

## **Audit and Standards Committee**

17 November 2020

(10.00 - 10.45 am)

The meeting was held virtually and live streamed

### **Approved Minutes**

#### **Present:**

Chair: Doug Ross

Councillors: D Cox, A Chisholm, C Ferguson, M Rankin, M Swinburn, JP Stephenson, C Seymour and L Dunn

#### **62 WELCOME AND APOLOGIES**

The Chair welcomed everyone to the virtual meeting.

Apologies were received from Councillors C Penny-Evans, S Dickinson, J Watson and R Glendon.

#### **63 DECLARATIONS OF INTEREST**

None

#### **64 AGREEMENT OF THE MINUTES OF THE MEETING HELD ON 28 JULY 2020**

The minutes of the meeting held on 28 July were agreed as a correct record and signed by the Chair via email subject to the following amendment:

Minute 57 4<sup>th</sup> bullet points: Amend the sentence 'Investments with unrated building societies £1.797m.' to read 'Investments with unrated building societies £1.797m and Investments with UK local Authorities £59.784m'

Minute 57 8<sup>th</sup> bullet point: Amend the sentence which says "The Elected Mayor and Cabinet will be subject to' to read 'Mayoral decisions and decisions made by Cabinet will be subject to Scrutiny'

#### **65 RESPONSE TO QUESTIONS RAISED AT PREVIOUS MEETING**

It was agreed that this item would be considered in conjunction with agenda item 6c Narrative Report and Statement of Accounts.

## 66 INTERNAL AUDIT - QUARTERLY UPDATE

Submitted: Report of the Acting 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 provide Audit and Standards Committee with an update on progress against the 2020/21 Internal Audit Plan, agreed by the Audit and Standards Committee at its last meeting on 28 July 2020.

Members noted the work completed since the July meeting. Points highlighted included:

### *National Fraud Initiative*

In October Internal Audit were informed by the Cabinet Office that the Combined Authority was required to participate in the National Fraud Initiative (a data matching exercise). It was anticipated that the results of the exercise would be available for investigation in January 2021.

### *Devolved Adult Education Budget – Programme Assurance work.*

Internal Audit was continuing to support the Combined Authority in a project assurance role advising on, and challenging, the approach to internal control and methods of service delivery.

**RESOLVED** – that the Internal Audit Report be noted.

## 67 STRATEGIC RISK AND OPPORTUNITIES REGISTER

Submitted: Report of the Risk Advisor to North of Tyne Combined Authority (previously circulated and a copy attached to the Official Minutes).

Members noted the report the purpose of which was to provide assurance to Audit and Standards Committee that the most significant risks and opportunities had been identified, were being monitored and measures were being taken to address them.

Members noted the two key points in particular::

- a new opportunity in relation to the North East LEP Partnership;
- the Delivery of Devolution remained red due to uncertainties caused by Covid-19 and the impact on the Investment Fund Programme.

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

- 1) Noted the outcomes of the strategic risk review.
- 2) Acknowledged the new opportunity which has been added to the strategic risk register to monitor the developing arrangements between NTCA and the North East LEP.

- 3) Noted a summary of the strategic risks identified by the North East LEP (Appendix C) and North East Joint Transport Committee (North East JTC) (Appendix D) was included for information.

## 68 STATEMENT OF ACCOUNTS

### (a) Audit Completion Statement

Submitted: Report of Mazars (External Auditors), (previously circulated and a copy attached to the Official Minutes).

C Waddell presented the Audit Completion Report for the Combined Authority and the Group for the year ending 31 March 2020.

