

Audit Committee

Wednesday, 27 March 2024

Present: M Wilkinson (Chair)
S Green (Deputy Chair)
Councillors D Cox, L Marshall, T Mulvenna, J O'Shea
and A Spowart

Apologies: Councillor T Neira

AC/35/23 Appointment of Substitute Members

There were no Substitute Members reported.

AC/36/23 Declarations of Interest

There were no declarations of interest reported.

AC/37/23 Minutes

Resolved that the minutes of the meeting held on 15 November 2023 be confirmed and signed by the Chair.

AC/38/23 Accounting Policies to be used in the compilation of 2023-24 Annual Statement of Accounts

Consideration was given to a report which set out the proposed Accounting Policies to be used in the completion of the 2023/24 Annual Statement of Accounts. It was explained that the purpose of the Accounting Policies was to set out the basis for the recognition, measurement and disclosure of transactions and other events in the accounts of the Authority.

Reference was made to the Authority electing to charge a community infrastructure levy (CIL) in relation to new developments granted planning

permission. It was explained that the income generated was to be used to fund infrastructure projects, such as the provision of facilities in relation to secondary education, green spaces or community facilities. Members sought clarification on how the use of CIL was managed within the Authority. It was suggested that a copy of the budget monitoring report which covered CIL and Section 106 agreements be circulated to members of the Committee.

Resolved that the Accounting Policies adopted by the Authority to be used for the compilation of the Authority's Annual Statement of Accounts for the financial year 1 April 2023 to 31 March 2024 be endorsed.

AC/39/23 Annual Statement of Accounts 2023-24

Consideration was given to a report which provided an update on the closure of the 2023/24 accounts. It was explained that the Authority's Chief Finance Officer was required to sign and certify that the Statement of Accounts presented a true and fair view of the Authority's financial position for the year ended 31 March 2024 no later than the 31 May 2024 and for the audited set of accounts to be approved and published no later than 30 September 2024.

Reference was made to the national position in relation to the significant delays in relation to the completion of local authority audits over several years and how this had impacted on the position in North Tyneside.

It was explained that the 2021/22 accounts had been agreed and signed off on Friday with no material changes reported. An interim Value for Money report for the years ended 31 March 2022 and 31 March 2023 had been presented to the Committee.

An update on the current position in relation to the 2021/22 financial statement was provided by the representative of EY along with the strategy for dealing with the outstanding work in relation to the 2022/23 financial statements. Reference was made to the additional works undertaken in relation to the Pension Fund. It was also explained that it was expected to be a challenge to complete the 2022/23 financial statement by the end of September as the external auditors had 900 opinions to sign off and they were not able to undertake sufficient work to be able to approve the accounts within the timescale available due to national

resource issues.

An update on the current position was also provided by the representative of the new external auditors, Mazars. It was explained delays in the completion of the 2022/23 accounts could have an impact on the completion of the 2023/24 accounts. Details of the processes that Mazars proposed to undertake to complete the audit were outlined along with the need to examine previous accounts and case files to provide appropriate assurance. Reference was also made to the need to have appropriate discussions in relation to the handover of information in relation to the accounts.

Members received assurance in relation to the potential risk to the Authority's reputation due to the delays in publishing the accounts over several years. Reference was also made to the need for the Audit Sector to get back on track in relation to the completion of the audits to allow local authorities to be able to publish audited accounts in a timely manner.

Resolved that (1) the work outlined in respect of the closure of the 2023/24 Accounts be noted;
(2) the updates provided in respect of closure of the 2021/22 and 2022/23 accounts be noted.

AC/40/23 Proposed Audit Committee Work Programme 2024-25

Consideration was given to a report which presented a proposed programme of core business to be considered by the Committee during 2024/25 in line with the Committee's terms of reference. It was suggested that the proposed work programme, set out below, would allow the Committee to discharge its duties effectively and contribute to the Authority's governance arrangements. It was noted that the work programme could be subject to change to take account of issues which may affect the governance of the Authority or matters which arose during the course of the year.

