

# Public Document Pack

## Audit Committee

**Wednesday, 31 May 2023**

Present: M Wilkinson (Chair)  
Councillors D Cox, L Marshall, T Mulvenna, T Neira,  
A Spowart and L Bartoli

Apologies: Dr S Green and Councillor L Bones

### **AC/1/23 Appointment of Substitute Members**

In accordance with the Council's Constitution the following Substitute Member was reported:

Councillor L Bartoli for Councillor L Bones

### **AC/2/23 Declarations of Interests and Notification of any Dispensations Granted**

There were no Declarations of Interest reported.

### **AC/3/23 Minutes**

**Resolved** that the minutes of the meeting held on 22 March 2023 be confirmed as a correct record and be signed by the Chair.

### **AC/4/23 Annual Statement of Accounts 2021-22**

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

An update provided to the 22 March 2023 meeting (minute AC38/22 refers) detailed the outstanding audit work that still needed to be completed before the

accounts could be signed off. At that meeting it had been noted that the majority of the audit work had been completed or resolved and the only item of outstanding work related to the Pension Assurance Statement from the Tyne and Wear Pension Fund. The external auditors had confirmed that the required information had been received but due to the delay further work had been required on the valuation of the pension fund. The implications of the pension valuation on the Authority's accounts was set out.

Reference was also made to a change in how the Dedicated Schools Grant Reserve needed to be recorded in the Authority's accounts so that it was in line with the Chartered Institute of Public Finance and Accountancy (CIPFA) guidance. It was explained that the reserve needed to be shown as an unusable reserve and this change would be subject to an external audit review.

**Resolved** that (1) the progress of the audit, the clearance of the vast majority of outstanding items and the receipt of the Pension Assurance Statement be noted; (2) the revised timescale for the publication of the Audited Annual Statement of Accounts 2021/22 to mid-June 2023 be noted; and (3) the previous decision of the Committee to delegate authority to the Director of Resources in consultation with the Chair of the Audit Committee to approve the Audited Annual Statement of Accounts 2021/22 be noted.

## **AC/5/23      Annual Statement of Accounts 2022-23**

Consideration was given to a report which set out the current position in relation to the closure of the 2022/23 accounts. It was explained that that Authority was working towards having a draft set of accounts available by the 31 May 2023 deadline however there were a number of external factors which could impact on meeting the deadline.

Delays to the closure of the 2021/22 accounts due to issues around the valuation of the pension scheme and the treatment of infrastructure assets had impacted on the closure of the 2022/23 accounts.

Reference was also made to the statutory deadline for the audit and publication of the 2022/23 accounts on the 30 September 2023. The external auditors had

advised the Authority that the audit was not expected to be concluded until November/December 2023. It was explained that the Department for Levelling Up, Housing and Communities had written to local authorities and local audit firm partners regarding the delays to the completion of local audits. It was explained that the Department continued to work with all stakeholders to ensure that there was a systemwide approach to reduce the continued delays to local audits.

Members queried whether there were any penalties for failing to meet the statutory deadline and it was explained that the Authority had to publish a notice to explain why the audit had not been completed. Reference was also made to the impact on the 202/23 accounts of the delay in completing the audit of the 2021/22 accounts. It was explained that the Authority was in a better position in relation to the closure of the accounts than many other authorities across the country.

**Resolved** that the work outlined in respect of the closure of the 2022/23 accounts be noted

### **AC/6/23      Annual Governance Statement Update 2022-23**

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.

The Annual Governance Statement had been compiled in accordance with the 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 in the preparation of the AGS were set out in the appendices to the document.

**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 2022/23 Statement of Accounts; and (3) the assurances provided and the actions proposed in the Annual Governance Statement relating to any governance issues identified be noted.

