



AUDIT COMMITTEE

14 October 2015

PRESENT:

Directors

George Clark (Chair)
 Robert Buckley
 Mick Davison
 Helen Hall
 Tracy Harrison
 Joachim Moussounda Mouanda

Advisers

Neil Bouch	Director of Customers and Communities
Natalie Hewitt	Head of Corporate Services
Stuart Gibson	Governance and Risk Officer

Also in attendance

David Johnson	Chief Internal Auditor, Gateshead Council
Jane Wright	Audit and Risk Manager, Gateshead Council
Robert Bowmaker	Senior Audit and Risk Officer, Gateshead Council

Apologies

Peter Mole

28 MINUTES

The minutes of the meeting of the committee held on 1 July 2015 were approved as a correct record.

29 RISK MANAGEMENT TRAINING FOR AUDIT COMMITTEE MEMBERS

The committee received training on risk management. In particular, the committee received an overview on the definition of risk management, risk management in practice, the key roles and issues in Public Sector Housing.

RESOLVED – That the training be noted.

30 RISK MANAGEMENT POLICY

The Board approved a new Risk Management Policy at its meeting on 8 July 2010. This was following a comprehensive review of risk management that was carried out by Price Waterhouse Coopers.

Following an internal audit of risk management in 2012, one of the recommendations in the report was to carry a review of how risks and mitigation

are evaluated to allow the operational risk register to be developed to highlight the impact of the cost effectiveness of controls. This resulted in residual likelihood and impact after future actions and the impact of cost of effectiveness of future actions being added to the risk register. These changes have been reflected in the Policy.

The Policy previously based its definition of risk around the Audit Commission's definition. Given that the Audit Commission has been abolished for some time now, a more current definition has been included in the Policy.

Other minor changes have also been made to the Policy since it was approved in 2010 which have not been reported to the Board but have been updated to the Policy in the Governance Handbook.

The updated Policy with all the changes highlighted in red was submitted.

The committee felt that there should be reference in the Policy that the Board were owners of the risks. It was noted that the Board has responsibility for overseeing all the risks. However, there was a clear structure in place for the ownership of its risks whereby a member of Management Team owned each of the strategic risks and an operational manager owned each of the operational risks.

The committee questioned whether there were appropriate controls in place for data assurance, with particular reference being made to other organisations' boards receiving data that wasn't correct. It was noted that the Company's Performance Team look at all data with a critical eye. As well as the role of internal audit, financial data is scrutinised by external audit. The Agresso finance system and Northgate Housing Management System are also reconciled on a regular basis. This committee also scrutinised data before it went to the Board. It was suggested however also looking at the HCA's guidance to see what else it could do.

- RESOLVED – (i) That the updated Risk Management Policy be approved and the policy to be reviewed bi-annually.
- (ii) That Officers look at the HCA's guidance to see what else the Company should be doing around data assurance.

31 STRATEGIC RISK REGISTER

The committee received the Strategic Risk Register, which has been updated since it was last reported to the committee in April 2015.

- RESOLVED – That the Board be recommended to approve the updated Strategic Risk Register, subject to the Company's risk appetite also being linked Board skills (SR4: Failure to deliver on new projects).

32 2015/16 INTERNAL AUDIT PLAN – PROGRESS REPORT

Progress made by the Internal Audit Service against the audit plan for the financial year 2015/16 was reported.

As at 30 September 2015, six final reports and one draft report had been issued and three further audits were in progress.

RESOLVED – That the committee is satisfied with progress to date with the 2015/16 Internal Audit Plan.

33 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.

34 DATE AND TIME OF NEXT MEETING

The next meeting of the committee will be held on Wednesday, 13 January 2016 at 2pm in Room S21, Gateshead Civic Centre, Regent Street, Gateshead

35 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 the indicated categories of the Company's Access to Information Rules.