During the presentation several key points were highlighted including:

- The pandemic had created difficulties for all bodies in the preparation of accounts and for auditors undertaking the audit function.
- The audit was on track although subject to completion of final work.
- It was anticipated that there would be an unqualified opinion on the accounts.
- The effect the pandemic had had on the pension fund due to the impact on the financial markets.
- In terms of Value for Money, work was complete and Mazars would issue an unqualified Value for Money conclusion.
- In terms of Related Parties there was now only one declaration outstanding.
- Work relating to cash flow was almost complete and audit work had not identified any material issues in respect of management overrides

### Comments/Questions from Members

Reference was made to quality assurance and timing issues in finalising accounts where other authorities were involved and the impact this had on completion of the North of Tyne Financial Statements. C Waddell was asked if there was a potential concern in terms of resources within the finance team. C Waddell advised that the pandemic had had a huge impact on officers with multiple responsibilities for the audit of and preparation of the Statement of Accounts. The Interim Chief Finance Officer confirmed that there has been a capacity issue within the team, compounded by Covid and assuming responsibility for the North East Local Enterprise Partnership. Discussions had taken place with the 3 constituent authorities and agreement reached that assistance would be given to enable the final stages of the accounts to be progressed, including quality assurance. It was also acknowledged that additional capacity and resources were required.

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

Recommend approval of the report to Cabinet subject to any subsequent changes identified by the External Auditors.

**(b) Annual Governance Statement**

Submitted: Report of the Risk Advisor to North of Tyne Combined Authority (previously circulated and a copy attached to the Official Minutes).

Consideration was given to the report the purpose of which was to present the Authority's 2019/20 Annual Governance Statement for approval.

Committee were reminded that the Statement was the same as the draft report previously presented to Members.

Section 5 contained the annual audit opinion which would be updated on completion of the annual audit. Section 7 related to the Investment fund programme and the wording would be expanded by lead officers.

**Comments/Questions from Members**

Member referred to section 1.10 of the report which relates to the use of social media. The member sought reassurance that those who maintained the Authority's social media knew what was appropriate and how important it was to avoid expressing personal views

Reference was also made to section 5.4 of the report which related to annual e-learning staff training in data protection. The Risk Advisor was asked if it was possible to provide the same annual training for committee members thereby ensuring that all Members are aware of their obligations in respect of data sharing. In responding to the questions, the Risk Advisor agreed to pass the comments relating to the use of social media onto the relevant team. Data protection training for committee members will also be considered.

**RESOLVED** that –

Subject to any changes from the External Auditors, the Audit and Standards Committee approved the Annual Governance Statement and recommended it for sign-off by Cabinet.

**(c) 2019/20 Narrative Report and Statement of Accounts**

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

Members considered the report the purpose of which was to present Committee with the Audited Statement of Accounts for the year ended 31 March 2020.

It was noted that the accounts were substantially complete, and that Officers were still finalising the last version of the group accounts. The Audit Completion Report highlighted key adjustments to the Statement and the Outturn position had not

changed. The Chief Finance Officer confirmed that the Statement of Accounts would be published in December.

The Chief Finance Officer also referred to the questions raised by Cllr Swinburn at the previous meeting and advised that the responses were substantially correct. Cllr Swinburn thanked officers for the responses received and added that the North of Tyne Combined Authority must always be seen to be transparent and include as much information in the public domain as was allowed by legislation. Reference was also made to investments with other local authorities. It was suggested that all investments with other local authorities be included on the risk register, unless there was a specific reason as to why this was not possible. In response the Chief Finance Officer suggested that as a way forward a simplified version of the 2019/20 Statement of Accounts be published on the website, including the additional detail and she would look at producing two tables in future years which would incorporate the information requested. The Chief Finance Officer also noted the suggestion that investments with other local authorities be included on the risk register and indicated that she would consider this further.

**RESOLVED** that –

The Audit and Standards Committee endorsed the Audited Statement of Accounts 2019/20 including the Narrative Report.

69 **STANDARDS**

The Interim Monitoring Officer advised Members that the Combined Authority was still waiting for further information as to when the LGA proposed to publish its model code of conduct for members.

70 **DATE AND TIME OF NEXT MEETING**

19 January 2021 at 10.00am.