May 2024

- Annual report from Chief Internal Auditor and opinion on the Framework of Governance, Risk Management and Control 2023/24;
- Internal Audit Progress Report;

- Risk Management update;
- Counter Fraud Annual Report 2023/24;
- Draft Statement of Accounts 2023/24;
- Draft Annual Governance Statement 2023/24;
- External Audit Progress Report 2022/23 (EY);
- Audit Strategy Update (Mazars).

July 2024

- CIPFA Financial Management Code;
- External Audit Progress Update.

September 2024 (if required)

- Final Statement of Accounts 2022/23;
- Annual Governance Statement 2022/23;
- External Audit update on Statement of Accounts 2023/24.

November 2024

- Internal Audit progress report;
- Risk Management Update;
- External Audit update on statement of accounts 2023/24.

March 2025

- Annual Internal Audit Plan 2025/26;
- Audit Committee Work Programme;
- Annual Review of Audit Committee Effectiveness;
- Report on the Accounting Policies to be used in the compilation of the Annual Statement of Accounts;
- Report on the preparation of the Annual Statement of Accounts 2024/25;
- Update on Statement of Accounts 2023/24;
- Audit Strategy 2024/25.

Reference was made to the alignment of the work programme and performance indicators to the Council Plan

Resolved that (1) the proposed core work programme for 2024/25 be agreed; (2) the need to change or adapt the reports to be considered to ensure optimum timing for governance issues or to respond to emerging trends be noted.

AC/41/23 2023-24 Review of Audit Committee Effectiveness

Consideration was given to a report which presented a self-assessment of the

Audit Committee arrangements following the publication by the Chartered Institute of Public Finance and Accountancy (CIPFA) of revised good practice guidance in October 2022.

It was explained that the Chair of the Committee, in conjunction with senior officers, had undertaken a review of the effectiveness of the Committee based on the previous review which had been undertaken in 2023. The outcome of the review had been consistent with the outcome of the previous review. It was noted that the following items had been identified for consideration at the previous review and again as an outcome of the current review:

- Audit Committee currently approves the annual statement of accounts whereas the recommended best practice was that it maintained its advisory role by not taking on decision making powers. It was noted that there was no readily available alternative in the existing Committee structure and possible options were in the process of being explored. It has been accepted that, in the short term the responsibility would remain with the Audit Committee;
- The Audit Committee annual report was presented to the Cabinet whereas best practice recommended that the report should be presented to Council as the body charged with governance. It was explained that this was to be considered as part of the annual review of the Constitution.

Based on the self-assessment it was explained that the Committee was deemed to be operating effectively with a good level of performance against the recommended good practice.

Reference was made to the possibility of enhancing the member development programme in relation to training provided to members of the Committee.

Resolved that (1) the self-assessment of the Audit Committee's arrangements be endorsed; and

(2) the updated self-assessment forms the basis of the Annual Report of the Committee to be presented to Cabinet.

AC/42/23 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 item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Act.

AC/43/23 Internal Audit Plan 2024-25

Consideration was given to a report which set out the Strategic Audit Plan for 2024/25. It was explained that the Plan helped to ensure that Internal Audit fulfilled its objectives and was able to provide an independent and objective opinion on the Authority's framework of governance, risk management and control. The Plan also set out Internal Audit's medium-term objectives and had been developed in consultation with the Chief Executive and Directors of the Authority.

Officers responded to a series of Members' questions on the contents of the report.

Resolved that the Strategic Audit Plan and the proposed internal audit coverage be approved.

AC/44/23 Chair of the Committee

The Director of Resources advised the Committee that this was to be the Chair's last meeting as his term of office had concluded. He thanked Malcolm for his service to the Authority over many years and wished him well for the future. The Chair responded that he had enjoyed his time on the Committee and explained that this had been made easier by being supported by engaged members and officers who had provided clear and easy to understand reports.