



**North Tyneside Council**

# Audit Committee

Monday 7 November 2022

**Wednesday, 16 November 2022** 0.02 Chamber - Quadrant, The Silverlink North, Cobalt Business Park, North Tyneside, NE27 0BY **commencing at 6.00 pm.**

Agenda Item	Page
<p>1. <b>Apologies for Absence</b></p> <p>To receive apologies for absence from the meeting.</p>	
<p>2. <b>Appointment of Substitute Members</b></p> <p>To be notified of the appointment of any Substitute Members for the meeting.</p>	
<p>3. <b>Declarations of Interest and Notifications of any Dispensations Granted</b></p> <p>You are invited to declare any registerable and /or non-registerable interests in matters appearing on the agenda and the nature of that interest.</p> <p>You are also invited to disclose any dispensations in relation to any matters appearing on the agenda that have been granted to you in respect of any matters appearing on the agenda.</p> <p>You are also requested to complete the Declarations of Interests card available at the meeting and return to the Democratic Services Officer before the end of the meeting.</p>	
<p>4. <b>Minutes</b></p> <p>To confirm the minutes of the meeting held on 27 July 2022.</p>	<b>5 - 8</b>
<p>5. <b>Health Inequalities - Corporate Risk</b></p> <p>To give consideration to an update on the controls in place to mitigate the Authority's risks in relation to Health Inequalities.</p>	<b>9 - 18</b>

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<b>Agenda Item</b>	<b>Page</b>
<p>6. <b>Annual Financial Report 2021-22</b></p> <p>To give consideration to the Authority's financial report for 2021/22 including the draft statement of accounts and the draft audit results report and to highlight changes to the 2021/22 accounts. (To follow)</p>	
<p>7. <b>Internal Audit Charter 2022</b></p> <p>To give consideration to a report which provides details of an updated Internal Audit Charter following the ending of the shared service with Northumberland County Council.</p>	<b>19 - 34</b>
<p>8. <b>Key Outcomes from Internal Audit Work undertaken between May 2022 and October 2022</b></p> <p>To receive a report on the key outcomes of internal audit work undertaken between May and October 2022.</p>	<b>35 - 54</b>
<p>9. <b>North East Audit Committee Chairs Forum</b></p> <p>To receive an update on the recent North East Audit Committee Chairs' Forum meeting hosted by the Authority.</p>	<b>55 - 58</b>
<p>10. <b>Exclusion Resolution</b></p> <p>The Committee will be requested to pass the following resolution:</p> <p>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 involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Act.</p>	
<p>11. <b>Strategic Audit Plan 2022/23 - Interim Monitoring Statement</b></p> <p>To give consideration to the interim monitoring statement in relation to the 2022/23 Strategic Audit Plan.</p>	<b>59 - 72</b>
<p>12. <b>Corporate Risk Management Summary Report</b></p> <p>To give consideration to a report which sets out the position in relation to the Authority's corporate risks as reported to Cabinet in October 2022.</p>	<b>73 - 130</b>

**Circulation overleaf ...**

## **Members of the Audit Committee**

Malcolm Wilkinson (Chair)  
Councillor Gary Bell  
Councillor Debbie Cox  
Councillor Tommy Mulvenna  
Dr Stuart Green (Deputy Chair)

Councillor Mrs Linda Arkley OBE  
Councillor Linda Bell  
Councillor Lisa Ferasin  
Councillor John O'Shea

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## **Audit Committee**

**Wednesday, 27 July 2022**

Present: M Wilkinson (Chair)  
Councillors G Bell, L Bell, D Cox, L Ferasin and J O'Shea

Apologies: Councillor T Mulvenna

### **AC/13/22 Appointment of Substitute Members**

There were no substitute members reported.

### **AC/14/22 Declarations of Interest and Notifications of any Dispensations Granted**

There were no declarations of interest reported

### **AC/15/22 Minutes**

**Resolved** that the minutes of the meeting held on 25 May 2022 be confirmed and signed by the Chair

### **AC/16/22 Annual Governance Statement 2021/22**

Consideration was given to a report which advised the Committee of the outcome of the review of the Authority's system of internal control. It was explained that the Accounts and Audit Regulations 2015 required the Authority to carry out a review of the effectiveness of its internal controls and produce an Annual Governance Statement (AGS) at least once each year.

It was explained that the Annual Governance Statement had been compiled in accordance with a governance framework produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE). The Chief Executive, Assistant Chief Executive and each of the Directors had been involved in the production of the AGS and the key documents/functions that had been reviewed as part of the preparation of the AGS were set out in the appendices to the document.

Reference was made to the addition of new items on the corporate risk register including supply chain issues, the impact of Covid-19 and increasing energy costs. Clarification was provided in relation to the actions taken by the Authority in respect of monitoring and controlling the distribution of Covid Grants. It was explained that there were robust systems in place to deal with potential fraud in relation discretionary grants and that finance had worked closely with internal audit to provide appropriate assurances up front. It was explained that central government would pick up any potential fraud in relation to business grants.

**Resolved** that (1) the outcome of the review of the Authority's systems of internal control be noted;

- (2) the draft Annual Governance Statement be approved to accompany the 2021/22 Statement of Accounts; and
- (3) the assurances provided in respect of the challenges made in relation to the payment of Covid grants and the actions proposed in the Annual Governance Statement relating to any governance issues identified be noted.

#### **AC/17/22      Draft Annual Statement of Accounts 2021/22**

Consideration was given to a report which provided an update on the closure of the 2021/22 accounts.

It was explained that in 2021 the Ministry of Housing, Communities and Local Government had put place revised regulations which had moved the publication date for the Authority's audited accounts from 31 July to 30 November for a two year period. The revised regulations provided local authorities with additional flexibility in relation to the public inspection period. Previously the documents had to be available for public inspection in the first 10 working days in June and the new regulations required local authorities to commence their public inspection period on or before the first working day of August 2022. A draft set of accounts was required to be published by no later than 31 July 2022 and the Committee was advised that a draft set of the accounts had been published on the Authority's website on the 30 June 2022.

It was also explained that the Authority's External Auditors had commenced its audit of the 2020/21 accounts on the 4 July and it was anticipated that a signed off set of accounts would be published by the end of September 2022.

An unaudited draft copy of the Annual Financial Report 2021/22 was presented for members information and an overview of the contents of the report was given. It was explained that the statement of accounts provided an overview of the Authority's finances for 2021/22.

Reference was made to the Authority's reserves and an explanation provided on the various categories of reserves including committed reserves and those which were usable. Officers offered to look to see if the position regarding reserves could be made a bit easier to understand.

**Resolved** that (1) the publication of the draft set of accounts in advance of 31 July 2022 be noted; and

(2) the commencement of the external audit on 4 July 2022 be noted

#### **AC/18/22      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 involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Act.

**AC/19/22      Review of Corporate Risk Register - Economic Downturn**

Consideration was given to a report which set out the risks for the authority in relation to the economic downturn and the control measures in place to mitigate against those risks. It was explained that there were 13 controls in place to manage the risks and an explanation of each of the controls was given. The Committee was also advised that risk holder continued to keep abreast of the conditions to enable mitigating actions to be put in place when necessary. It was explained that the existing control measures would mitigate the impact of the risks for the economy of the borough.

**Resolved** that the report be noted

**AC/20/22      Review of Corporate Risk Register - Supply Chain**

Consideration was given to a report which set out the risks for the Authority in relation to the supply chain. It was explained that since 2020 the supply chain had experienced a number of challenging factors including the pandemic, the conflict in eastern Europe, the transition from the European Union and the cost of living crisis.

It was explained that there were a number of measures in place to review the supply chain and to ensure that appropriate financial checks were in place to ensure financial stability and these were regularly monitored by the risk holder.

**Resolved** that the report be noted

**AC/21/22      Chair's Announcement**

The Chair announced that Janice Gillespie, the Director of Resources would be moving to a new position with the North of Tyne Combined Authority and this would be the last meeting of the Committee that she would be attending. He offered his thanks for her support and for making complex financial matters understandable. Members of the Committee echoed those thoughts and wished her well in her future endeavours.

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## North Tyneside Council Report to Audit Committee Date: November 2022

**Title:** Health Inequalities Corporate Risk

**Report from Service Area:** Public Health/Corporate Strategy

**Responsible Officers:** Wendy Burke, Director of Public Health Tel: (0191) 6432104  
Jacqueline Laughton, Assistant Chief Executive Tel: (0191) 643 5724

**Wards affected:** ALL

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### **PART 1**

#### **1.1 Executive Summary:**

The health inequalities that existed prior to the COVID-19 pandemic have subsequently been amplified and more recently it is also widely acknowledged that the current rise in the cost of living is likely to have a disproportionate impact on some of our communities in North Tyneside.

If appropriate measures are not put in place, residents living with existing disadvantage may continue to suffer from poorer health outcomes and are also more likely to die at a younger age than residents living in more affluent areas of the borough. The high burden of disease in some of our communities generates higher use of health and social care services and leads to higher unemployment and lower productivity. There is therefore both a moral and economic imperative to tackle health inequalities so that all our residents have an equal chance to live long, healthy and happy lives.

A corporate risk attached in appendix 1 has been agreed. The key mitigation for this risk is delivering the Joint Health and Wellbeing 'Equally Well' Strategy which aims to tackle health inequalities and is North Tyneside's high level strategic plan for improving the health and wellbeing of our population. Progress against the ambitions of the strategy is monitored at each Health and Wellbeing Board meeting. This report sets out the details of the controls in place to mitigate the risk to the Authority.

