

North Tyneside Council

Report to Cabinet

Date: 16 October 2023

Title: Audit Committee Annual Report 2022/23

Portfolio(s): Finance and Resources

Cabinet Member:

Cllr Anthony
McMullen

Report from Service

Area: Resources

Responsible Officer: Jon Ritchie, Director of Resources

Tel: (0191) 6435701

Wards affected: All

PART 1

1.1 Executive Summary:

1.1.1 The purpose of this report is to present an Annual Report to Cabinet from Audit Committee, covering the work performed by the Committee during 2022/23.

1.1.2 The Report explains the role of Audit Committee and summarises:

- the outcomes of a review of the effectiveness of the Audit Committee. This was led by the independent co-opted Chair and included areas recommended for the further development of the effectiveness of Audit Committee, and
- the highlights from the substantive business considered by the Committee during 2022/23.

1.2 Recommendation(s):

1.2.1 It is recommended that Cabinet notes the Audit Committee Annual Report for 2022/23, attached as Appendix A to this report.

1.3 Forward Plan:

- 1.3.1 Twenty eight days notice of this report has been given and it first appeared on the Forward Plan that was published on 15 September 2023.

1.4 Council Plan and Policy Framework

- 1.4.1 The work of Audit Committee supports the entire framework of governance, risk management and control within the Authority, and all service responsibilities and priorities as identified within the Our North Tyneside Plan.

1.5 Information:

Background

- 1.5.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) views audit committees in local government as a key component of each local authority's governance framework¹. The Authority has a dedicated Audit Committee, which is chaired by an independent co-opted member, Mr Malcolm Wilkinson.
- 1.5.2 CIPFA recommends that the Audit Committee should regularly assess its own effectiveness and has prepared specific guidance for Audit Committees. The Authority's Audit Committee arrangements have therefore been reviewed in line with latest guidance (2022), led by the Audit Committee Chair.
- 1.5.3 The review identified that Audit Committee arrangements continued to be effective, with a self-assessment score of 182 out of a possible 200. The review identified a few areas that require clarification due to changes in the most recent guidance. These include consideration of the Audit Committee Terms of Reference within the Constitution.
- 1.5.4 An Annual Report from Audit Committee is attached. This is recommended by CIPFA and is designed to provide accountability to the organisation. The report includes a summary of the review of Audit Committee effectiveness; demonstrates how the Audit Committee has discharged its responsibilities throughout the year (as set out in its Terms of Reference) and summarises some of the key items of business undertaken in 2022/23.

¹ CIPFA Position Statement on Local Authority Audit Committees, *Audit Committees – Practical Guidance for Local Authorities and Police, CIPFA 2022*

1.6 Decision options:

1.6.1 The following decision options are available for consideration by Cabinet:

Option 1

Cabinet notes the Audit Committee Annual Report 2022/23.

Option 2

Cabinet does not note the Audit Committee Annual Report 2022/23.

Option 1 is the recommended option.

1.7 Reasons for recommended option:

1.7.1 Option 1 is recommended for the following reasons:

Noting the Audit Committee Annual Report 2022/23 will demonstrate that Cabinet:

- has received and considered the outcomes of the Audit Committee's review of its own effectiveness, which is good practice recommended by CIPFA.
- is aware of the main governance matters which have been considered by Audit Committee in 2022/23 and provides a formal opportunity to feedback to Audit Committee on its work and performance throughout the year.

1.8 Appendices:

Appendix A: Audit Committee Annual Report 2022/23.

1.9 Contact officers:

Richard Dunlop, Interim Chief Internal Auditor, (0191) 643 5738 (Marc below w.e.f. 27 September 2023)

Marc Oldham, Acting Group Assurance Manager (0191) 643 5711

David Mason, Senior Manager Capital Strategy and Planning

1.10 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:

- (1) [CIPFA Position Statement: Audit Committees in Local Authorities and Police 2022](#)
- (2) [Review of Audit Committee Effectiveness – Report to Audit Committee, 22 March 2023](#)
- (3) [Reports to Audit Committee 2022/23](#)

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

2.1.1 Audit Committee’s remit covers the Authority’s entire framework of governance, risk management and control, including financial governance and control. The work of the Committee supports and promotes effective financial control throughout all parts of the organisation. There are no direct financial implications arising from the recommendations in this report. Should any financial implications associated with these risks emerge that cannot be contained within current budgets, then these will be reported to Cabinet.

2.2 Legal

2.2.1 There are no legal implications arising from the recommendations in this Report.

2.3 Consultation/community engagement

2.3.1 Consultation on the analysis against CIPFA’s good practice guidance, taken from the 2022 publication “Audit Committees – Practical Guidance for Local Authorities and Police”, was undertaken by the Chair of Audit Committee. This involved the Chair meeting with a number of serving elected members of Audit Committee on an individual basis.

2.3.2 An updated self-assessment of Audit Committee Effectiveness from the consultation, was discussed with and endorsed by Audit Committee members at the meeting of Audit Committee on 22 March 2023.

2.3.3 Individual reports from Internal Audit, External Audit or the Director of Resources (referenced in the Audit Committee Annual Report 2022/23) have all been discussed with the relevant client identified for that work, at the time that this was completed.

2.4 Human rights

2.4.1 There are no human rights act implications arising from the recommendations in this Report.

2.5 Equalities and diversity

2.5.1 There are no equalities and diversity implications arising directly from this report.

2.6 Risk management

2.6.1 There are no risk management implications arising directly from this report.

2.7 Crime and disorder

2.7.1 There are no crime and disorder implications arising directly from this report. The work of the Audit Committee in considering the arrangements in place for an effective framework of governance, risk management and control helps to mitigate against the risk of certain types of crime (e.g. fraud) towards the Authority.

2.8 Environment and sustainability

2.8.1 There are no environment and sustainability implications arising directly from this report.

PART 3 – SIGN OFF

- Chief Executive
- Director(s) of Service
- Mayor/Cabinet Member(s)
- Chief Finance Officer
- Monitoring Officer
- Assistant Chief Executive