

Audit and Standards Committee

26 April 2022

(10.05 - 11.00 am)

Meeting held: Committee Room, Civic Centre, Newcastle upon Tyne, NE1 8QH

Approved Minutes

Present:

Chair: Doug Ross

Councillors C Hardy, A McMullen, C Penny-Evans, S Postlethwaite, M Purvis, G Stone, C Seymour

21 WELCOME AND APOLOGIES

The Chair welcomed everyone to the meeting and noted the attendance of Richard Dunlop who would attend future meetings as Chief Internal Auditor, and Gavin Baker from Mazars who was attending in respect of item 10 on the agenda.

Apologies for absence were noted from Councillors Ferguson, Chisholm, Cox and Rankin. Councillors Stone, Postlethwaite and Seymour were in attendance as substitute members.

22 DECLARATIONS OF INTEREST

None.

VARIATION TO AGENDA ORDER

Noting that the meeting was not quorate at that point, committee agreed to vary the order of the agenda to consider item 10 (Follow up letter to the Audit Completion Report 2020/21) as the next item of business.

23 FOLLOW UP LETTER TO THE AUDIT COMPLETION REPORT 2020/21

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

K Laing, Strategic Finance Manager, presented the report, which provided an update to committee from the external auditors, Mazars, relating to the NTCA Statement of Accounts 2020/21.

G Baker, Mazars, drew committee attention to a national issue that had arisen since the last committee meeting in January 2022, which would result in delay to the issue of the audit opinion on the 2020/21 financial statements. The issue related to custom and practice that had developed across the country in relation to the technical accounting of material infrastructure assets where original costs and associated depreciation were removed from the Balance Sheet when infrastructure was updated. Practices were not fully compliant with the CIPFA Code of Practice, and a national solution was required. The issue would not impact on the underlying financial position, the outturn for the year or the level of useable reserves.

G Baker went on to draw members attention to the resolution of outstanding issues in the Audit Completion Report and noted the ongoing value for money work that would be concluded by the date of the next meeting.

Responding to questions from the committee, K Laing, Strategic Finance Manager, advised that the national infrastructure accounting issue had also been raised at the Joint Transport Committee Audit Committee.

G Baker confirmed that the delay would impact on all authorities that needed to submit Whole of Government Accounts, regardless of an audit opinion having already been issued.

The Chair thanked G Baker for attending the meeting

It was agreed that the follow-up letter to the Audit Completion Report 2020/21 be noted.

[Cllr Postlethwaite joined the meeting, and committee was then quorate]

24 **AGREEMENT OF THE MINUTES OF THE MEETING HELD ON 18 JANUARY 2022**

The minutes of the previous meeting on 18 January 2022 were agreed as an accurate record and signed by the Chair.

25 **INTERNAL AUDIT STRATEGIC AUDIT PLAN 2022/23**

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

K McDonald, Acting Chief Internal Auditor, presented the report, which outlined the proposed Strategic Audit Plan for 2022/23. Reference was made to preparation of the plan based on identified risks and engagement that had taken place with risk and other senior officers. It was noted that the risk profile had changed over time to one that was now focused on delivery, with the plan including standard areas of work alongside work that reflected the identified risk areas.

The Chair welcomed the comprehensive plan and noted how the plan had matured and moved toward a focus on delivery, with input from senior officers.

RESOLVED - that the committee endorse the proposed Strategic Audit Plan 2022/23, as attached at appendix A of the report.

26 **INTERNAL AUDIT QUARTERLY UPDATE**

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

K McDonald, Acting Chief Internal Auditor, presented the report, which provided an update on progress against the 2021/22 Internal Audit Plan and any other work undertaken during 2021/22.

The Chair noted that the Internal Audit Plan reflected that the combined authority acted as the accountable body for the North East Local Enterprise Partnership.

RESOLVED - that committee note the report.

27 **PROPOSED AUDIT AND STANDARDS COMMITTEE WORK PROGRAMME 2022/23**

Submitted: report of the Acting Chief Internal Auditor and the Interim Monitoring Officer (previously circulated and a copy attached to the Official Minutes).

K McDonald, Acting Chief Internal Auditor, presented the report, which set out a proposed programme of core business to be considered by the committee during the 2022/23 municipal year, in line with its Terms of Reference as set out in the combined authority's constitution. It was noted that additional items of business could be added during the year if required.

RESOLVED - that:

- i. The proposed core business work programme for 2022/23 municipal year be agreed, as set out in the report.
- ii. Committee note that it may be necessary to change or adapt the work programme, to ensure optimum timing of consideration of governance issues and to respond to emerging trends during the year.
- iii. Committee note that it 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.

28 **REVIEW OF AUDIT AND STANDARDS COMMITTEE ARRANGEMENTS**

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

K McDonald, Acting Chief Internal Auditor, presented the report, which provided an update on the review of Audit and Standards Committee arrangements led by the

Chair and the Chief Internal Auditor. Committee attention was drawn to the key themes arising from the review that would form the basis of an annual report from the Chair to Cabinet.

The Chair welcomed the discussion that had taken place with members who were able to take part and senior officers, and acknowledged the positive development of meetings toward a focus on the issues and risks that may impact on delivery. He believed that the committee was meeting its Terms of Reference, although there may be more than could be done.

In discussion it was noted that the report to Cabinet would be agreed by the Chair with a copy circulated to committee members for comment in advance.