#### **1.2 Recommendation(s):**

It is recommended that the Audit Committee note the contents of this report and endorse the approach taken to tackle health inequalities.

This report relates to all the five key themes in the Our North Tyneside plan as addressing the causes of health inequalities will help create a North Tyneside that is thriving, family-friendly, caring, secure and green.

## **1.4 Information:**

### **1.4.1 Background**

Health inequalities are the unfair and avoidable differences in health across the population and between different groups within society.

These unfair differences are:

- Not random, or by chance, but largely socially determined and
- Not inevitable

The issue of health inequalities is not new, but the moral imperative for addressing them was reinforced by the COVID-19 pandemic, which exposed and widened the pre-existing inequalities. In addition, the current rise in the cost of living is amplifying inequalities across communities.

## **1.5 Mitigations**

### **1.5.1. The Joint Health and Wellbeing ‘Equally Well’ Strategy** to tackle health inequalities is North Tyneside’s high level strategic plan for improving the health and wellbeing of our population.

The overall vision for [Equally Well : A Healthier, Fairer Future for North Tyneside \(2021-2024\)](#) is to ‘Reduce inequalities in North Tyneside by breaking the link between people’s circumstances and their opportunities for a healthy, thriving and fulfilled life’.

The Health and Wellbeing Board agreed to focus on the areas that have the biggest impact on people’s health and wellbeing:

- The wider determinants of health
- Our health behaviours and lifestyles
- An integrated health and care system
- The places and communities we live in, and with

The approach within this strategy and implementation plan is based on the up-to-date evidence of how best to effectively reduce inequalities and is informed by the considerable work led by Sir Michael Marmot and the Institute of Health Equity.

As outlined in the Strategy, in the past, there has been a tendency to focus primarily on single drivers of health rather than considering the complex interdependencies.

Therefore, partners have committed to taking a population health approach which means fundamentally changing the way we work and coming together as a whole system to tackle specific challenges.

Across the system we will consider critical stages, transitions, and settings where effective place-based action is required, using a combination of 'civic level', 'service based' and community interventions

The implementation plan is based on the up-to-date evidence of how best to effectively reduce inequalities. Senior Leaders across organisations in North Tyneside have developed the implementation plan in partnership for each of the strategy priorities as outlined below.

1. Give every child the best start in life
2. Enable all children, young people, and adults to maximise their capabilities and have control over their lives
3. Create fair employment and good work for all
4. Ensure a healthy standard of living for all
5. The places and communities we live in and with
6. Our lifestyles and health behaviours
7. An integrated health and care system

It is acknowledged that tackling health inequalities requires a long-term commitment and solely relying on changes in data such as life expectancy will take longer than the life of this strategy.

The multi-agency implementation plan outlines actions and expected outcomes in Year 1, in addition to presenting the expected longer-term outcomes over the strategy's four-year duration. Key performance indicators to measure progress are also highlighted for each priority.

The governance structure outlined in Table 1 will give the Health and Wellbeing Board assurance that each key impact area is being considered by a multi-agency partnership. Key indicators have been selected to measure progress, assess trends and monitor progress to reducing inequalities.

At each Health and Wellbeing Board throughout the year two themes will report back progress against actions, key activity, performance indicators and trends.

### **1.5.2. Shared priorities across the system**

North Tyneside Council along with partners across the NHS have a set of shared priorities which inform planning and investment. The priorities of the Health and Wellbeing Board partner organisations reflect the refreshed JSNA and the new Health & Wellbeing Strategy.

The new local arrangements in the NHS being delivered by the Integrated Care System and Integrated Care Board also reflect our shared priorities. The chief executive of North East and North Cumbria, ICP, Samantha Allen spent a full day in North Tyneside in October meeting the Mayor and Senior Leaders to fully understand the shared priorities and ambitions for North Tyneside.

All Integrated Care Partnerships (ICPs) are required to publish an Integrated care Strategy by December 2022 and North Tyneside sent our North Tyneside Plan, JSNA and Equally Well Strategy in addition to other key strategies to help inform the draft ICS Strategy.

**Table 1: Governance Structure**

Governance structure as agreed by the LA, ICB and Trust leads for the key priorities within the health and wellbeing strategy						
Best start in life	Maximising capabilities of children, young people and adults	Fair Employment and good work for all	Ensuring a healthy standard of living for all	The places and communities we live in and with	Our lifestyles and healthy behaviours	An integrated health and care system
<b>Leads:</b>  Wendy Burke, Janet Arris, Jill Harland	<b>Leads:</b>  Julie Firth Janet Arris/Anne Foreman Ruth Auten	<b>Leads:</b>  John Sparkes Gary Charlton Ruth Auten/Kate Thomson	<b>Leads:</b>  Jacqueline Laughton, Gary Charlton, Jill Harland	<b>Leads:</b>  Sam Dand Gary Charlton Jill Harland	<b>Leads:</b>  Wendy Burke Gary Charlton Jill Harland	<b>Leads:</b>  Julie Firth / Eleanor Binks Anya Paradis Ross Wigham TBC
Children and Young People's Partnership	Children and Young People's Partnership	Employability Strategy Group	Poverty Partnership	Safer North Tyneside Partnership  Wallsend and North Shields Masterplan  Climate Change Partnership  Culture Partnership	Tobacco Alliance  Healthy Weight Alliance  Drugs Alliance  Alcohol Partnership	NENC Integrated Care Board Place Based arrangement for North Tyneside  (details are yet TBC)

### 1.5.3. Health and Wellbeing Board meetings

The Health and Wellbeing Board meets 6 times a year and is well attended. A refresh of the membership has taken place and is due to be signed off at the Health and Wellbeing Board meeting on the 10 November. The new members include a Business Representative, Regeneration and Education representatives, which will strengthen the Board's approach to tackling inequalities and help mitigate the risk.

### 1.5.4. Integration of commissioning arrangements.

A joint people-based commissioning function across Adult Social Care, Children, Young People and Learners and Public Health is well established focusing on outcomes-based population commissioning.

Moving forward there is a clear priority to develop stronger joint commissioning frameworks across health and social care to improve community provision with the newly formed ICB and the place based arrangements, which will strengthen North Tyneside's approach to tackling inequalities together.

### 1.5.5. Community engagement

The Health and Wellbeing Board has a policy on engagement which supports delivery of the Health & Wellbeing Strategy across the whole partnership. Additionally, a representative from Healthwatch and VODA attend the Board which supports consultation and engagement.

This year's State of the Area Event brings together representatives from the council, partners, the private sector, the community and voluntary sector and our residents. This year stakeholders from around North Tyneside will focus on progress in the first year of the Equally Well Strategy and consider additional pressures due to the rising cost of living. This presents a further opportunity to look at our successes and to discuss how to tackle any key challenges identified and further mitigate risk.

## **1.5 Appendices:**

Appendix 1: Health inequalities risk

## **1.6 Contact officers:**

Wendy Burke, Director of Public Health, 0191 643 2104  
Jacqueline Laughton, Assistant Chief Executive, 0191 643 5724  
Rachel Nicholson, Senior Public Health Manager, 0191 643 8073

## **1.7 Background information:**

The following background papers/information have been used in the compilation of this report and are available at the office of the author:

- Equally Well : A Healthier, Fairer Future for North Tyneside (2021-2024)
- Equally Well Implementation plan (2021 -22)

## **PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING**

### **2.1 Finance and other resources**

Any financial implications arising from the delivery of the implementation plan to deliver Equally Well, North Tyneside's Health and Well Being Strategy will be met from existing budgets.

### **2.2 Legal**

The Authority is required to prepare a joint Health and Wellbeing Strategy for the Borough through the Health and Wellbeing Board, under section 116A of the Local Government and Public Involvement in Health Act 2007.

Delivering the Joint Health and Wellbeing Strategy supports the Health and Wellbeing Board's duty under Section 195 of the Health & Social Care Act 2012 to encourage partners to work closely together and in an integrated manner for the purpose of advancing the health and wellbeing of the people in the area.

### **2.3 Consultation/community engagement**

Regular consultation via the Health and Wellbeing Board through partnership reports.

## **2.4 Human rights**

There are no human rights implications directly arising from this report.

## **2.5 Equalities and diversity**

In undertaking the development of the Joint Health and Well Being Strategy and implementation plan, the aim has been to secure compliance with responsibilities under the Equality Act 2010 and the Public Sector Equality Duty under that Act.

## **2.6 Crime and disorder**

There are no crime and disorder implications directly arising from this report.

## **2.7 Environment and sustainability**

The place and environment we live in plays a vital role in both improving and protecting the health and wellbeing of our communities. A key theme in addressing and reducing health inequalities within the Equally Well strategy is to create and develop healthy and sustainable places and communities.

