

North Tyneside Council Report to Audit Committee Date: 18 November 2020

ITEM 4

Title: Audit Quality
Inspection Report
(Financial Reporting
Council)

Report from Service: Finance

Report Author: Janice Gillespie, Head of Resources (Tel: 643 5701)

Wards affected: All

PART 1

1.1 Purpose:

1.1.1 The Financial Reporting Council (FRC) is the independent body responsible for monitoring the quality of Major Local Audits, as defined by the Local Audit (Professional Qualification and Major Local Audit) Regulations 2014. This monitoring is performed by the FRC's Audit Quality Review ('AQR') team. The reviews of individual Major Local Audit engagements are intended to contribute to safeguarding and promoting improvement in the overall quality of Local Audit auditing in the UK. Audit firms are required to audit the financial statements and Value for Money ("VfM") arrangements, conclusions and exercise their statutory reporting powers, as required, in accordance with the Local Audit and Accountability Act 2014.

1.1.2 The FRC recently published the principal findings arising from the 2019/20 inspection of the seven audit firms completing major local audits in England ("the firms") carried out by AQR. The inspection was conducted between December 2019 and September 2020 ("the time of our inspection"). The external audit of this Authority's 2019/20 audit was chosen as part of that inspection.

1.1.3 It is proposed that Ernst Young provide a verbal update to the Committee on the outcome of the inspection.

1.2 Recommendation:

1.2.1 It is recommended that the Audit Committee note the outcome of the Audit Quality Review

1.3 Forward plan:

1.3.1 This report is not included within the annual workplan for the Audit Committee, however due to its relevance it was considered important to share the findings with the Committee.

1.4 Council plan and policy framework:

1.4.1 The outcome covers all the service responsibilities as identified within the Council Plan.

1.5 Information:

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1.6 Decision options:

The options available are:

- (a) To accept the recommendations made in section 1.2.1; or
- (b) To reject the recommendations made within this report.

1.7 Reasons for recommended option:

The Committee can note the FRC's view of the performance of the External Auditor.

1.8 Appendices:

Appendix A – Published FRC Report

1.9 Contact officers:

Janice Gillespie – Head of Resources – Tel: 643 5701

1.10 Background information:

N/A

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

There are no financial implications as a result of the recommendations within this report.

2.2 Legal

There are no Legal Implications arising from this report.

2.3 Consultation / community engagement

The Chair of Audit Committee has been consulted on the provision of this report.

2.4 Human rights

There are no Human Rights implications as a result of the recommendations in this report.

2.5 Equalities and diversity

There are no Equalities and Diversity implications as a result of the recommendations in this report.

2.6 Risk management

There are no risk management issues arising from this report.

2.7 Crime and disorder

There are no crime and disorder implications as a result of the recommendations in this report.

2.8 Environment and sustainability

There are no environment and sustainability implications as a result of the recommendations in this report.