the Authority and delivery of its objectives.

Committee noted that work to date has identified a capacity risk involving those officers who are undertaking dual roles.

In response to a question regarding the impacts of Brexit, P Slater advised that the impacts will be included on the risk register.

**RESOLVED** – that the Audit and Standards Committee noted the current position and considered the potential risks to the North of Tyne Combined Authority.

## 8 **PROPOSED AUDIT AND STANDARDS COMMITTEE WORK PROGRAMME 2019/20**

Submitted: Report of the Chief Internal Auditor (previously circulated and a copy attached to the Official Minutes).

A Mitchell gave a brief overview of the report which set out a proposed programme of core business to be considered by the Audit and Standards Committee during 2019/20.

Attention was drawn to the proposed work for January 2020 and the Preparation for Audit and Standards Committee Self-Assessment of Effectiveness. In relation to initial support and training many of the items on this agenda covered basic training.

**RESOLVED** that the Audit and Standards Committee –

- i) Agreed the proposed core business work programme set out within the report for 2019/20.
- ii) Noted that it may be necessary to change or adapt the proposed reports to be considered, to ensure optimum timing of consideration of governance issues and to respond to emerging trends during the year

- iii) Noted that the Committee will receive additional reports on any ad-hoc items of business arising during the year, as these relate to its responsibilities under its Terms of Reference.
- iv) Considered what initial support and/or training members of the Committee may require.

9 **DATE AND TIME OF NEXT MEETING**

4 April 2019, 2.00pm at Newcastle Civic Centre