<b>Risk Subject:</b>	<b>Health Inequalities – 821</b>	<b>Risk Owner:</b>	<b>Wendy Burke, Jackie Laughton and Cllr Karen Clark</b>	
<b>Risk Detail:</b>				
There is a risk that joint action by the Health and Wellbeing Board and partners may not improve the inequalities in health that have widened following the disproportionate impact of COVID-19 in North Tyneside.				
<b>Opportunity:</b>				
<ul style="list-style-type: none"><li>• Robust approach to Joint Strategic Needs Assessment and Health and Wellbeing Strategy.</li><li>• Coordinated actions.</li><li>• Targeted investment.</li><li>• More efficient services.</li><li>• Peer Review of North Tyneside Health and Wellbeing Board</li><li>• Refresh of the joint Health &amp; Wellbeing Strategy to focus on inequalities and the impact of Covid-19.</li></ul>				
<b>Link to ‘Our North Tyneside’ Council Plan:</b>				
Thriving	Family Friendly	Caring	Secure	Green
X	X	X	X	
<b>Cause of Risk:</b>				
If appropriate measures are not put in place people from more economically deprived areas may continue to suffer from poorer health outcomes and are more likely to die at a younger age than those in the more affluent areas of the borough.				
<b>Consequences of Risk, if this were to materialise:</b>				
Financial:	<ul style="list-style-type: none"><li>• Inappropriate investment and the need for more Health and Social Care resources.</li></ul>			
Reputation:	<ul style="list-style-type: none"><li>• Adverse impact on the reputation of the Council and its partners.</li></ul>			
Council Plan Objectives:	<ul style="list-style-type: none"><li>• The Council Plan priority is unable to be met.</li></ul>			
Health & Safety:	<ul style="list-style-type: none"><li>• Divergent health across the borough.</li><li>• Disproportionate impact from other threats to health and wellbeing.</li></ul>			
Staff Morale:	<ul style="list-style-type: none"><li>• Adverse impact on staff morale.</li></ul>			
Assessments of the Council:	<ul style="list-style-type: none"><li>• Poor performance in relation to Outcome Frameworks.</li></ul>			
Any other consequences:				
<b>Existing Controls:</b>	<b>How does it reduce the risk?</b>			<b>Responsible Officer:</b>
1. The Health & Wellbeing Board (HWB) has a Joint Strategic Needs Assessment (JSNA) and a Health and Wellbeing Strategy in place that informs partnership planning and commissioning in relation to health inequalities.	The JSNA has been updated and we now have in place a new Joint Health and Wellbeing Strategy both have been informed by an assessment of the impact of the COVID-19 pandemic on inequalities. The new strategy focuses on tackling health inequalities across the borough and has been signed off by the Board on 11 November 2021.			Wendy Burke / Jackie Laughton

	<b>Assurance Source:</b> <ul style="list-style-type: none"> <li>• HWB agenda, reports and minutes</li> <li>• Impact of COVID-19 pandemic on inequalities report</li> <li>• Refreshed JSNA</li> <li>• New Joint Health and Wellbeing Strategy</li> </ul>	
2. North Tyneside Council along with partners across the NHS have a set of shared priorities which inform planning and investment.	The priorities of Health and Wellbeing Board partner organisations reflect the refreshed JSNA and the new Health & Wellbeing Strategy.	Wendy Burke / Jackie Laughton
	<b>Assurance Source:</b> <ul style="list-style-type: none"> <li>• HWB agenda, presentations, reports and minutes</li> </ul>	
3. Health & Wellbeing Board meets regularly and is well attended by partners.	<p>Health and Wellbeing Board is a formal subcommittee of the Council and is chaired by the Cabinet Member for Public Health &amp; Wellbeing. The committee is responsible for identifying shared priorities across the borough, linking them with commissioning decisions and overseeing the integration of health and social care, with a focus on reducing health inequalities.</p> <p>A new Joint Health and Wellbeing Strategy has been approved by the Board. This will inform the basis of the 'place based' work plan going forward.</p>	Wendy Burke/Jackie Laughton
	<b>Assurance Source:</b> <ul style="list-style-type: none"> <li>• New Health and Wellbeing Strategy was published after 11 November 2021</li> </ul>	
4. Integration of commissioning arrangements.	A joint people-based commissioning function across Adult Social Care, CYPL and Public Health is well established; focusing on outcomes based population commissioning.	Mark Longstaff
	<b>Assurance Source:</b> <ul style="list-style-type: none"> <li>• HWB agenda, presentations, reports and minutes</li> </ul>	
5. Community engagement	<p>The HWB has a policy on engagement which supports delivery of the Health &amp; Wellbeing Strategy across the whole partnership. Additionally, a representative from Healthwatch attends the HWB.</p>	Jacqui Laughton
	<b>Assurance Source:</b> <ul style="list-style-type: none"> <li>• Health &amp; Wellbeing Strategy</li> <li>• HWB Engagement Policy</li> <li>• HWB agenda, reports and minutes</li> </ul>	



6. Integrated Care Board (ICB)			<p>The ICB has been established across the North East and North Cumbria and place based arrangements are in development. There will be an Integrated Care Partnership Strategy for the North East and North Cumbria and the Local Place Based Plan will feed into this.</p> <p><b>Assurance Source:</b></p> <ul style="list-style-type: none"><li>NHS long term plan</li><li>Formation of the Integrated Care Board and place based arrangements</li></ul>	Wendy Burke	
<b>Current Score of Risk (as at update received on 16 August 2022):</b>					
Likelihood: (A,B,C,D,E or F)	Impact: (1,2,3, or 4)	Overall:	Reasons:		
B	2	B2 (R)	There is no change to the risk score due to the disproportionate impact that Covid-19 has had on inequalities across the borough together with the significant impact of the national cost of living increases.		
<b>New Controls:</b>			<b>How will it reduce the risk?</b>	<b>Responsible Officer:</b>	<b>Date that the new control will be in place:</b>
1. The Mayor and Cabinet are currently considering the impact of the significant national increases in cost of living for residents in the borough.			The outcome from this exercise will identify relevant actions that are required.	Jackie Laughton	
<b>Target Score of Risk:</b>					
Likelihood: (A,B,C,D,E or F)	Impact: (1,2,3, or 4)	Overall:	Reasons:		
E	4	E4 (G)	The target score should be achieved following the refresh and implementation of the Joint Health and Wellbeing Strategy and action by all partners at all levels across the system.		

Last updated: 16 August 2022

Update provided by Wendy Burke, Director of Public Health, and approved by Cllr Karen Clark, Cabinet Member responsible for Public Health & Wellbeing.

Agreed by SLT: 31 August 2022

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Title: Internal Audit  
Charter 2022

## North Tyneside Council Report to Audit Committee Date: 16 November 2022

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Report from Service Area: Resources

Report Author: Richard Dunlop, Interim Chief Internal Auditor (Tel: 643 5738)

Wards affected: All

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### **PART 1**

#### **1.1 Purpose:**

The purpose of this report is to present Audit Committee with an updated Internal Audit Charter. The Charter meets the requirements of the Public Sector Internal Audit Standards (April 2017) and the related Local Government Application Note. The Authority's previous Internal Audit Charter, published in 2017, covered the internal audit shared services with Northumberland County Council and required updating and refreshing.

#### **1.2 Recommendation:**

Audit Committee is asked to agree the updated Internal Audit Charter which is attached as **Appendix A** to this report.

#### **1.3 Council plan and policy framework**

The work of Internal Audit and the Audit Committee covers all service responsibilities as identified within the Council Plan.

#### **1.4 Information**

- 1.4.1 The Internal Audit Charter is a formal document which brings together internal audit's purpose, authority and responsibility. It is not an annual document, rather a framework and reference document issued as and when required, which also acts as a checklist that all internal audit's functions are properly met.
- 1.4.2 The Internal Audit Charter was approved by Audit Committee in November 2017. The Internal Audit Charter has been reviewed to ensure that the exact requirements of the PSIAS continue to be met and the proposed Internal Audit Charter is attached as **Appendix A**.

## **1.5 Decision Options:**

Audit Committee is asked to approve the updated Internal Audit Charter which is attached as **Appendix A** to this report, and which is a requirement of the Public Sector Internal Audit Standards.

Alternatively, the Committee could request that revisions are made to the document.

## **1.6 Reasons for recommended option:**

This recommendation will allow the Authority to operate in line with legislation, good practice and professional guidance.

## **1.7 Appendices:**

**Appendix A:** Internal Audit Charter (November 2022)

## **1.8 Contact officers:**

Richard Dunlop (Interim Chief Internal Auditor) Tel: 643 5738

Marc Oldham (Acting Group Assurance Manager) Tel: 643 5711

## **1.9 Background information:**

The following background papers and research reports have been used in the compilation of this report and are available for inspection at the offices of the author.

- (a) Public Sector Internal Audit Standards, Chartered Institute of Public Finance & Accountancy / Institute of Internal Auditors, April 2017 (P) [Public Sector Internal Audit Standards](#)
- (b) Local Government Application Note for the UK Public Sector Internal Audit Standards, Chartered Institute of Public Finance & Accountancy / Institute of Internal Auditors, February 2019 (P)
- (c) Internal Audit Charter, July 2020 (P)
- (d) The Accounts and Audit Regulations 2015, April 2015 (P) [Accounts and Audit Regulations 2015](#)

# **PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING**

## **2.1 Finance and other resources**

Effective internal audit is an essential part of the Authority's governance arrangements. Internal Audit examines the Authority's systems of internal control, and the economy, efficiency and effectiveness with which resources are deployed. The audit of the Authority's activities promotes good financial and non-financial governance and the importance of value for money. Effective control in these areas reduces the potential for financial loss through fraud, waste and inefficiency.

There are no financial implications arising from the recommendations set out in this report.

## **2.2 Legal**

The Accounts and Audit Regulations 2015 require the Authority to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. The Public Sector Internal Audit Standards and related Local Government Application Note require that the Chief Internal Auditor should prepare and periodically review an Audit Charter for approval by the Board, which is Audit Committee.

## **2.3 Consultation/community engagement**

This report advises Audit Committee, as the recognised 'board' under the Public Sector Internal Audit Standards, of the Internal Audit Charter, in conformance with those standards. The views of Audit Committee will be considered during presentation of this item at the Audit Committee meeting.

## **2.4 Human rights**

There are no human rights issues arising from this report.

