

Audit Committee

Wednesday, 24 March 2021

Present: K Robinson (Chair)
M Wilkinson (Deputy Chair)
Councillors D Cox, A McMullen, J Mole, M Rankin, P
Richardson and J Wallace

AC/52/20 Declarations of Interest and Dispensations

There were no Declarations of Interest or Dispensations reported.

AC/53/20 Minutes

Resolved that the minutes of the meeting of the Committee held on 18 November 2020 be confirmed as a correct record and be signed by the Chair.

AC/54/20 Annual Audit Letter

The Committee was presented with the Annual Audit Letter which had been prepared by the Authority's external auditors for the year ending 31 March 2020. It was explained that the delay in producing the final Audit Letter had been due to IT issues which had prevented its issue.

Resolved that the report be noted.

AC/55/20 Accounting Policies to be used in the compilation of the 2020/21 Annual Statement of Accounts

Consideration was given to a report which set out the proposed accounting policies that would be used in the preparation of the 2021/22 Annual Statement of Accounts. It was explained that the purpose of the Accounting Policies was to explain the basis for the recognition, measurement and disclosure of transactions and other events in the accounts of the Authority.

A copy of the proposed draft Accounting Policies was set out and it was explained that there had been one change made to take account of the adoption of the Community Infrastructure Levy by the Authority.

Resolved that the Accounting Policies be endorsed and adopted by the Authority to be used for the compilation of the Authority's Annual Statement of Accounts for the financial year to 31 March 2021.

AC/56/20 Annual Statement of Accounts 2020/21

Consideration was given to a report which provided an update on the closure of the 2020/21 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 2021 no later than the 1 August 2021 and for the audited set of accounts to be approved and published no later than 30 September 2021.

Details of the work which had been undertaken to ensure that the Authority was in a position to meet the above deadlines was outlined. It was explained that there would be challenges in meeting the deadlines both within the Authority and for the External Audit team but steps had been taken to address those challenges.

It was noted that group accounts would continue to be required for 2020/21 as the anticipated balance sheet value of the North Tyneside Trading Company would be material to the Authority's statutory accounts.

Resolved that the work outlined in respect of the closure of the 2020/21 Accounts be noted.

AC/57/20 Proposed Audit Committee Work Programme 2021/22

Consideration was given to a report which presented a proposed programme of core business to be considered by the Committee during 2021/22 in line with the Committee's terms of reference. The proposed work programme would allow the Committee to discharge its duties effectively and efficiently 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 arise during the course of the year.

Month	Items of Business
May 2021	<u>Internal Audit and Risk Management</u> <ul style="list-style-type: none"> • Annual Report from Chief Internal Auditor and Opinion on the Framework of Governance, Risk Management and Control • Final Outturn Report (showing performance in achieving the previous year's Strategic Audit Plan) • Key Outcomes from Internal Audit Reports (reporting the key outcome of reports issued in the preceding six months and progress made with the implementation of audit recommendations) • Risk Management Update <u>Finance</u> <ul style="list-style-type: none"> • CIPFA Financial Management Code <u>External Audit</u> <ul style="list-style-type: none"> • Audit Planning Report 2020/21

	<ul style="list-style-type: none"> External Audit Progress Report
July 2021	<u>Finance</u> <ul style="list-style-type: none"> Draft Statement of Accounts Draft Annual Governance Statement (and supporting information)
September 2021	<u>Finance</u> <ul style="list-style-type: none"> Final Statement of Accounts <u>External Audit</u> <ul style="list-style-type: none"> Audit Results Report
November 2021	<u>Internal Audit and Risk Management</u> <ul style="list-style-type: none"> Interim Outturn Report (showing profiled performance against the Strategic Audit Plan) Key Outcomes from Internal Audit Reports (reporting the key outcomes of reports issued in the preceding six months and progress made with the implementation of audit recommendations) Risk Management Update <u>Finance</u> <ul style="list-style-type: none"> Annual Governance Statement Update (progress on previously identified actions and agreeing methodology for coming year) Report on preparation of Annual Statement of Accounts 2021/22 CIPFA Financial Management Code – Mid-year update <u>External Audit</u> <ul style="list-style-type: none"> External Audit Progress Report
March 2022	<u>Internal Audit and Risk Management</u> <ul style="list-style-type: none"> Strategic Audit Plan (for the forthcoming financial year) Annual Audit Committee Work Programme Annual Review of Audit Committee Effectiveness <u>Counter Fraud</u> <ul style="list-style-type: none"> Counter Fraud Annual Report <u>Finance</u> <ul style="list-style-type: none"> Report on accounting policies to be used in Compilation of Annual Statement of Accounts Report on preparation of Annual Statement of Accounts 2021/22 <u>External Audit</u> <ul style="list-style-type: none"> Audit Planning Report 2021/22 Audit Market Reform Update Report

Clarification was sought as to whether the Audit Section had sufficient resources to be able to undertake proposed work programme and it was confirmed that this was the case.

Resolved that (1) the proposed core business work programme be agreed;
(2) it be noted that it may be necessary to change or adapt the timetable to ensure that consideration of governance issues is undertaken at the appropriate time and to respond to emerging trends during the year; and
(3) it be noted that ad-hoc reports may be presented to the Committee as considered necessary.

AC/58/20 Review of Audit Committee Effectiveness

Consideration was given to a report which presented a self-assessment of the Audit Committee arrangements following a review of the arrangements undertaken during 2019/20. It was noted that the Chartered Institute of Public Finance and Accountancy (CIPFA) periodically published good practice guidance which covered the role, functions and operation of Audit Committees, the last one being in 2018.

The self-assessment carried out in March 2021 had demonstrated that the Authority's Audit Committee arrangements reflected the good practice areas which were recommended by CIPFA. There had been some areas of development which had been delayed primarily due to the Covid-19 pandemic and actions had been planned to address those areas early in 2021/22.

The External Auditors confirmed that it was a helpful document.

Resolved that (1) the latest self-assessment of the Audit Committee arrangements against the CIPFA good practice guidance be endorsed;
(2) the actions taken since the previous review be noted;
(3) the self-assessment be used to form the basis of the Committee's annual report to Cabinet.

AC/59/20 Exclusion Resolution

Resolved that under Section 100A (4) 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/60/20 Strategic Audit Plan 2021/22

Consideration was given to a report which set out the Strategic Audit Plan for 2021/22. It was explained that the Strategic Audit Plan helped to ensure that Internal Audit was able to provide an independent and objective opinion on the framework of governance, risk management and control. The plan also set out Internal Audit's medium term objectives.

It was explained that the Strategic Audit Plan had been developed in consultation with the Chief Executive, the Head of Resources and Heads of Service and was kept under regular review with an update report to be presented to the Committee in November 2021.

Officers responded to a series of members questions on the report.

Resolved that the Strategic Audit Plan 2021/22 and the need to keep risks and the associated impact on assurance under review be noted.

AC/61/20 Corporate Risk Management Summary Report

Consideration was given to a report which outlined the corporate risks that had been identified for monitoring and management by the Council's Senior Leadership Team, as of 14 October 2020. The report provided detailed information on each of the corporate risks including the cause of the risk, the consequences 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.

The Chief Executive gave a comprehensive overview of each of the risks and the steps taken by the leadership team to address the risk and he responded in detail to members questions.

Resolved that the report be noted.