

North Tyneside Council
Report to Cabinet
Date: 16 September 2024

Title: Audit Committee Annual Report 2023–24

Portfolio(s): Finance and Resources	Cabinet Member:	Councillor Anthony McMullen
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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 the Annual Report to Cabinet from Audit Committee, covering the work performed by the Committee during 2023/24.
- 1.1.2 The report sets out how Audit Committee has discharged its responsibilities within its terms of reference, the outcome of its self-assessment of effectiveness against recommended practice and an overview of the activity it has undertaken during the year.

1.2 Recommendation(s):

- 1.2.1 It is recommended that Cabinet considers and note the Audit Committee Annual Report for 2023/24, appended 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 2 August 2024.

1.4 Council Plan and Policy Framework

1.4.1 Audit Committee is a key component of the Authority's governance framework. Its purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. Its role in ensuring that there is sufficient assurance over governance risk and control gives greater confidence to all those charged with governance, that those arrangements are effective. As such, the work of Audit Committee has a remit across all priorities within the 'Our North Tyneside Plan' and the policy framework.

1.5 Information:

1.5.1 Guidance on the operation of audit committees in local government is provided by the Chartered Institute of Public Finance and Accountancy (CIPFA). Specific guidance is given within 'Audit Committees – Practical Guidance for Local Authorities and Police' and 'Position Statement on Audit Committees in Local Authorities and Police 2022' (the Position Statement).

1.5.2 The Position Statement represents CIPFA's view on the audit committee practice and principles that local government bodies in the UK should adopt and was prepared in consultation with sector representatives. There is an expectation that all local government bodies should make their best efforts to adopt the principles, aiming for effective audit committee arrangements. This will enable those bodies to meet their statutory responsibilities for governance and internal control arrangements, financial management, financial reporting and internal audit.

1.5.3 The terms of reference for the Authority's Audit Committee are established within the Authority's Constitution and takes account of the CIPFA guidance. The terms of reference set out the activities and business that the Audit Committee will consider on an annual basis.

1.5.4 The Audit Committee Annual Report for 2023/24, appended to this report, sets out the activity and business it has undertaken during the year.

1.5.5 In line with recommended practice the Audit Committee undertakes an annual review of its own effectiveness. The latest self-assessment was completed in March 2024 and concluded that the Committee is operating effectively and, in the main, complies with CIPFA's recommended practice. It should be noted this

is recommended practice and there is no impact on compliance with statutory requirements in relation to the two exceptions which are as follows:

- The Committee is responsible for approving the annual statement of accounts. Recommended practice is that the Committee maintains its advisory role by not taking on decision making powers. However, there is no suitable alternative within the Authority's existing Committee structure and this responsibility remains with the Committee who benefit from having co-opted members with financial skills and experience to effectively support this process.
- The Committee's annual report is presented to Cabinet. Recommended practice is that the Audit Committee reports to full Council. This does not impact on transparency or accountability with both Audit Committee and Cabinet papers publicly available.

1.5.6 The report also concludes that:

- Audit Committee has discharged its responsibilities within its terms of reference and received sufficient, relevant and appropriate information and reports to enable it to do so, and
- there are no significant matters arising from the work of Committee which need to be brought to the attention of Cabinet.

1.6 Decision options:

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

Option 1

Cabinet agrees the recommendation in paragraph 1.2 of this report.

Option 2

Cabinet does not agree the recommendation in paragraph 1.2 of this report.

Option 1 is the recommended option.

1.7 Reasons for recommended option:

1.7.1 Option 1 is recommended for the following reasons:

The Audit Committee Annual Report 2023/24 allows Cabinet to obtain assurances that the Audit Committee is effective and operating as expected. It also provides confidence that the Authority meets its statutory responsibilities for governance and internal control arrangements, financial management, financial reporting and internal audit.

1.8 Appendices:

Appendix: Audit Committee Annual Report 2023/24.

1.9 Contact officers:

Ian Pattison, Head of Assurance and Risk (Chief Internal Auditor) 0191 643 5738
Marc Oldham, Group Assurance Manager 0191 643 5711

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, 27 March 2024
- (3) Various reports to Audit Committee during 2023/24

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

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 The self-assessment of Audit Committee arrangements against CIPFA recommended practice led by the Chair of Audit Committee in March 2024, was discussed and endorsed by Audit Committee at the meeting on 27 March 2024.

2.33 Individual reports from Internal Audit, External Audit and the Director of Resources were presented to and discussed with Audit Committee during 2023/24.

2.4 Human rights

2.4.1 There are no human rights act implications arising from this report.

2.5 Equalities and diversity

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

2.6 Risk management

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

2.7 Crime and disorder

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

2.8 Environment and sustainability

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

PART 3 – SIGN OFF

- Chief Executive X
- Director(s) of Service X
- Mayor/Cabinet Member(s) X
- Chief Finance Officer X
- Monitoring Officer X
- Interim Director of Corporate Strategy and Customer Service X