## **2.5 Equalities and diversity**

There are no equality and diversity issues arising from this report.

## **2.6 Risk management**

There are no risks identified with this Report.

## **2.7 Crime and disorder**

There are no specific crime and disorder issues arising from this report. The work of Internal Audit is a key strand in the Authority's counter-fraud arrangements, as set out in the Strategic Audit Plan.

## **2.8 Environment and sustainability**

There are no environment and sustainability issues arising from this report.

**Report authors**     Richard Dunlop & Marc Oldham

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# Internal Audit Charter

## November 2022

**Date:** November 2022



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# 1 Introduction and Purpose of the Audit Charter

1.1 The Public Sector Internal Audit Standards (PSIAS) came into effect on 1 April 2013 and were revised on 1 April 2017. The PSIAS and associated CIPFA Local Government Application Note are the mandatory standards with which every Internal Audit Service in local government is required to comply.

1.2 The PSIAS require that each local authority has an internal audit charter. The internal audit charter should:

- define the purpose, authority, and responsibility of Internal Audit (Section 2).
- be consistent with the mission statement - *Mission of Internal Audit* (Paragraph 2.10).
- be consistent with professional best practice – the core principles of internal audit (Paragraph 2.11).
- set out safeguards to limit independence or objectivity if internal audit or the chief audit executive (i.e. the Chief Internal Auditor) undertakes non-audit activities (Paragraph 2.13).
- set out the role of the Board (Audit Committee) and the senior management (the Chief Internal Auditor, the Director of Resources, the Chief Executive – Section 3 & 4).
- set out the arrangements for internal audit planning and appropriate resourcing (Section 5).
- set out the nature of assurance services provided to the organisation and if assurances are to be provided to parties outside the organisation, the nature of these assurances (Paragraph 2.19).
- set out the role of internal audit in any fraud-related work (Section 6).
- set out the nature of internal audit consulting services (Section 7); and
- set out the Quality and Assurance Programme in place for internal audit (Section 9).

1.2 This Internal Audit Charter complies fully with the Council's Financial Regulations.

## 2 Purpose, Authority and Responsibility of Internal Audit

2.1 **Definition of Internal Audit** - The Public Sector Internal Audit Standards define internal auditing as “*an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes*”.

2.2 **Internal Audit's Operating Authority** - The Council's s151 Officer, the Director of Resources, is designated by the Council as the officer responsible for making proper arrangements for the administration of the organisation's financial affairs. In addition, the Accounts and Audit Regulations 2015 (SI No 234, as amended) require that the Council "must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance."

2.3 The Accounts and Audit Regulations 2015 make it a legal requirement under regulation 5, that any officer or elected member of a relevant local authority must, if required to do so for the purposes of internal audit:

- make available such documents and records (including those in an electronic form); and
- supply such information and explanations as are considered necessary by those conducting the internal audit.

This Internal Audit Charter affirms these statutory rights of access for Internal Audit.

2.4 These rights of access are also enshrined within the Council's Financial Regulations (Part 6 of the Constitution). These include the provision that Internal Audit has the authority to:

- access the Council's premises at all reasonable times.
- access all assets, records, documents, correspondence, and control systems.
- receive any information and explanation considered necessary concerning any matter under consideration.
- require any employee of the authority to account for cash, stores or any other authority asset under his or her control.
- directly access the head of paid service, Chief Executive, the Cabinet / Executive, Audit Committee and / or other appropriate committees, in accordance with the terms of reference agreed for internal audit within the Financial Regulations.
- access financial records belonging to third parties, such as contractors, organisations in receipt of grant funding, and partnering arrangements in any scheme for which the organisation has responsibility as lead or accountable body.

2.5 In turn, the Financial Regulations place a responsibility on all chief officers to ensure that Internal Audit is given access at all reasonable times to such premises, personnel, documents and assets that Internal Audit considers necessary for the purposes of its work. Chief officers are also charged with:

- ensuring that Internal Audit is provided with any information and explanations that it may seek in the course of its work.
- considering and responding promptly to recommendations in audit reports; and

- ensuring that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.
- 2.6 The Financial Regulations place a duty on chief officers to ensure that, where existing financial systems are proposed to be changed or new systems established, the agreement of the s151 Officer and Chief Internal Auditor is obtained before implementing any changes.
- 2.7 **Internal Audit's Remit** - The work of Internal Audit embraces the whole internal control system of the organisation, including all of its activities, funded from any source. Internal Audit's remit includes:
- assessing if operations are being carried out as planned, and if objectives / goals are being achieved.
  - assessing the adequacy of systems established to ensure compliance with policies, plans, procedures, laws and regulations, (i.e., rules established by either the management of the organisation or externally).
  - assessing the completeness, reliability and integrity of information, both financial and operational.
  - assessing the extent to which the organisation's assets, data and interests are properly accounted for and safeguarded from losses of all kinds, including fraud, corruption, waste, extravagance, abuse, ineffective management and poor value for money; and
  - assessing the economy, efficiency and effectiveness with which resources are deployed.
- 2.8 Internal Audit objectively examines, evaluates, and reports on the control environment in place as a contribution to the proper, economic, efficient, and effective use of resources. It therefore assists management in delivering the objectives of the organisation by assessing exposure to risk and recommending, where appropriate, practical improvements to the control environment.
- 2.9 The Council's Anti-Fraud Corruption and Bribery Policy requires that a manager, supervisor, other responsible senior officer, a Human Resources Advisor, the Monitoring Officer or Internal Audit is informed in the event that fraudulent activity or financial irregularity is suspected or confirmed. Internal Audit or counter fraud officers will co-ordinate the investigation of alleged financial irregularity in accordance with the policy, including liaison with the Police.
- 2.10 **The Mission of Internal Audit** (Mission Statement) - The PSIAS sets out that the mission of internal audit is *"To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight."*
- 2.11 **Best Practice - Core principles of Internal Audit** – In order to achieve the Mission Statement all core principles should be present and operating effectively, which are the mandatory elements of the PSIAS. These are the

*Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards and the Definition of Internal Auditing.*

2.12 The core principles for the internal audit service are that it:

- Demonstrates integrity.
- Demonstrates competence and due professional care.
- Is objective and free from undue influence (independent).
- Aligns with the strategies, objectives, and risks of the organisation.
- Is appropriately positioned and adequately resourced.
- Demonstrates quality and continuous improvement.
- Communicates effectively.
- Provides risk-based assurance.
- Is insightful, proactive, and future-focused.
- Promotes organisational improvement.

2.13 **Objectivity and Independence** – Internal Audit must be, and must be seen to be, independent. To ensure this, a number of arrangements are in place to ensure that Internal Audit operates within a framework which allows:

- unrestricted access to the board and senior management.
- impartial and unbiased opinions.
- reporting in its own name, and
- segregation from line operations.

2.14 It is a requirement of the PSIAS that the Chief Internal Auditor reports ‘to a level within the organisation that allows the Internal Audit activity to fulfil its responsibilities.’ The PSIAS interprets organisational independence as being effectively achieved when the Chief Internal Auditor reports functionally to the board. Within North Tyneside Council these requirements are achieved by:

- the Chief Internal Auditor reporting functionally to the Audit Committee. The Chief Internal Auditor reports functionally to Audit Committee in his/her own name and has the right of free and unfettered access to the Audit Committee and Chair of Audit Committee.
- the Chief Internal Auditor reporting operationally to a member of the organisation’s senior management team. At North Tyneside Council, the Chief Internal Auditor is line managed by the Director of Resources, who is a member of the Senior Leadership Team.

In addition, the Chief Internal Auditor has free and unfettered access to the Chief Executive, Chief Finance Officer (s151 Officer), and Monitoring Officer.

- 2.15 In line with the requirements of the PSIAS, the Chief Executive and the Chair of Audit Committee will be invited to provide input / feedback to the annual performance review of the Chief Internal Auditor. The Chief Internal Auditor will also confirm the organisational independence of Internal Audit to the Audit Committee at least annually.
- 2.16 Internal Audit shall have no responsibilities over the operations which it audits other than the furnishing of recommendations to relevant management, and advice to management on risks and controls. Where the span of management control of the Chief Internal Auditor dictates, separation of duties is enforced within the team to ensure sufficient independence.
- 2.17 Internal auditors will complete an annual declaration confirming compliance with rules on independence, conflicts of interest and the offer and / or acceptance of gifts and hospitality. In compiling the Annual Strategic Audit Plan, it will be ensured that this recognises and addresses potential conflicts of interest by ensuring that staff do not undertake an audit assignment for at least one year in an area where they have had previous operational roles.
- 2.18 All Internal auditors will be familiar with the Definition of Internal Auditing, the Code of Ethics, and the Standards, as set out in the PSIAS and will work in accordance with these requirements. This will form the basis of the performance appraisal for each Internal Auditor.
- 2.19 Internal auditors will perform work with due professional care, competence, and diligence. Internal auditors cannot be expected to identify every control weakness or irregularity, but their work should be designed to enable them to provide reasonable assurance regarding the controls examined within the scope of their review. Internal auditors will have a continuing duty to develop and maintain their professional skills, knowledge and judgement based on appropriate training, ability, integrity, objectivity, and respect.
- 2.20 When performing their work, internal auditors will be alert to the possibility of intentional wrongdoing, errors and omissions, poor value for money, failure to comply with management policy and conflicts of interest. They will ensure that any suspicions of fraud, corruption or improper conduct are promptly reported to the Chief Internal Auditor in accordance with the procedures.
- 2.21 Internal auditors will treat the information they receive in carrying out their duties as confidential. There will be no unauthorised disclosure of information unless there is a legal or professional requirement to do so.
- 2.22 **Additional Internal Audit responsibilities** – The North Tyneside Council internal audit service also provides internal audit services to the North of Tyne Combined Authority and the Tyne Port Health Authority. Internal Audit is also required to check and certify some grant claims associated with the Council, the Combined Authority and the Tyne Port Health Authority.

