

Audit and Standards Committee (not quorate)

23 January 2024

(10.07am - 10.57am)

Meeting held: Chamber 0.02, North Tyneside Council, Quadrant, The Silverlink North, Cobalt Business Park, North Tyneside, NE27 0BY

Draft Notes

Present:

Chair: D Willis, OBE

Councillors: G Castle, C Ferguson, C Hardy, A McMullen and T Mulvenna

23 WELCOME AND APOLOGIES

The Chair welcomed everyone to the meeting and brief introductions were made. It was noted the meeting was not quorate.

Apologies for absence were received from Councillors Gray, Grimshaw, Shaw and Walker.

An apology for absence was also submitted by independent member, E Richards.

24 DECLARATIONS OF INTEREST

None.

25 AGREEMENT OF THE MINUTES OF THE MEETING HELD ON 19 SEPTEMBER 2023

The minutes of the meeting held on 19 September 2023 were agreed as an accurate record by those members in attendance.

As the meeting was inquorate, the approval of the minutes was deferred until the next meeting.

26 **INTERNAL AUDIT - THIRD QUARTER UPDATE ON 2023/24 AUDIT PLAN**

Submitted: Report of Chief Internal Auditor to provide the Audit and Standards Committee with the third quarterly progress update against the 2023/24 Audit Plan.

M Oldham, Group Assurance Manager, presented the report advising work was on-track to conclude by the end of the extended financial year, on 6 May 2024. The Net Zero Transition audit and Information Governance audit had been completed and both provided Reasonable Assurance opinions, which were considered positive by internal audit standards.

The Programme Assurance work completed provided support to NTCA on transition to the new combined authority, including operational activities, identified assets and liability, and work transition.

In response to a question from the Chair in relation to the Evidence Checking of Recommendations work undertaken by Internal Audit during December 2023, referred to on page 13 of the agenda documentation, M Oldham advised the remaining seven recommendations that had not yet been implemented, had revised pragmatic targets agreed.

J Gillespie, Director of Finance, added the management team had considered how the recommendations could be addressed under the new combined authority and would look to integrate them into the operations of the new combined authority, rather than address them at this current point in time.

It was also noted that the human resources policies were being reviewed so there would be a set of consistent policies across all the organisations for NEMCA, following differences identified between staffing arrangements across locations.

27 **STRATEGIC RISK AND OPPORTUNITIES REGISTER**

Submitted: Report of the Risk Advisor to NTCA to provide Audit and Standards Committee with assurance that the most significant risks and opportunities have been identified, were being monitored and measures were being taken to mitigate them.

P Slater, Chief Internal Auditor, Newcastle City Council (acting as Risk Advisor to NTCA), presented the report stating that due to the transition to a new combined authority there was only a few weeks remaining before the Strategic Risk and Opportunities Register for NTCA ceased to exist. All risks were rated Amber or Green, except for one Red rated risk. He assured Committee that a new risk register would be produced for the new combined authority and that he would be involved in the exercise to ensure everything was transferred going forward.

In response to members questions about the LEP, J Gillespie, Director of Finance advised the LEP had been part of the core transition work and its functions would be part of NTCA after 31 March 2024 in line with the Government announcement about LEP funding in August 2023. The functions would also be replicated in NEMCA.

Responding to a member, E Kerr, Head of Corporate Services clarified the scoring behind the risk around Business Continuity which was rated as Amber 8, explaining that not all recommendations had been implemented due to the transition to a new mayoral combined authority, for example, the training for NTCA SMT was not considered to be suitable now when the organisation was to change.

A member sought assurance with regard to the integration and alignment of policies to the new combined authority. In response, J Gillespie assured Committee there was a range of governance processes set out for 7 May 2024 and the combined authority steering group, involving the seven local authority partners, would receive monthly updates on the status of the transitional plan on an operational basis, and on the development of investment plans. She explained the Operational Transition Board continued to manage ongoing key work through the governance, finance, human resources, communication workstreams, and the development of the statutory order. A key area of forthcoming work was the close down of the final accounts at the year-end on 6 May 2024 and involved working closely with NECA, NTCA and Nexus alongside internal audit colleagues to address the challenges faced. There was also a Shadow Executive Team which focussed on daily work activity preparations for day one of the new combined authority. There would be office accommodation at locations across the region and the Lumen would continue to be a key central hub.

J Gillespie confirmed to the Chair that the Transition Board had a risk register for each workstream. For assurance, it was requested by the Chair if the risks could be provided as a roadmap at the next Audit and Standards Committee meeting.

S Richards, Risk Advisor, confirmed the NTCA risks would be reviewed in March 2024 and the risk register would therefore be updated for the next Committee meeting in April 2024.

28 **EXTERNAL AUDIT UPDATE**

Submitted: Report of Director of Finance for the External Auditors, Mazars, to update Audit and Standards Committee on the progress made in completing the 2021-22 and 2022-23 Statement of Accounts Audits.

J Dafter, External Auditors, Mazars, presented the report to provide an update on audit progress. He confirmed the 2021/22 Statement of Accounts audit was complete and signed off at the end of November 2023. The National Audit Office had not confirmed whether NTCA had been selected for further sample inspection.

He advised that the 2022/23 Statement of Accounts audit had been started in accordance with the agreed audit timetable and the audit planning was complete.

The audit opinion work was expected to be finished by 31 March 2024 and submitted through the NTCA committee process by the end of April 2024.

In terms of value for money, there were no significant risks or recommendations to report to date, and it was planned to report the value for money through the Auditors Annual Report.

He informed Committee the government had issued a national backstop timetable for all outstanding audits, up to and including 2022/23, to be completed by end of September 2024 or to issue a disclaimer opinion to advise work would not be finished and an opinion could not be given. J Dafter confirmed that Mazars were looking to complete all their outstanding 2022/23 audits by end of September 2024 and acknowledged the amount of work involved was a big challenge.

In response to the Chair, J Dafter confirmed the pension issue was resolved and he fully expected the 2022/23 Statement of Accounts to be signed off at the next Audit and Standards Committee meeting in April 2024. Furthermore, he assured the Chair there were no outstanding matters to prevent issuing the audit opinion for 2021/22.

29 **NORTH EAST MAYORAL COMBINED AUTHORITY - TRANSITION UPDATE (PRESENTATION)**

J Gillespie, Director of Finance provided a verbal update on the transitional arrangements towards the establishment of the new North East Mayoral Combined Authority.

Further to the information shared during the discussion under agenda item 8, J Gillespie advised there was a mix of service provision being looked at across the seven local authority partners and assured Committee the ongoing work would connect in readiness for day one of the new combined authority. She explained that as part of the planning process some services would be brought in-house and some service level agreements would extend into 2024/25 to enable a smooth transition.

The Chair opened a discussion about how the membership structure of the new Audit and Standards Committee would look under NEMCA, involving seven local authority partners, and the numbers required to make a quorum.

J Softly advised there would need to be a constitution for the new combined authority and the Draft Order stated there would be an equal number of members from each local authority. The work on the proposed structure and composition of the new committees would take place in the next couple months. He confirmed that the Order provided the Chairperson of the Audit Committee would be an independent person.

30 **DATE AND TIME OF NEXT MEETING**

Tuesday 23 April 2024, 10.00am at Newcastle Civic Centre.

The next meeting would be the final meeting of the NTCA Audit and Standards Committee. The importance of being quorate was highlighted. Members were encouraged to prioritise the meeting and add the date to their diaries.