

Audit and Standards Committee

19 January 2021

(10.00 - 10.45 am)

The meeting was held remotely and live streamed to YouTube.

Draft Minutes

Present:

Chair: Doug Ross

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

71 WELCOME AND APOLOGIES

The Chair welcomed everyone to the meeting. Apologies were received from Cllr S Dickinson. Cllr Dunn attended in place of Cllr Dickinson. Cllr Seymour attended as a substitute.

72 DECLARATIONS OF INTEREST

None

73 AGREEMENT OF THE MINUTES OF THE MEETING HELD ON 17 NOVEMBER 2020

RESOLVED - that the minutes of the meeting held on 17 November 2020 were agreed as a correct

74 INTERNAL AUDIT

(a) 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 & Standards Committee with an update on progress against the 2020/21 Internal Audit Plan, agreed by the Audit and Standards Committee at its meeting on 28 July 2020.

Members noted the work completed since the July meeting, work planned for quarter 4 and unplanned work.

Comments and questions from Members

- A member referred to Climate Change and asked if there is a report available with details of the Citizens Assembly which is scheduled to begin in February. Ruth Redfern, Director of Policy and Performance, advised that a report is available and can be circulated.
- Reference was made to the review of IT system controls in place within the OPS Project and Grant Management System and a question asked as to what system was in place prior to the new system. The Acting Chief Internal Auditor explained that internal audit will monitor the grant conditions and will look at what interim arrangements the Combined Authority have had in terms of the grant monitoring process. He also advised that as the Combined Authority develops, grants will increase; the grants will be included in the audit.

RESOLVED – that the Audit and Standards Committee noted the report.

(b) Development of Strategic Audit Plan 2021-22

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

Members considered the report the purpose of which was to outline the proposed approach to preparing the Strategic Audit Plan for 2021/22 for consideration and endorsement. The report also ensured that the Audit and Standards Committee, as a key stakeholder of Internal Audit's work, is engaged at an early stage in the assurance planning process.

Committee were advised that this is a procedural report in respect of the 2021/22 Audit Plan. Work is ongoing to put processes in place that will guide the Audit Plan. Uncertainties and impacts resulting from the coronavirus will be reflected in the Plan. The Acting Chief Internal Auditor emphasised the importance of involving committee members in the process.

Questions and Comments from Members

- The Acting Chief Internal Auditor responded to a question regarding Brexit and the coronavirus advising that the 2021/22 Audit Plan will be flexible and able to adapt to emerging risks.
- A Member referred to the evolving devolution agenda which adds complexity to the financial plans of the Combined Authority and asked to what extent this is covered in the Strategic Audit Plan. The Acting Chief Internal Auditor advised that the Devolution deal is included in this year's plan and will be an ongoing review in within future Strategic Audit Plans.

RESOLVED – that the Audit and Standards Committee endorsed the approach to preparation of assurance coverage and resulting Strategic Audit Plan for 2021/22.

75 **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).

Consideration was given to the report the purpose of which was to provide assurance to Audit and Standards Committee that the most significant risks and opportunities have been identified, are being monitored and measures are being taken to address them.

The Risk Advisor to the Combined Authority drew Members attention to a revised risk in the register: the Devolution Deal risk description has been strengthened by the risk owner, to reflect the current uncertainties surrounding delivery of the Deal brought on by the Coronavirus pandemic and the potential impact this may have on NTCA's plans and ambitions. Members were also advised that there will be a fundamental review of the whole Strategic Risk Register in the coming months.