### 3 Role and Responsibilities of the Board

3.1 The responsibilities of the Audit Committee (Board) as detailed in the PSIAS are:

- (i) Approving the Internal Audit Charter.
- (ii) Approving the annual risk based Internal Audit Plan in advance of the year and any amendments to the plan during the course of the year.
- (iii) Receiving the Annual Opinion on the Framework of Governance, Risk Management and Control from the Chief Internal Auditor.
- (iv) As part of the Annual Audit Plan approving the Internal Audit budget and resource plan and establishing that there are sufficient resources with regard to the provision of an annual audit opinion.
- (v) Considering communications from the Chief Internal Auditor on Internal Audit performance (such as key and final audit outcome reports) relative to its plan and other matters.
- (vi) Receiving annual confirmation from the Chief Internal Auditor that Internal Audit is organisationally independent.
- (vii) Considering the results of the quality assurance and improvement programme from the Chief Internal Auditor.
- (viii) Receiving the Counter Fraud Annual Report.

### 4 Role and Responsibilities of Senior Management

4.1 The Chief Internal Auditor has responsibility for managing the internal audit activity in accordance with this Internal Audit Charter and associated mandatory requirements. The Chief Internal Auditor must periodically review this Charter and present it to senior management (the Senior Leadership Team) and the board (Audit Committee) for approval.

4.2 The responsibilities of Senior Management as detailed in the PSIAS are:

- (i) Providing input to the Annual Strategic Internal Audit Plan.
- (ii) Actioning Internal Audit reports and follow-up reports.
- (iii) Receiving the results of the quality assurance and improvement programme (see section 9) from the Chief Internal Auditor.

4.3 In addition, the organisation's chief officers – those at Director level and above – are responsible for ensuring that appropriate and adequate internal controls exist, **independently of any Internal Audit activity**. Chief officers must establish sound arrangements for planning, appraising, authorising, and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness; and for achieving their financial performance targets.

- 4.4 When an Internal Audit report is issued, it is for management to decide whether to accept and implement audit findings and recommendations, subject to adherence to Council policy and Financial Regulations. Any decision to reject a formal recommendation must be justified in writing. It is the Chief Internal Auditor's duty to consider taking matters to a higher level of management, or to the Audit Committee, if it is felt that a risk should not (or need not) be borne.

## **5 Appropriate Planning and Resourcing**

- 5.1 Internal Audit prepares a Strategic Audit Plan, setting out the scope of work to be undertaken within the Council each year. This detailed plan is prepared in consultation with the Chief Executive, s151 Officer, senior management, and is approved by the Audit Committee. Proposed coverage is also shared with the relevant Cabinet / Portfolio holder and the external auditor.
- 5.2 Internal Audit must however be independent in its planning and operation. In producing the Strategic Audit Plan, the Chief Internal Auditor will have an unrestricted range of coverage of the Council's operations. The Chief Internal Auditor will have freedom to determine the priorities of Internal Audit, following consultation with the senior management of the organisation.
- 5.3 The Strategic Audit Plan will provide a broad scope of each audit assignment, together with the resources required and the respective priorities. The Plan will be kept under review to identify any amendment needed to reflect changing priorities and emerging risks. It will be flexible, containing an element of contingency to accommodate assignments, fraud investigations and staff vacancies which could not be reasonably foreseen.
- 5.4 If the Audit Committee considers it suitable, an appropriate budget of time will be included to cover a defined number of assurance assignments relating to specific areas of assurance requested by the Audit Committee. In such cases, the Chief Internal Auditor will be responsible for defining the scope and coverage of this work to ensure that this remains within the definition and remit of Internal Audit activity.
- 5.5 The Strategic Audit plan, once set, will be compared to resource availability and where there is an imbalance between the two, the Audit Committee will be informed of this and proposed solutions. The Local Government Application Note which supports the PSIAS on which this Internal Audit Charter is based, makes clear that significant matters that jeopardise delivery of the plan, or require changes to the plan, should be identified, addressed, and reported to the board.
- 5.6 In determining the resourcing of Internal Audit, the staffing of the Internal Audit Service will be kept under annual review. As a minimum, resourcing will ensure that the Service is able to comply with the requirements of the Public Sector Internal Audit Standards. Resourcing required will be identified by the Chief Internal Auditor, ensuring that as minimum resources are sufficient to provide a level of coverage necessary to give an annual evidence-based opinion on the adequacy and effectiveness of the organisation's framework of governance, risk



management and control. Local factors within each organisation covered by the Chief Internal Auditor will determine this minimum level of coverage. A risk-based audit plan will be prepared which reflects the Chief Internal Auditor's view about the level of audit coverage and optimum resources to be devoted to Internal Audit.

## **6 Internal Audit Work and Fraud Related Work**

- 6.1 Internal Audit performs investigations into suspected fraud or irregularity. It is important that the organisation can call upon Internal Audit resource to respond quickly to assess the extent of potential problems and to secure evidence if required.
- 6.2 Internal Audit will also review weaknesses in control to establish the reasons for the fraud / irregularity occurring and recommend improvements in the control environment to minimise the risk of reoccurrence.
- 6.3 The Council also has a separate counter fraud officer who works alongside Internal Audit.

## **7 Consulting Activity**

- 7.1 In addition to performing internal audits of existing systems, Internal Audit has a significant role in providing an advice and consultancy role for the organisation. This includes advising on controls during the introduction of new systems. This helps to minimise the risk of weaknesses in new systems and therefore strengthens the overall control environment. This activity comprises 'consulting activity' under the PSIAS.
- 7.2 The PSIAS define consulting services as:  
*"Advisory and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organisation's governance, risk management and control processes without the internal auditor assuming management responsibility. Examples include counsel, advice, facilitation, and training."*
- 7.3 The Strategic Audit Plan, agreed by the Audit Committee in March each year, will identify any assignments which fall within the above definition. In addition, in terms of the requirements of the PSIAS, any significant additional consulting services identified during the course of the year will be approved by the Audit Committee prior to accepting the assignment. Within the Council, it is considered appropriate to define "significant" as any single assignment which is estimated to require a resource of 15 days or more.



## **8 Reporting**

- 8.1 At the end of every Internal Audit assignment, a draft audit report will be issued to the relevant audit client, as identified in the project brief prepared at commencement of the assignment and agreed with the audit client. The project brief will set out clearly the circulation of the report and Internal Audit will normally observe this circulation list very closely.
- 8.2 Should the Chief Internal Auditor consider that a matter of governance or control is so serious as to warrant communication to other officers of the organisation, or to an external agency such as the Police, the Chief Internal Auditor has the authority to do so. Accordingly, the Chief Internal Auditor will have direct access to, and freedom to report to, all senior management and elected members, and any external agency which, in his/her professional judgement, she/he considers appropriate.
- 8.3 The organisation's management is expected to implement all accepted recommendations within a reasonable timescale, determined by management and agreed with Internal Audit at the end of the audit assignment. Each audit will be followed up to assess the extent to which this has happened. Summary information will be reported to the respective senior management team and Audit Committee on a periodic basis.
- 8.4 Internal Audit has a vital role in providing assurance to the organisation and achieves this by providing an annual opinion on the adequacy and effectiveness of the organisation's framework of governance, risk management and control. This opinion is developed through careful risk-based structuring of the Strategic Audit Plan to ensure sufficient audit review of the Council's operations. The opinion is then evidenced and supported by the individual audit assignments which are undertaken in accordance with the Strategic Audit Plan. It is important to emphasise with regard to the annual opinion, that Internal Audit's responsibilities extend to the entire framework of governance, risk management and control and is not restricted to financial controls. In this respect the work of Internal Audit provides a key input to the Council's Annual Governance Statement.

## **9 Quality Assurance and Improvement Programme**

- 9.1 Quality assurance procedures have been in place within the Internal Audit team for many years as part of the team's adherence to the prevailing relevant professional standards. The PSIAS introduced a requirement to develop a 'quality assurance and improvement programme' (QAIP). The PSIAS recognised that the new requirement should not add significantly to existing quality requirements.

- 9.2 The Chief Internal Auditor will codify all existing qualitative measures used to manage effectiveness of Internal Audit activity under one QAIP. In addition, the QAIP will include any new qualitative measures required by the PSIAS, such as the requirement for an external assessment at least once in every five years. The results of the QAIP will be reported to senior management and the board as required by the PSIAS.
- 9.3 As required by the PSIAS, the Chief Internal Auditor will discuss with senior management and the board the qualifications and independence of the independent external assessor and will identify an appropriate sponsor for this process.

IA/RD/MO  
November 2022

## North Tyneside Council Report to Audit Committee Date: 16 November 2022

Title: Key Outcomes from  
Internal Audit work  
undertaken between May  
2022 and October 2022

Report from Service Area: Resources

Report Author: Richard Dunlop, Interim Chief Internal Auditor (Tel: 643 5738)

Wards affected: All

### **PART 1**

#### **1.1 Purpose:**

The purpose of this report is to advise the Audit Committee of key outcomes from Internal Audit work undertaken since the last Audit Committee in May 2022 and October 2022 (**Appendix A**).

#### **1.2 Recommendation(s):**

It is recommended that the Audit Committee considers the key findings from, good practice identified in, and management action taken in response to the Internal Audit work in this period.