**AC/7/23      Internal Audit Quality Assurance and Improvement Programme (QAIP)**

Consideration was given to a report which set out the requirement for the internal audit service to establish and maintain a Quality Assurance and Improvement Programme (QAIP). The QAIP supported an evaluation of internal audit's activity and whether it conformed to the Internal Professional Practices Framework and the Public Sector Internal Audit Standards (PSIAS) 2017. It was explained that the QAIP also assessed the efficiency and effectiveness of the internal audit activity within the Authority and helped the promotion of continuous improvement.

It was also explained that internal audit had operated a QAIP for a number of years. It had been acknowledged that the existing framework could be improved by recording the activities in a single central document. Reference was made to the arrangements in place for an external assessment of the code of ethics and compliance with PSIAS. It was also explained that the QAIP would be reviewed on an annual basis.

**Resolved** that the Quality Assurance and Improvement Programme be endorsed

**AC/8/23      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/9/23      Corporate Risk Management Summary Report**

Consideration was given to a report which provided an update on the latest position in relation to the Authority's corporate risks which had been reported to Cabinet on the 22 May 2023. The report provided detailed information on each of the corporate risks including the cause of the risk, the consequences for the Authority if the risk were to materialise, the existing and new controls in place to address the risks and an assessment of their likelihood and potential impact.

Members sought clarification on a number of elements of the risk register which were responded to by officers.

**Resolved** that (1) the report be noted; and  
(2) the risk owners of the Social Care and Demand risk be invited to attend a future meeting.

**AC/10/23      Counter Fraud Annual Report 2022-23**

Consideration was given to a report which provided an update on the Counter Fraud work undertaken between 1 April 2022 and 31 March 2023. The report also detailed a number of future opportunities and proposals for a refresh of the Counter Fraud Blueprint to ensure that the resources were directed at the areas of greatest risk.

**Resolved** that (1) the Counter Fraud performance and the significant savings generated from the targeted reviews in areas of greatest risk be noted;  
(2) the other key areas of Counter Fraud activity undertaken and the savings generated be noted; and  
(3) the revision of the Counter Fraud Blueprint be noted.

**AC/11/23      Key Outcomes from Internal Audit work undertaken between November 2022 and May 2023**

Consideration was given to a report which set out the key outcomes from internal audit reports issued between November 2022 and May 2023 to enable the Committee to maintain an oversight of the emerging risks and governance issues as they arose during the year.

It was explained that of the 20 reports finalised within the reporting period, 12 had received a significant assurance rating and five a limited assurance rating.

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

Members' questions in relation to a number of the reports and findings were responded to by officers.

**Resolved** that the key findings, good practice identified and the management response to the internal audit reports issued between November 2022 and May 2023 be noted.

**AC/12/23      Strategic Audit Plan 2022-23 – Final Monitoring Statement**

Consideration was given to a report which set out the final monitoring statement in respect of the Strategic Audit Plan for 2022/23. Details of the programmed works which had been planned to be completed during the year were presented along with an update on those which had been completed or started and those which, following a further risk assessment, were no longer required at this stage.

**Resolved** that the Strategic Audit Plan Final Monitoring Statement be noted.

**AC/13/23      2022-23 Opinion on the Framework of Governance, Risk  
Management and Control**

Consideration was given to a report which set out the Chief Internal Auditor's opinion on the overall adequacy and effectiveness of the organisation's Framework of Governance, Risk Management and Control.

It was explained that, under the Public Sector Internal Audit Standards, the Chief Internal Auditor had a duty to provide an opinion on the organisation's framework of Governance, Risk Management and Control each year. The report detailed the work carried out by internal audit during the year, highlighted the main findings from the work and gave the opinion of the Chief Internal Auditor on the Authority's framework of control. The report had been designed to give the Authority a level of assurance in the preparation of its Annual Governance Statement.

It was explained that the opinion of the Chief Internal Auditor, at the time of preparing the report, was that the organisation's internal control systems in the areas audited were satisfactory, which was a positive assessment and reflected favourably on the Authority's governance arrangements.

**Resolved** that the Chief Internal Auditor's 2022/23 satisfactory opinion on the overall adequacy and effectiveness of the Framework of Governance, Risk Management and Control be noted.

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