Comments and questions from Members included:

- A Member referred to the risk relating to Operational Capacity and Resources and asked the Risk Advisor if the comments about 'lack of clarity and shared understanding were due to communication, willingness or connected to the Service Level Agreement providing support services. The Risk Advisor explained that it was connected to the Service Level Agreements when the Risk first appeared on the register but due to work undertaken a Recruitment Plan is now in place and some staff appointments have been made. The Risk will begin to show signs of improvement.
- The Chief Finance Officer responded to a question regarding the reference to JERIMIE explaining that it is a source of funding that allows the delivery of programmes across the LA7 group.
- Referring to the 'red' rating score for the Devolution Deal a Member asked if this meant that the likelihood of the risk happening was outside officer control due to the impact of the pandemic and, assurance sought that the North of Tyne is in control of the situation. In response the Risk Advisor explained that prior to the pandemic the risk was rated as amber but subsequently reassessed because of the uncertainty created by the current crisis. The risk is closely monitored.
- Reference was made to the risk relating to the Joint Transport Committee (JTC) and the North East LEP and whether there was any concern that the Strategic Objectives will not be delivered. The Risk Advisor explained that the JTC has its own Audit Committee and the report is for information only. The Risk Advisor assured Members that any significant risk in respect of the North East LEP will appear on the register.

RESOLVED that the Audit and Standards Committee –

- 1) Acknowledged the devolution deal risk description that has been updated to reflect the current uncertainties surrounding delivery of the Deal and the impact that may have on NTCA's plans and ambitions.
- 2) Noted that following a review of the Authority's work programme a fundamental review of the strategic risks and opportunities register will be undertaken.
- 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) included for information.

76 ANNUAL AUDIT LETTER

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

Consideration was given to the Annual Audit Letter which summarised the work undertaken by the auditor for the North of Tyne Combined Authority (NTCA) for the year ended 31 March 2020. Committee also noted the increase in fees.

The Chief Finance Officer reported that the Annual Audit Letter highlighted issues previously reported in respect of quality assurance. Members noted that the North of Tyne has engaged with the constituent authorities to seek short term resources to support the audit process, providing technical knowledge and expertise.

The External Auditor and the Chief Finance Officer addressed questions from Member which included:

The proposed fee versus the actual fee and the percentage increase. The External Auditor and the Chief Finance Officer explained that the increase is due to additional work arising from the quality of the accounts, but in addition additional work that had to be undertaken in relation to the Pension Triannual Review. The percentage increase is 30% , however this is not unique to the North of Tyne. All authorities in the LA7 group face similar increases. The External Auditor advised that there were a number of regulatory issues within the audit that required additional work and, all auditors are charging additional fees due to the impact of Covid 19 and in respect of the pension fund.

Responding to a question as to whether the fees will reduce for next year, it was noted that negotiations were underway with the aim of revising the audit fee.

RESOLVED – that the Audit and Standards Committee noted the Annual Audit Letter.

77 STANDARDS - REVISED MODEL CODE OF CONDUCT

Submitted; Report of the Interim Monitoring Officer (previously circulated and a copy attached to the Official Minutes).

The Interim Monitoring Officer introduced the report and confirmed that the Local Government Association (“LGA”) had now published its model code of conduct.

However, as the code was voluntary, it was a matter for each local authority (including the Combined Authority) to decide whether to adopt the model code in whole, in part or not at all. It was envisaged that, as had happened previously, there would be discussions between the local authorities within the region to see whether there was a consistent approach. The Committee would be updated on those discussions in due course but any comments from Members in the interim would be welcomed.

A Member suggested that the Committee should make a recommendation that the Combined Authority and the three constituent authorities should agree the model code in its entirety. In response the Interim Monitoring Officer advised that the Combined Authority’s existing code of conduct was largely based on the codes which were already in place at the three constituent authorities. He suggested that it may be best for the three constituent authorities to have time to review the new model code and consider what changes they might want to make before the Committee took a view on revising the Combined Authority’s code. The Chair suggested that Members wait until that review had taken place. A member suggested that the new model code should set out the basic threshold for what the Combined Authority’s code should contain in the future.

RESOLVED that the Audit and Standards Committee –

- 1) Noted the report.
- 2) Agreed that a further report be brought back to Committee when there had been the opportunity for the model code to be considered at a regional level.

78 **DATE AND TIME OF NEXT MEETING**

20 April 2021 at 10.00am. The meeting will be held remotely.