#### **1.3 Council plan and policy framework**

The work of Internal Audit and the Audit Committee covers all service responsibilities as identified within the Council Plan.

#### **1.4 Information**

##### **Key Outcomes from Internal Audit Undertaken Between May 2022 and October 2022**

- 1.4.1 The work programme established for the Audit Committee ensures that the Committee receives regular reports summarising the outcomes from Internal Audit's planned work during the year. This is important in ensuring that Audit Committee provides oversight of emerging risks and governance themes as these arise during the year, which is in accordance with Public Sector Internal Audit Standards (PSIAS).
- 1.4.2 A summary of key outcomes from planned Internal Audit work undertaken between May 2022 and October 2022, including findings, areas of good practice identified, and action taken to date by management in response to each audit, is attached as **Appendix A**. This report supports the development of the Annual Opinion from the Chief Internal Auditor on the Framework of Governance, Risk Management and Control.

1.4.3 Internal Audit has also supported a number of special investigations and management requests within this time period. Key themes arising from this work will be included in Internal Audit's annual report.

## **1.5 Decision Options:**

It is recommended that the Audit Committee considers the summary of Internal Audit reports issued, attached as **Appendix A**, as part of its consideration of the framework of governance, risk management and control within the organisation.

There are no other options available in relation to this report.

## **1.6 Reasons for recommended option:**

This recommendation will allow the Authority to operate in line with legislation, good practice, and professional guidance.

## **1.7 Appendices:**

**Appendix A:** Key Outcomes from Internal Audit work undertaken between May 2022 and October 2022.

## **1.8 Contact officers:**

Richard Dunlop (Interim Chief Internal Auditor) Tel: 0191 643 5738  
Marc Oldham (Acting Group Assurance Manager) Tel: 0191 643 5711

## **1.9 Background information:**

The following background papers and research reports have been used in the compilation of this report and are available for inspection at the offices of the author.

- (a) [Public Sector Internal Audit Standards](#), Chartered Institute of Public Finance & Accountancy / Institute of Internal Auditors, April 2017 (P)
- (b) Local Government Application Note for the UK Public Sector Internal Audit Standards, CIPFA / IIA (P)
- (c) [Financial Regulations](#) C.24 – C.35, Version 7a, June 2021 (P)
- (d) Internal Audit Charter, July 2020 and revised version November 2022 (P)
- (e) Strategic Audit Plans 2021/22 & 2022/23 (P)
- (f) Internal Audit Reports & Work Completed for the 2022/23 financial year (C)
- (g) Corporate Strategic, Service Strategic and Operational Risk Registers (C)
- (h) [The Accounts and Audit Regulations 2015](#), (as amended) April 2015 (P)

## **PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING**

### **2.1 Finance and other resources**

Effective internal audit is an essential part of the Authority's governance arrangements, both financial and non-financial. Internal Audit examines the Authority's systems of internal control, and the economy, efficiency and effectiveness with which resources are deployed. The audit of the Authority's activities promotes good financial governance and the importance of value for money. Effective control in these areas reduces the potential for financial loss through fraud, waste and inefficiency. There are no direct financial implications arising from the recommendations set out in this report.

### **2.2 Legal**

The Accounts and Audit Regulations 2015 require the Authority to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. The Public Sector Internal Audit Standards require that the Chief Internal Auditor should make arrangements for interim reporting to the organisation in the course of the year.

### **2.3 Consultation/community engagement**

All Internal Audit reviews were shared with and reported to the relevant audit client upon conclusion of each audit assignment, with actions agreed by management. Management comments on the summary of key outcomes from Internal Audit reports have been included in the report.

### **2.4 Human rights**

There are no human rights issues arising from this report.

### **2.5 Equalities and diversity**

There are no equality and diversity issues arising from this report.

### **2.6 Risk management**

Risks have been considered and there are no risks identified directly arising from this report.

### **2.7 Crime and disorder**

There are no specific crime and disorder issues arising from this report. The work of Internal Audit is a key strand in the Authority's counter-fraud arrangements, as set out in the Strategic Audit Plan.

### **2.8 Environment and sustainability**

There are no environment and sustainability issues arising from this report.

**Report authors**     Richard Dunlop  
                                 Marc Oldham

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## **Internal Audit Service**

### **Key Outcomes from Internal Audit Work Undertaken Between May 2022 and October 2022**

**November 2022**

# **1 Introduction – the Framework of Governance, Risk Management and Control**

- 1.1 Internal Audit is an independent and objective assurance function designed to add value and improve an organisation's operations. Under the Public Sector Internal Audit Standards (PSIAS), Internal Audit is required to help an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.
- 1.2 It is important that the Audit Committee receives regular updates on key findings and governance themes from Internal Audit's work. This is also emphasised in the PSIAS which requires the Chief Internal Auditor to provide an annual opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control, and also to report on emerging issues in year.

## **2 Purpose of this Report**

- 2.1 This report summarises the outcomes from Internal Audit reports which have been finalised, in consultation with management, and issued in the period from May 2022 to October 2022. The Interim Monitoring report provides a fuller summary of completed audits, those whereby reports have been issued in draft and are awaiting management responses, and those audits planned for the remainder of the year.
- 2.2 Information has been provided on the level of assurance for each audit (described below), the number of recommendations made (classified according to priority), areas of good practice identified, and the main findings. The progress made/action taken by management in respect of key issues identified from each audit has also been included. It is too early to report on action taken for the majority of recommendations as the target dates have not yet been reached. In these cases, recommendations will be followed up later in the year in accordance with Internal Audit's agreed processes.
- 2.3 Providing regular reports on key outcomes from Internal Audit's work will enable the Audit Committee to develop an ongoing awareness of the soundness of the framework of governance, risk management and control, in addition to receiving the Chief Internal Auditor's annual opinion on this framework. Audit Committee will note that the findings from some audits covered in this report are one of the intelligence strands which have informed the Chief Internal Auditor's opinion on the framework of governance, risk management and control.
- 2.4 In this report, details of eight audit reports are presented. Five reports received a 'significant' assurance opinion, and three received a 'limited' assurance opinion. Only one 'high' priority recommendation was made. These reports are detailed in Section 4 below. A further seven reports are at draft stage and will be presented in the next Key Outcomes Report.
- 2.5 In addition to performing internal audits of existing systems within the Authority and responding to queries on the operation of such systems,



Internal Audit has a significant and increasing role in advising on new systems within the Authority. Whilst the time spent on such assurance work reduces the number of available audit days, it is considered an efficient and pre-emptive use of Internal Audit's resource, in that assurance is obtained that effective controls are incorporated into new major systems from the outset. In turn, this minimises the risk of weaknesses in systems and strengthens the control environment.

- 2.6 A summary of the programme assurance and grant certification work undertaken by Internal Audit in the period is included at Section 6 of this report.

### 3 Opinion Framework

- 3.1 A framework of opinion classifications is used in Internal Audit reporting. The framework applies an overall assurance judgement to each system audited, as defined below.

Full Assurance	The system of internal control is designed to meet the organisation's objectives and controls are consistently applied in all the areas reviewed.
Significant Assurance	There is a generally sound system of control designed to meet the organisation's objectives. However, some weakness in the design or inconsistent application of controls put the achievement of particular objectives at risk in some of the areas reviewed.
Limited Assurance	Weaknesses in the design of, or regular non-compliance with, key controls put the achievement of the organisation's objectives at risk in some or all of the areas reviewed.
No Assurance	Significant weaknesses in the design of, or consistent non-compliance with, key controls could result (or have resulted) in failure to achieve the organisation's objectives in the areas reviewed.

- 3.2 The opinions given to audits issued during this period are shown in **Section 4**.
- 3.3 In addition to the overall opinion given on every internal audit, individual recommendations within each report are classified as critical, high, medium, or low priority. This prioritisation is designed to assist management in assessing the importance of each recommendation. The definitions of these priority classifications are set out in the following table:

Priority	Description
1* Critical	Action considered imperative to ensure the organisation is not exposed to unacceptable risks.
1 High / Fundamental	Action that is considered imperative to ensure that the service area / establishment is not exposed to high risks.
2 Medium / Significant	Action that is considered necessary to avoid exposure to considerable risks.
3 Low / Less Significant	Action that is considered desirable or best practice and would result in enhanced control or better value for money.

- 3.4 Prioritisation of Internal Audit recommendations is controlled through Internal Audit's quality control and file review processes.

