

**Approved Minutes  
Audit and Standards Committee**

17 September 2019

(10.00 - 10.35 am)

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

**Minutes**

**Present:**

Chair: Doug Ross

Councillors: A Chisholm, C Penny-Evans, D Cox, R Glindon, M Rankin and C Seymour

**28 WELCOME AND APOLOGIES**

The Chair welcomed everyone to the meeting. Apologies were received from Cllr Swinburn, Cllr Lower and Cllr Watson

**29 DECLARATIONS OF INTEREST**

None

**30 AGREEMENT OF THE MINUTES OF THE MEETING HELD ON 27 JULY 2019**

The minutes of the meeting held on 27 July 2019 were agreed as a correct record and signed by the Chair.

Matters arising:

Minutes 25 refers – Statement of Accounts and External Audit. The Chief Auditor provided an update on progress with the appointment of the External Auditor and the Accounts. Members had already received a full explanation from the Chief Finance Officer of steps taken to secure a new Local Auditor for the Combined Authority and a copy of the draft Financial Report 2018/19.

**31 INTERNAL AUDIT - QUARTERLY UPDATE REPORT**

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

Consideration was given to the report the purpose of which was to outlined progress to date against the 2019/20 Internal Audit Plan.

The Chief Internal Auditor presented the report and reminded members that the Combined Authority has only been in existence for a relatively short time but as the Authority develops reports to committee will be more substantial.

At this point the Chief Internal Auditor introduced Katie Laing who has joined the finance team.

The Chief Internal Auditor advised the meeting that, as reported to the 26 July meeting of the Audit and Standards Committee, the assessment of fundamental systems and processes using the diagnostic toolkit was completed in the first half of 2019/20 as planned. A schedule of recommendations arising from this work has been prepared and updated by management to include management responses to address each recommendation, along with a target completion date for each of the recommendations. The Chief Internal Auditor stated that the CFO had advised that resourcing was being reviewed and strengthened, in order to ensure capacity is appropriate in respect of all fundamental financial activities.

Attention was drawn to the Adult Education Budget (AEB), an emerging key area and now included in the audit plan. Other planned audits highlighted were the Assurance Framework, I.T systems and Risk Management. Tony Candlish (Northumberland County Council) was introduced to committee. Tony has been assigned as the lead auditor for the Combine Authority.

**During discussion members put the following queries/comments:**

A member referred to the strategic direction of the Combined Authority and areas set out in the audit plan which in his view had changed. The Chief Internal Auditor responded with assurances that there were no changes in direction, but risks are constantly under review and the audit plan monitored as new higher risks are identified.

The Chief Internal Auditor was asked to explain how audit processes/areas of key assurance can be used to ensure compliance with governance arrangements. The Chief Internal Auditor stated that under the 'three lines of defence' model of assurance, it is a responsibility of managers to establish and monitor sound systems of control. Internal Audit were then a further line of defence in the model.

**RESOLVED** – that the report be received and noted.

32

**DRAFT STRATEGIC RISK AND OPPORTUNITIES REGISTER**

Submitted: Report of the Risk Advisor to the NTCA (previously circulated and a copy attached to the Official Minutes).

The Risk Advisor outlined the report the purpose of which was to provide members with a draft Strategic Risk and Opportunities Register (Appendix A). Members were reminded of the most significant risks; delivery of devolution and the Authority's operational capacity. An opportunity to strengthen the Authority's existing partnership arrangements is also being monitored.

In relation to NTCA's operational capacity it was noted that this was moving in a positive direction and had been regraded to 'Amber'. Most staffing posts were now filled, and Katie Laing has been appointed to assist the Chief Finance (S 73) Officer.

### **During discussion members put the following questions/comments**

Reference was made to Cabinet ownership of all risks therefore relieving the committee of responsibility. Confirmation was sought that this was correct.

In response the Risk Advisor explained that any comments from the Audit and Standards Committee will be passed to the Cabinet. He also gave a brief account of a workshop held at the beginning of the Combined Authority's establishment; this was attended by officers from across the three constituent authorities. One of the tasks of those in attendance was to identify likely risks in the early stages of the Authority's existence, however the risks can change.

A member referred to the risks detailed on page 19 of the report 'Partnerships' and asked how often the authority met with the Business Community. The Risk Advisor agreed to circulate the information to committee.

Responding to a comment in respect of staffing posts/responsibilities it was agreed to circulate an organisational structure chart to members.

A member spoke about the details of the risks and commented that they were all high level. Specific reference was made to the Adult Education Budget (AEB) included within the 'Delivery of Devolution' risk and whether once the Combined Authority takes control of the AEB the risks would be explained in greater detail. In response the Risk Advisor explained that the risk register will always provide details of large risks or threats. At the current time the AEB has not been identified as a risk but this was not impossible and could change in the future.

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

- (i) Reviewed the strategic risk and opportunities register.
- (ii) Acknowledged that the operational capacity and resources risk priority has reduced from red to amber. This is as a result of permanent Director appointments being made and other post that are now filled.
- (iii) Acknowledged that the draft strategic risk register will be presented to Cabinet for approval at a future meeting in October 2019.
- (iv) Acknowledged that strategic risks identified by the North East Joint Transport Committee will be presented to Audit and Standards Committee at its January 2020 meeting.

**33 DATE AND TIME OF NEXT MEETING**

21 January 2020