RESOLVED: that committee -

- i. Note the key themes arising from the review of Audit and Standards Committee arrangements, and that they will supplement the self-assessment review, to form the basis of an annual report from the committee to Cabinet demonstrating how Audit and Standards Committee meets its Terms of Reference and providing a summary of the work of the committee during the year.
- ii. Agree to delegate development of the Audit and Standards Committee annual report to the Chief Internal Auditor to complete in conjunction with the independent co-opted Chair, on behalf of the committee, for presentation to Cabinet.
- iii. Agree that a draft of the report be circulated to committee members for comment, prior to presentation to Cabinet.

29 **STRATEGIC RISK AND OPPORTUNITIES REGISTER, QUARTERLY UPDATE**

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

P Slater, Risk Advisor to the North of Tyne Combined Authority presented the report, which provided assurance to the committee that the most significant risks and opportunities had been identified, were being monitored and measures taken to mitigate them. Reference was also made to work that would take place with the North East Local Enterprise Partnership over the coming year to align their risk reporting to the new format used by the combined authority.

Commenting further, R Redfern, Director of Policy and Performance, acknowledged the extent of officer involvement in this area of work, the engagement that had taken place with a wide range of officers to identify risk in a meaningful way and the open and honest relationship that was in place with the audit team.

The Chair, referred to meetings he held with the Director of Policy and Performance to understand risks that were identified and welcomed the production of a strong risk register that was reflected in the Internal Audit Plan.

RESOLVED – that committee accept the outcomes of the strategic risk review, noting that the risk register would be updated before each quarterly update.

30 **2021/22 DRAFT ANNUAL GOVERNANCE STATEMENT**

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

P Slater, Risk Advisor to the North of Tyne Combined Authority presented the report, which highlighted the provisional outcome of the annual review of the authority's governance and internal control arrangements operating during 2021/22. A further draft would be presented to committee at a future meeting.

Reference was made to the assurance that had been sought from a number of significant partners on the effectiveness of their controls and it was noted that no significant weaknesses had been identified. An area of improvement had been identified previously in relation to the CIPFA financial management code and work on this would continue to take place.

The Chair welcomed the comprehensive report and requested that committee be updated if there were matters to bring to its attention.

RESOLVED: that committee -

- i. Note the action being taken to ensure compliance with the CIPFA Financial Management Code.
- ii. Note that the 2021/22 AGS will be kept under review and amended as necessary should any weaknesses come to light before committee receive a further draft at its July meeting and up to the date of the final approval of the NTCA financial statements.

31 **PREPARATION OF THE 2021/22 ANNUAL STATEMENT OF ACCOUNTS**

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

K Laing, Strategic Finance Manager, presented the report, which provided details of the plan that would be used to produce the Annual Statement of Accounts. Reference was made to the revised deadline for published accounts to 30 November 2022 and the reliance on the completion of accounts by the North East Combined Authority and Nexus before draft accounts could be prepared. As the accountable body, the accounts would also include the North East Local Enterprise Partnership and Invest North East.

Work was underway to identify all aspects of work to undertaken and additional quality assurance and accounts capacity was in place. Assurance was provided that the deadline for issue of draft accounts would be met, albeit that this relied on the completion of the NECA and Nexus accounts, and this risk was reflected in the risk log.

RESOLVED – that the work outlined in respect of the closure of the 2021/22 Accounts be noted.

32 **ACCOUNTING POLICIES TO BE USED IN COMPLICATION OF THE 2021/22 STATEMENT OF ACCOUNTS**

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

K Laing, Strategic Finance Manager, presented the report, which provided details of the proposed accounting policies to be applied in the preparation of the 2021/22 Statement of Accounts of the North of Tyne Combined Authority. It was noted that had been no major changes since the last draft with recent CIPFA changes having no impact on the proposals.

RESOLVED: that committee –

- i. Note the Accounting Policies to be adopted by the combined authority and used to compile the Accounts for the financial year ended 31 March 2022.
- ii. Authorise the Chief Finance Officer to review the Accounting Policies as necessary, and report changes to the Audit and Standards Committee.

33 **STANDARDS UPDATE**

Submitted: report of the Monitoring Officer (previously circulated and a copy attached to the Official Minutes).

J Softy, Monitoring Officer, presented the report, which updated committee on complaints made under the Members' Code of Conduct and requested approval on the grant of dispensation to Cabinet Members.

In respect of the complaints received, it was noted that both related to an alleged failure to register an interest under the code. Having investigated the complaints, it was concluded that in each case there was no suggestion that the member had acted in a way that the interest had influenced their decision, and in discussion with the Independent Member, no further action would be taken. Subsequently, all members had been reminded of the need to ensure registers of interest were kept up to date.

In respect of dispensations for 2022/23, the Monitoring Officer reminded committee of the need to agree dispensation for Cabinet Members in order that they could take part in decisions related to their own local authority, as the constitution required participation at Cabinet by all local authority members.

Finally, attention was also drawn Committee on Standards in Public Life (CSPL) recommendations from its review into local government ethical standards, where the government had determined that no action would be taken in response. It was noted that constituent local authorities sought to ensure a consistent approach.

RESOLVED: that –

- i. The report be noted

- ii. Dispensation to Cabinet Members and substitute members, would continue to apply so as to allow them to participate in decision of NTCA where they have an interest by virtue of being a member of a constituent authority.

This page is intentionally left blank