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## 4 Main Outcomes – Audit Reports Issued During the Period May 2022 to October 2022

	Audit Title	Audit Objectives	Assurance Opinion	Recommendations			
				Critical	High	Medium	Low
1	Information Governance	To establish if there are sufficient policies and procedures in place to provide assurance that the Authority complies with the Data Protection Act 2018, General Data Protection Regulation (GDPR) 2016/679 and the Freedom of Information Act 2000. To revisit the findings and weaknesses identified during Internal Audit's 2018/19 coverage of Information Governance.	Limited	0	1	6	3
Good Practice Highlighted		Main Issues Identified and Priority of Recommendations		Progress Made / Action Taken			
<p>There were a number of areas of good practice identified including:</p> <ul style="list-style-type: none"> <li>Regular liaison with Risk Management to ensure risks are identified and managed through established corporate processes</li> <li>Data Protection Impact Assessments are linked to other organisational processes such as project management</li> <li>Subject Access Requests are recorded and managed through a database, which facilitates consistency and easy retrieval of data</li> </ul>		<ul style="list-style-type: none"> <li>Low levels of staff undertaking information governance training / recertification <b>(High)</b></li> <li>Some service areas have not yet completed RoPAs (Register of Processing Activities) that are required to ensure the Authority has an up to date Information Asset Register <b>(Two Medium)</b></li> <li>The Information Governance Policy Framework was out of date <b>(Medium)</b></li> <li>A number of published privacy notices did not comply with corporate standards <b>(Two Medium)</b></li> <li>There are a number of contracts that were established prior to the implementation of GDPR that have not been reviewed to determine whether suitable data processing agreements are in place <b>(Medium)</b></li> </ul>		<p>The Final Report was issued in May 2022.</p> <ul style="list-style-type: none"> <li>Evidence was obtained to demonstrate that training and recertification levels had improved, but this will be followed up.</li> <li>Evidence was obtained to demonstrate that contracts were being reviewed and data processing agreements being established where necessary.</li> </ul> <p>The other recommendations made have not yet reached their target dates for implementation and will be followed up in due course.</p>			

	Audit Title	Audit Objectives	Assurance Opinion	Recommendations			
				Critical	High	Medium	Low
2	Payroll	To evaluate the controls within the payroll system designed to prevent and detect fraud, irregularity or error, and to ensure that transactions are processed in accordance with Council policy, Financial Regulations, legislation, and the requirements of external bodies such as HM Revenues and Customs.	Significant	0	0	2	6
Good Practice Highlighted		Main Issues Identified and Priority of Recommendations		Progress Made / Action Taken			
<p>A number of areas of good practice was identified, including:</p> <ul style="list-style-type: none"> <li>Good quality payroll manual and procedural notes were available for all staff.</li> <li>An automated process in place for creating new posts within the Business Management system with clear separation of duties built into the system.</li> </ul>		<ul style="list-style-type: none"> <li>Some procedural non-compliance was identified in the process for making changes to employee bank account details <b>(Medium)</b></li> <li>Late notification of information to Employee Services continues to be the main reason for under / overpayments. This also impacts upon disclosure timeframes for reporting information to the pension fund administrator <b>(Medium)</b></li> </ul>		<p>The Final Report was issued in June 2022.</p> <p>The recommendations will be followed up in the 2022/23 internal audit of Payroll, which to commence shortly.</p>			

	Audit Title	Audit Objectives	Assurance Opinion	Recommendations			
				Critical	High	Medium	Low
3	School Thematic audits – Monkseaton High School	To ascertain whether the systems and procedures in operation for the financial governance and financial management of the school are functioning satisfactorily in accordance with Local Bank Account Scheme, the Scheme for Financing Schools (July 2021) and the Local Authority's Financial Regulations and Contract Standing Orders. To provide an opinion to management on the effectiveness of the system of internal control in place.	Significant	0	0	2	6
Good Practice Highlighted		Main Issues Identified and Priority of Recommendations		Progress Made / Action Taken			
<p>A number of areas of good practice were highlighted including:</p> <ul style="list-style-type: none"> <li>Evidence of good quality budget monitoring procedures, although it is noted that the school is in deficit</li> <li>Good purchasing practices to achieve competitiveness from the market</li> <li>Monthly reconciliation of the local bank account</li> </ul>		<ul style="list-style-type: none"> <li>The school does not have a documented business continuity plan <b>(Medium)</b></li> <li>The asset register / inventory was not up to date at the time of the audit, and annual checks of inventory to assets is not undertaken <b>(Medium)</b></li> </ul>		<p>The Final Report was issued in June 2022.</p> <p>Progress on the recommendations will be followed up in due course.</p>			

	Audit Title	Audit Objectives	Assurance Opinion	Recommendations			
				Critical	High	Medium	Low
4	School Thematic audits – Wellfield Middle School	To ascertain whether the systems and procedures in operation for the financial governance and financial management of the school are functioning satisfactorily in accordance with Local Bank Account Scheme, the Scheme for Financing Schools (July 2021) and the Local Authority's Financial Regulations and Contract Standing Orders. To provide an opinion to management on the effectiveness of the system of internal control in place.	Significant	0	0	2	13
Good Practice Highlighted		Main Issues Identified and Priority of Recommendations		Progress Made / Action Taken			
<p>A number of areas of good practice were highlighted including:</p> <ul style="list-style-type: none"> <li>• a skills matrix is used to regularly analyse the governors' collective financial skills and comparisons are made against best practice provided by the DfE</li> <li>• Evidence of regular review of structure to ensure staffing costs fall within the expected banding</li> <li>• Monthly reconciliation of the local bank account</li> </ul>		<ul style="list-style-type: none"> <li>• The school does not have a documented business continuity plan <b>(Medium)</b></li> <li>• An annual inspection of the asset register/inventory is not undertaken. <b>(Medium)</b></li> </ul>		<p>The Final Report was issued in July 2022.</p> <p>Progress on the recommendations will be followed up in due course.</p>			

	Audit Title	Audit Objectives	Assurance Opinion	Recommendations			
				Critical	High	Medium	Low
5	School Thematic audits – Riverside Primary School	To ascertain whether the systems and procedures in operation for the financial governance and financial management of the school are functioning satisfactorily in accordance with Local Bank Account Scheme, the Scheme for Financing Schools (July 2021) and the Local Authority's Financial Regulations and Contract Standing Orders. To provide an opinion to management on the effectiveness of the system of internal control in place.	Significant	0	0	2	7
<b>Good Practice Highlighted</b>		<b>Main Issues Identified and Priority of Recommendations</b>		<b>Progress Made / Action Taken</b>			
<p>Page 47</p> <p>number of areas of good practice were highlighted including:</p> <ul style="list-style-type: none"> <li>Financial procedures relating to procurement were comprehensive</li> <li>a skills matrix is used to regularly analysis the governors' collective financial skills and comparisons are made against best practice provided by the DfE</li> <li>Evidence of regular review of structure to ensure staffing costs fall within the expected banding</li> </ul>		<ul style="list-style-type: none"> <li>The school does not have a documented business continuity plan <b>(Medium)</b></li> <li>An annual inspection of the asset register/inventory is not undertaken. <b>(Medium)</b></li> </ul>		<p>The Final Report was issued in July 2022.</p> <p>Progress on the recommendations will be followed up in due course.</p>			

	Audit Title	Audit Objectives	Assurance Opinion	Recommendations			
				Critical	High	Medium	Low
6	School Thematic audits – Benton Dene School	To ascertain whether the systems and procedures in operation for the financial governance and financial management of the school are functioning satisfactorily in accordance with Local Bank Account Scheme, the Scheme for Financing Schools (July 2021) and the Local Authority's Financial Regulations and Contract Standing Orders. To provide an opinion to management on the effectiveness of the system of internal control in place.	Significant	0	0	1	4
Good Practice Highlighted		Main Issues Identified and Priority of Recommendations		Progress Made / Action Taken			
<p>A number of areas of good practice were highlighted including:</p> <ul style="list-style-type: none"> <li>A comprehensive business continuity plan was evidenced</li> <li>Comprehensive purchasing procedures</li> <li>Monthly reconciliation of the local bank account</li> </ul>		<ul style="list-style-type: none"> <li>The asset register / inventory was not up to date at the time of the audit, and annual checks of inventory to assets is not undertaken <b>(Medium)</b></li> </ul>		<p>The Final Report was issued in July 2022.</p> <p>Progress on the recommendations will be followed up in due course.</p>			



	Audit Title	Audit Objectives	Assurance Opinion	Recommendations			
				Critical	High	Medium	Low
7	Creditors	<p>The audit evaluated the controls in the Creditors' system. Using a systems-based approach. Key controls were identified, documented, evaluated and tested in relation to the system's objectives. The audit covered 2021/22 and 2022/23 transactions to provide assurance to management in the following areas:</p> <ul style="list-style-type: none"> <li>• Raising and approving orders;</li> <li>• Receipt of goods and services;</li> <li>• Payments across the various Accounts Payable processes, including I-Procurement transaction, Manual Purchase orders, Bulk Load and Agency payments.</li> </ul>	Significant	0	0	1	6
<b>Good Practice Highlighted</b>		<b>Main Issues Identified and Priority of Recommendations</b>		<b>Progress Made / Action Taken</b>			
The controls over 'bulk load', a process for batch payments, was found to be operating well with good and appropriate levels of controls.		A number of agency worker payments were processed through the 'auto-approve' function in the system rather than being checked and approved by an officer in advance of the payment <b>(Medium)</b>		<p>The Final Report was issued in August 2022.</p> <p>The implementation date for the recommendation had not passed at the time of writing, and it will be followed up in due course.</p>			

	Audit Title	Audit Objectives	Assurance Opinion	Recommendations			
				Critical	High	Medium	Low
8	Special Guardianship Orders (SGO)	The objective of the audit is to provide assurance to the Authority that the systems and procedures for Special Guardianship Orders are adequate, operating effectively and following current legislation.	Limited	0	0	6	6
Good Practice Highlighted		Main Issues Identified and Priority of Recommendations		Progress Made / Action Taken			
Payments in respect of SGO's are means tested, and the controls over the means testing process were found to be working well. All samples tested during the audit were accurate.		<ul style="list-style-type: none"> <li>A lack of accurate performance data due to data quality issues when recording and limitations of system functionality <b>(Medium)</b></li> <li>Issues with document manage processes within Liquidlogic, with inconsistencies in where records are stored and delays in uploading documents <b>(Medium)</b></li> <li>Delays in completing annual financial assessment reviews, and a lack of follow up action <b>(Medium)</b></li> <li>A lack of quality assurance over SGO processing and recording <b>(Medium)</b></li> <li>A lack of process for monitoring, reporting or escalating SGO over/underpayments or suspected fraud cases <b>(2 x Medium)</b></li> </ul>		<p>The Final Report was issued in September 2022.</p> <p>Only one recommendation has passed its implementation date. This related to monitoring and reporting and the evidence check undertaken by Internal Audit confirmed that the recommendation had been implemented.</p> <p>The other recommendations made have not yet reached their target dates for implementation and will be followed up in due course.</p>			

## 5 Evidence Checking

- 5.1 Internal Audit reports issued during the period May to October 2022 included 1 high and 22 medium priority recommendations. There were no critical priority recommendations in the period under review. In respect of the one high and one medium priority recommendation relating to the Information Governance audit, evidence was obtained to demonstrate that they were implemented. The other recommendations were all within the target dates agreed for implementation and will be evidence checked by Internal Audit and reported to a future Audit Committee.
- 5.2 In relation to recommendations from earlier periods, Internal Audit has evidence checked and confirmed the following have been implemented. A summary table on the next page provides statistics on the total number of recommendations (from both earlier and recent periods) checked in this period, the number implemented and number where appropriate revised targets dates were agreed with management.

