

## **Audit Committee**

**Wednesday, 16 November 2022**

Present: M Wilkinson (Chair)  
Dr S Green  
Councillors Mrs L Arkley OBE, D Cox, L Ferasin,  
T Mulvenna and J O'Shea

Apologies: Councillors G Bell and L Bell

### **AC/22/22 Appointment of Substitute Members**

There were no substitute members reported.

### **AC/23/22 Declarations of Interest and Notifications of any Dispensations Granted**

There were no declarations of interest reported.

### **AC/24/22 Minutes**

Resolved that the minutes of the meeting held on 27 July 2022 be confirmed and signed by the Chair.

### **AC/25/22 Health Inequalities - Corporate Risk**

Consideration was given to a report which set out the risks the Authority faced in relation to health inequalities and how these risks were being managed.

It was explained that residents who lived with existing disadvantage could suffer from poorer health outcomes and were more likely to die at a younger age than residents from more affluent areas of the borough. They were also more likely to require greater support from health and social care services and less likely to be in employment.

It was acknowledged that tackling health inequalities required a long-term commitment and the involvement of a number of agencies. It was also explained that the Authority and its NHS partners had a set of shared priorities which reflected the Joint Strategic Needs Assessment and the Health and Wellbeing Strategy. The governance structure of the health and wellbeing strategy was outlined together with the key leads in delivering each of the themes contained within it.

During consideration of the report the Committee passed the following resolution:

**Resolved** that under Section 100A of the Local Government Act 1972 (as amended) and having applied a public interest test as defined in part 2 of Schedule 12A of the Act, the press and public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 3

of Part 1 of Schedule 12A to the Act.

Members questioned the impact that inflation had on the delivery of services and those residents on benefits and/or low wages. Reference was made to the Poverty Partnership and the interventions in place to try to deal with the cost of living crisis.

**Resolved** that the report be noted.

## **AC/26/22      Annual Financial Report 2021-22**

Consideration was given to a report which provided an update on the progress made in relation to the completion of the Authority's 2021/22 Audited Annual Financial Report.

It was explained that an issue in relation to the reporting of infrastructure assets had led to delays in the completion of local authority audits. This was a national issue and the Committee was advised that Government proposed to put in place a statutory accounting override to allow local authorities to treat the value of replaced components of infrastructure assets as nil. The statutory override was anticipated to be in place in December 2022 which meant that the Authority's financial statements would not be finalised until early 2023

It was explained that apart from the national issue in respect of infrastructure assets the audit of the 2021/22 accounts had been substantially completed and an unqualified audit opinion expected. A number of disclosure errors had been identified, the majority of which had been corrected and reflected in the Annual Financial Report.

It was also explained that the Authority had received a revised Airport valuation after the draft 2021/22 had been published. The revised accounts reflected the change in the Airport valuation. Outstanding information relating to the Tyne and Wear Pension Fund was expected to be provided in the next week.

Reference was made to the systems in place in relation to the prevention and detection of fraudulent Covid grant claims. It was explained that the Authority had suitable checks in place.

**Resolved** that (1) the Audit Results Report submitted by the Authority's external auditors be noted; and  
(2) the revised 2021/22 draft Annual Financial Report be noted

## **AC/27/22      Internal Audit Charter 2022**

Consideration was given to a report which provided an update on the Internal Audit Charter which had previously been agreed in 2017.

It was explained that the Authority's previous Internal Audit Charter had been agreed in 2017 when the internal audit service had been part of the shared service with Northumberland County Council. The Charter required updating to ensure that the requirements of the Public Sector Internal Audit Standards 2017 and the associated Local

Government Application Note in relation to Internal Audit were properly met.

**Resolved** that the Internal Audit Charter 2022 be agreed.

**AC/28/22      Key Outcomes from Internal Audit Work undertaken between May 2022 and October 2022**

Consideration was given to a report which set out the key outcomes from internal audit reports issued between May and October 2022 to enable the Committee to maintain an oversight of the emerging risks and governance issues as they arose during the year.

It was explained that there had been five reports finalised within the reporting period which had received a significant assurance rating and three had been given a limited assurance rating. One high priority recommendation had been made, in relation to information governance training and it was noted that since the report had been issued training and recertification levels had improved but this would continue to be monitored. A further seven reports were still to be finalised and once completed would be included in the next Key Outcomes Report to the Committee

For each of the reports a level of assurance had been identified and a series of recommendations made, examples of good practice identified and where appropriate the progress made by management in relation to the issues identified had been outlined.

**Resolved** that the key findings, good practice identified and the management response to the internal audit reports issued between May and October 2022 be noted.

**AC/29/22      North East Audit Committee Chairs Forum**

Consideration was given to a report which explained that arrangements had been put in place for the Chairs of the Audit Committees in the region to meet on a regular basis to discuss topical issues and to network. The Authority had agreed to host the North East Region and the second meeting had been held on 5 October 2022. Guest speakers had been provided by the Local Government Association (LGA) and the Institute of Internal Auditors who covered a variety of topics of interest to those present.

**Resolved** that the report be noted

**AC/30/22      Exclusion Resolution**

**Resolved** that under Section 100A of the Local Government Act 1972 (as amended) and having applied a public interest test as defined in part 2 of Schedule 12A of the Act, the press and public be excluded from the meeting for the following items of business on the grounds that they involved the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Act.

**AC/31/22      Strategic Audit Plan 2022/23 - Interim Monitoring Statement**

Consideration was given to a report which provided a half yearly update on the Strategic Audit Plan 2022/23. Members sought and received clarification in relation to several items in the report.

**Resolved** that the progress set out in the monitoring statement and the planned levels of coverage achieved by Internal Audit at this stage of the year be noted.

**AC/32/22      Corporate Risk Management Summary Report**

Consideration was given to a report which outlined the corporate risks that had been identified for monitoring and management by the Authority's Senior Leadership Team as of 17 October 2022. The report provided detailed information on each of the corporate risks, including the cause of the risk, the consequences if the risk were to materialise together with the controls in place to address those risks.

It was explained that the risk register had been updated prior to consideration by the Senior Leadership Team and the Cabinet in April 2022. The Climate Change Risk had been replaced by the risk associated with the Delivery of the Carbon Net Zero 2030 Action Plan and the risk score in relation to workforce succession planning had increased.

Clarification was sought by members in relation to specific elements of the risk register and it was noted that the Director of Resources would provide an update on some of the risks within his remit at the next meeting as part of the Committee's overview of the Authority's risk register.

**Resolved** that the review of the key corporate risks undertaken by the Senior Leadership Team and endorsed by Cabinet as part of the Authority's risk management arrangements be noted.