



## AUDIT COMMITTEE

22 April 2015

### PRESENT:

#### Directors

George Clark (Chair)  
Mick Davison  
Tracy Harrison  
Peter Mole

#### Advisers

Neil Bouch	Director of Customers and Communities
Natalie Hewitt	Head of Corporate Services
Phil Gallagher	Head of Investment and Development
David Johnson	Chief Internal Auditor, Gateshead Council
Deborah Clark	Internal Audit Manager, Gateshead Council
Jane Wright	Audit and Risk Manager, Gateshead Council
Mick Davison	KPMG
Nick Plumb	KPMG
James Morgan	KPMG
Stuart Gibson	Governance and Risk Officer

#### Apologies

Robert Buckley  
Helen Hall  
Joachim Moussouanda Mouanda

### 26 ROBERT BUCKLEY

The Board placed on record its best wishes to Robert Buckley for a full and speedy recovery following his recent stroke.

### 27 MINUTES

The minutes of the meeting of the committee held on 13 January 2015 were approved as a correct record, subject to the reference to the 'Chief Internal Audit' in Minute 28 being amended to read 'Chief Internal Auditor'.

### 28 EXTERNAL AUDIT STRATEGY AND PLANNING MEMORANDUM

KPMG, the Company's external auditors, have produced their external audit strategy and planning memorandum for the financial year ending 31 March 2015, details of which were submitted.

The committee was informed that from 26 February 2015, for any new contracts, contractors had to be paid within 30 days. The Head of Service would check that this was already in the current policy.

It was noted that there was concern across the sector about the quality of data.

It was noted that Mick Thompson is standing down this year as the audit partner as he has now served the maximum 10 year period allowed under auditing standards.

- RESOLVED – (i) That the external audit strategy and planning memorandum for the financial year ending 31 March 2015 be approved.
- (ii) That the committee place on record its thanks to Mick Thompson for his 10 years as audit partner for the Company.

## **29 STRATEGIC RISK REGISTER**

The Strategic Risk Register has been updated to reflect the strategic risks currently facing the Company following approval of the new 5 year plan. A copy of the updated register was submitted.

The committee acknowledged that one of the biggest risks to the HRA is the Right to Buy. It was noted that the Company would be bringing a report on annual activity in 2014/15 to the next Board Meeting, and provide an update on Right to Buy.

The committee felt that as an organisation the Company should continue to make representations expressing its objections to Right to Buy.

The committee asked if the Company had joined a regional group to express its concerns about Welfare Reform. It was noted that the Company was a member of the Northern Housing Consortium and representations were made through this.

The committee stressed that Welfare Reform was a major risk to the Housing Revenue Account. It was noted that the report on annual activity in 2014/15 would highlight the areas of low demand and where they were.

The committee felt that the Company needed to be putting motions through to the Council about its concerns. It was noted that the Company had been talking to the Council about how it can deliver the 5 year strategic plan to them and as part of that work the challenges in terms of activity.

The committee felt that SR1 – Failure to focus on Customers should include work being carried out for customers accessing services online. It was noted that the Company was promoting digital by default and providing additional resources to support Universal Credit applicants which the Company are currently recruiting to.

The committee also stressed there were a number of people who haven't been able to get into the system in the first place because they were being

timed out. It was noted that the Company was providing guidance at the beginning of the process on what information a person will need to complete the application.

RESOLVED – That the updated Strategic Risk Register be approved, subject to SR1 – Failure to focus on the Customer including the working being carried out for customers accessing services online.

### **30 2015/16 INTERNAL AUDIT PLAN AND STRATEGY**

Gateshead Council's Chief Internal Auditor has produced an Internal Audit Strategy Statement for 2015-2018 which includes the Annual Plan for 2015/16. The plan is based upon a requirement of 194 audit days (1,455 hours). The proposed plan and further detail of the individual audit areas was submitted.

The committee was informed that the Council's Internal Audit Service had recently been externally audited and was considered compliant. A copy of the final report would be sent to all members of the committee.

- RESOLVED – (i) That the Internal Audit Plan for 2015/16 be approved, subject to one of the management indicators being amended to read 'Number of audit recommendations due and implemented'.
- (ii) That a copy of the Gateshead Council Public Sector Internal Audit Standards Compliance Review be sent to all members of the committee.

### **31 INTERNAL AUDIT PLAN 2014/15 – PROGRESS REPORT**

Progress made by the Internal Audit Service against the audit plan for the financial year 2014/15 was reported.

At year-end, 16 final reports and six draft reports had been issued. Field work had been completed for all audits.

RESOLVED – That progress to date with the 2014/15 Internal Audit Plan be noted.

### **32 FORWARD PLAN**

A forward plan of reports which will be presented to Audit Committee during the next year was submitted.

RESOLVED – That the forward plan be noted.

### **33 DATE AND TIME OF NEXT MEETING**

The next meeting of the committee will be held on Wednesday, 1 July 2015 at 2pm in Room S21, Gateshead Civic Centre, Regent Street, Gateshead.

## **34 EXCLUSION OF THE PRESS AND PUBLIC**

RESOLVED – That the press and public be excluded from the meeting during consideration of the remaining business in accordance with Category 4 of the Company's Access to Information Rules.