Audit	Issue Identified	Details of Evidence Check
Hardware and Software	There were more end user devices recorded in the IT Service Management (ITSM) system than in the System Centre Configuration Manager (SCCM).	The evidence check has confirmed that the new ISM (replaced ITSM) and automatic updates were in place with the SCCM. Decommissioning procedures were updated to ensure that equipment was removed ISM and SCCM at the same time.
Internet Review	Safe search functionality on Microsoft Edge and Explorer browsers could be bypassed by end users.	Evidence was provided to show that safe search in Microsoft Edge was now standard. Microsoft Explorer was no longer used.
Payment Card Industry Data Security Standards (PCIDSS)	Controls for device (laptop and desktop) required strengthening to prevent inactive device auto sleep and lockout times being changed.	Evidence was obtained to demonstrate that permissions had been changed to prevent users disabling inactive times.
Business Rates	The write off procedure required review to ensure that all amounts written off were completed promptly, and recorded authorisation on the correct form.	Evidence was obtained to demonstrate that the write off procedure was being reviewed, in order to streamline the overall process.
Risk Management	Where a current risk score was found to be higher than a target risk score, new controls or an explanation was not always recorded.	Evidence was obtained to demonstrate that the wording on the risk register was updated to make the process on changes clearer.

5.3 A summary of results from the evidence checking exercises is included within the table below:

Priority	Total Number of Recommendations Evidence Checked	Number Confirmed as Implemented		Number Where Appropriate Revised Target Dates Agreed	
		No.	%	No.	%
Critical	Not Applicable	N/A	N/A	N/A	N/A
High	1	1	100	0	100
Medium	15	8	53	7	47
<b>Total</b>	<b>16</b>	<b>9</b>	<b>56</b>	<b>7</b>	<b>44</b>

## 6 Programme Assurance, Grant Certification and Other Work Undertaken

Area of Work	Summary of Work Undertaken
<b>Local Transport Plan and Associated Funding 2021/22 Grant Certification</b>	The purpose of this grant is to provide financial support for Integrated Transport and Highways Maintenance. The grant expenditure was certified to the value of £3.77m
<b>Swans Business Centre for Innovation (CFI) Phase 2 Feasibility Grant Certification</b>	The purpose of the grants was to support a feasibility study relating to extension and refurbishment of Swans CFI. The grants were certified to the value of £0.033m
<b>Swans Business CFI Phase 2 Works Grant Certification</b>	The purpose of the grants was to provide financial support for the extension and refurbishment of Swans CFI. The grants were certified to the value of £1.482m
<b>Covid-19 Test and Trace Contain Outbreak Management Fund (COMF) Grant Certification</b>	The purpose of the grant was to provide financial support to Councils to help with prevention and management of local outbreaks of Covid 19. The grant claim was certified to the value of £5.92m.
<b>Covid-19 Test and Trace Support Payment Funding Certification</b>	The purpose of the funding was to provide financial support to individuals who had to isolate due to Covid-19 and lost income. The scheme was administered by the Authority on behalf of the Government. The claim for funding was certified to the value of £2.137m.
<b>Public Health – Inpatient Detoxification Treatment Grant Certification</b>	The purpose of the grant was to provide financial support to Councils to help provide inpatient detoxification services. The grant was certified to the value of £0.195m
<b>Public Health – Drug Treatment Crime and Harm Reduction Grant Certification</b>	The purpose of the grant was to provide financial support to Councils to help improve access to drug treatment services. The grant was certified to the value of £0.32m
<b>Public Health - Children of Alcohol Dependent Parents Innovation Fund Grant Certification</b>	The purpose of the grant was to provide financial support to Councils to help improve support services for children of dependent drinkers and alcohol dependent parents. The grant was certified to the value of £0.112m
<b>Green Homes Grant Local Authority Delivery Phase 1b</b>	The purpose of the grant was to provide support to the Council to help increase energy efficiency and low carbon heating for low-income households. The grant was certified to the value of £3.189m
<b>Supporting Families Grant Certification</b>	Programme of targeted intervention - Government pays local authorities for each family that meet set criteria. June 2022 Claim certification work complete, value £0.036m. September 2022 claim certification work complete, value £0.126m.
<b>Participation in the Cabinet Office's National Fraud Initiative (NFI)</b>	North Tyneside Council participates in the National Fraud Initiative data matching exercise to assist in the prevention and detection of fraud and are required to provide sets of data to the

Area of Work	Summary of Work Undertaken
	<p>Minister for the Cabinet Office for matching for each exercise. Using a risk-based approach we routinely assess the matches provided by the NFI exercise</p> <p>The Cabinet Office has recently conducted their biennial National Fraud Initiative (NFI) data-matching exercise. Internal Audit liaised with relevant services to ensure the required data sets were extracted in accordance with the data specifications, and successfully uploaded all data to the secure NFI portal within the required timescales. The results from this exercise will be available for investigation from around January 2023.</p>
<b>Support to Project Boards / Working Groups</b>	<p>Internal Audit has supported the following project boards / working groups during the period under review in a programme assurance role:</p> <ul style="list-style-type: none"> <li>• Energy Bills Rebate</li> <li>• Schools' Banking - Debit and ATM Cards</li> <li>• Education and DSG High Needs Block</li> <li>• Governance Processes – Outside Bodies Appointments</li> <li>• Unified Project (replacement system for housing and building repairs); and</li> <li>• Information Governance and Security Group.</li> </ul>

## North Tyneside Council Report to Audit Committee Date: 16 November 2022

Title: Update on North East  
Audit Committee Chairs Forum

Report from Service Area: Resources

Report Author: Richard Dunlop, Interim Chief Internal Auditor (Tel: 643 5738)

Wards affected: All

### PART 1

#### 1.1 Purpose:

The purpose of this report is to provide a brief update on the Council's hosting of the North East Audit Committee Chairs Forum

#### 1.2 Recommendation:

It is recommended that the Audit Committee notes this report.

#### 1.3 Council Plan and policy framework

The work of Internal Audit and the Audit Committee covers all service responsibilities as identified within the Council Plan.

#### 1.4 Information

- 1.4.1 The Government initiated an England-wide initiative to bring the Chairs of each Audit Committee together on a regional basis to provide an opportunity to meet and discuss topical issues and to network. The organisation of the regional areas was delegated to the Local Government Association (LGA). The Council received a grant, partially to administer the Forum, and partly for the expenses of running the Forum.
- 1.4.2 In early 2022 the Council agreed to host the North East Region comprising NOTCA, Northumberland, South Tyneside, Hartlepool, Darlington, Durham, North Tyneside, Newcastle, Durham, Sunderland, Gateshead, Middlesbrough, Redcar and Cleveland, Stockton on Tees. The second meeting was held on 5<sup>th</sup> October 2022 and hosted by the Council's Chair of the Audit Committee at The Quadrant.
- 1.4.3 There were 13 attendees to the Forum and guest speakers were provided from the LGA and the Institute of Internal Auditors covering an Update on Forums and Topical Issues, Supporting Audit Committee Members in a Time of Change, as well as a short presentation on Cash and Treasury Management. There was also an open discussion on the role and structure of Audit Committees, how the Forum will be managed in the future and topics for future discussion. The meetings are to be held 3 times a year and it is hoped that venues will move around the North East area to be more inclusive.

### **1.5 Decision Options:**

It is recommended that the Audit Committee:

(a) notes this report

(b)

There are no other options available in relation to this report.

### **1.6 Reasons for recommended option:**

This recommendation is for information only.

**1.7**

### **1.8 Background information:**

The following background papers and research reports have been used in the compilation of this report and are available for inspection at the offices of the author.

(a) The draft minutes of the North East Audit Committee Chairs Forum 5<sup>th</sup> October 2022.



## **PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING**

### **2.1 Finance and other resources**

There are no direct financial implications arising from the recommendation set out in this report.

### **2.2 Legal**

There are no legal implications arising from this report.

### **2.3 Consultation/community engagement**

The Forum is structured to assist Audit Chairs in the locality. There is no expected consultation/community engagement.

### **2.4 Human rights**

There are no human rights issues arising from this report.

### **2.5 Equalities and diversity**

There are no equality and diversity issues arising from this report.

### **2.6 Risk management**

There are no specific risks arising from this report.

### **2.7 Crime and disorder**

There are no specific crime and disorder issues arising from this report.

### **2.8 Environment and sustainability**

There are no environment and sustainability issues arising from this report.

**Report author**      Richard Dunlop

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