

**APPROVED MINUTES APPROVED MINUTES**  
**Audit and Standards Committee**

21 January 2020

(10.00 - 10.45 am)

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

**Minutes**

**Present:**

Chair: Doug Ross

Councillors A Chisholm, R Glendon, M Rankin, M Swinburn, JP Stephenson, G Stone, C Seymour, and L Dunn

**40 WELCOME AND APOLOGIES**

Apologies were received from Cllrs A Chisholm, A Lower, C Penny-Evans, S Dickinson and J Watson (Cllrs Dunn, Stephenson, Stone and Seymour attended as substitutes)

**41 DECLARATIONS OF INTEREST**

None

**42 AGREEMENT OF THE MINUTES OF THE MEETING HELD ON 17 SEPTEMBER 2019**

The minutes of the meeting held on 17 September 2019 were agreed as a correct record and signed by the Chair.

**43 AGREEMENT OF THE MINUTES OF THE MEETING HELD ON 16 DECEMBER 2019**

The minutes of the meeting held on 16 December were verified as a correct record and signed by the Chair.

**44 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 outline progress to date against the 2019/20 Internal Audit Plan.

The Chief Internal Auditor presented the report explaining that the Audit Plan agreed in April last year (2019) was on target and the assessment of fundamental systems and processes using the diagnostic toolkit was completed in the first half of 2019/20 as planned and a schedule of recommendations, including management responses and a target date for each recommendation.

An update of other planned audits was set out in section 1.3 of the report. The Chief Internal Auditor confirmed that she had did not have any concerns to raise with the Committee.

In relation to other planned audits Committee were advised that the most significant piece of work was the Adult Education Budget (AEB); not included in the original Internal Audit Plan but an essential part of the work being delivered by the Combined Authority. Internal Audit will continue to support the Combined Authority specifically in relation to:

- The development of management information systems.
- Systems and procedures for the assessment and evaluation of contractor and grant provider performance.
- Payment processes.

On behalf of the Committee the Chair acknowledged the amount of undertaken to date and gave assurances that any concerns will be brought back to the Committee.

**RESOLVED** – that the North of Tyne Combined Authority Audit and Standards Committee considered and noted the report.

#### 45 **DEVELOPMENT OF STRATEGIC AUDIT PLAN**

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

The purpose of the report was to outline the proposed approach to preparing the Strategic Audit Plan for 2020/21 for consideration and endorsement.

The Chief Internal Auditor presented the report advising members of the importance and development of the Strategic Plan which will contain a range of professional targets. The purpose of the Strategic Audit Plan is to identify risks and ensure that adequate resources are deployed in areas that will provide optimum benefit and value to the Authority. This is key to Internal Audit achieving its objectives as an independent assurance function for the Authority and to provide an independent and objective opinion on the adequacy and effectiveness of the framework of governance, risk management and control.

Section 1.7 of the report provided notes on the professional standards which Internal Audit must apply when planning the use of its resources.

Commenting on the report the Chair pointed out that Committee is now reaching the implementation stage of the plan instead of reports for information purposes only. Future reports will provide opportunities to make recommendations to Cabinet.

**RESOLVED** – that the North of Tyne Combined Authority Audit and Standards Committee endorsed the approach to preparation of assurance coverage and resulting Strategic Audit Plans for 2020/21.

#### 46 **PREPARATION FOR AUDIT AND STANDARDS COMMITTEE SELF-ASSESSMENT OF EFFECTIVENESS**

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 outline the proposed approach to undertaking a review of the effectiveness of the Audit and Standards Committee with reference to the 2018 good practice recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The Chief Internal Auditor reported that the Combined Authority had now been in existence for a year and the Committee were now at the stage where members can start to examine the effectiveness of the audit process. The Chief Internal Auditor had discussed options for the review with the Independent Chair of the Audit Committee and agreed that the best way forward was to allocate time with members to talk through the list of questions using the CIPFA checklist which will inform the basis of the review.

Members were also advised that the latest CIPFA guidance recommended an annual report to the Combined Authority Cabinet. The report should demonstrate how the committee has discharged its responsibilities.

#### **During discussion Members put the following comments/queries:**

- The benefits of the CIPFA statement.
- The Chair suggested that the review be undertaken on a 1-2-1 basis or a round table discussion.
- A Member asked if Committee could review the answers given. The Chief Internal Auditor replied stating that the review should be seen as a helpful/useful process and not a threat.
- The Chair suggested that all senior officers be involved in the review process.

A representative from Mazars (External Audit) suggested methods of feedback to committee and gave an example of the procedure used by the NHS.

Members heard that the review would be completed by 30 June 2020 and the initial results reported to the Audit Committee at its July meeting.

**RESOLVED** - that the North of Tyne Combined Authority Audit and Standards Committee endorsed the approach to undertaking a review of the effectiveness of the Audit and Standards Committee.

47 **UPDATE REPORT ON PROGRESS AGAINST THE INTERNAL AUDIT DIAGNOSTIC TOOLKIT**

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

The Chief Finance Officer introduced the report the purpose of which was to provide an update against the Internal Audit Diagnostic Toolkit.

Committee were reminded that the Internal Audit Plan 2019/20 was approved by the Audit and Standards Committee in April 2019. The Committee had agreed that the first part of the year Internal Audit would focus in the completion of a diagnostic toolkit to help the Combined Authority assess the extent to which the Financial Procedure Notes contained within the Combined Authority's Financial regulations have been implemented.

The diagnostic work undertaken had been helpful in understanding how well current financial systems were working and where improvements could be made.

**RESOLVED** – that the North of Tyne Combined Authority Audit and Standards Committee noted the report.

48 **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).

The Risk Advisor introduced the report the purpose of which was to provide members with the Strategic Risk and Opportunities Register for the North of Tyne Combined Authority following its approval by Cabinet. The report also included a summary of the strategic risks the North East Joint Transport Committee faces as it seeks to achieve its objectives.

Members were advised that at its meeting in October 2019 the Cabinet agreed that the Audit and Standards Committee would be responsible for overseeing risks; the risk owners are the appropriate directors. The two new appointments, Director of Economic Growth and Director of Policy, Communications and Business Operations are now permanent.

49 **2019/20 ANNUAL GOVERNANCE STATEMENT ASSURANCE FRAMEWORK**

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

The Risk Advisor introduced the report advising members that the purpose of the report was to introduce the assurance framework which will be used to produce the Authority's Annual Governance Statement. The Audit and Standards Committee will use the assurance framework to review the governance and internal control environment operating during 2019/20 and to challenge assurance being provided on the effective operation of control systems before approving the Annual Governance Statement for inclusion with the Authority's final 2019/20 annual accounts.

**RESOLVED** – that the North of Tyne Combined Authority Audit and Standards Committee agreed the approach to be taken to produce the 2019/20 Annual Governance Statement, including the Authority's assurance framework

50 **EXTERNAL AUDIT - ANNUAL AUDIT LETTER**

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

Jim Dafter introduced the progress report. Members noted the intention to present the 2019/20 Audit Strategy Memorandum to the April Audit Committee.

**RESOLVED** – that the North of Tyne Combined Authority Audit and Standards Committee noted the report.

51 **DATE AND TIME OF NEXT MEETING**

21 April 2020 at 10.00am