

# North Tyneside Council

## Report to Cabinet

### Date: 18 October 2021

#### Title: Audit Committee Annual Report 2020/21

<b>Portfolio(s):</b> Finance and Resources	<b>Cabinet Member(s):</b> Councillor Martin Rankin
<b>Report from Service Area:</b> Resources	
<b>Responsible Officer:</b> Janice Gillespie, Director of Resources	<b>(Tel: (0191) 643 5701)</b>
<b>Wards affected:</b> All	

#### PART 1

##### 1.1 Executive Summary:

The purpose of this report is to present an Annual Report to Cabinet from Audit Committee, covering the work performed by the Committee during 2020/21.

The Report explains the role of Audit Committee; summarises the outcomes of a review of the effectiveness of the Audit Committee, led by the co-opted Chair; explains the progress which has already been made in implementing the recommendations from this review; and sets out areas recommended for further development of the effectiveness of Audit Committee. The report also summarises highlights from the substantive business considered by the Committee in 2020/21.

##### 1.2 Recommendation(s):

It is recommended that Cabinet notes the Audit Committee Annual Report for 2020/21, attached as Appendix A to this report.

##### 1.3 Forward Plan:

Twenty-eight days' notice of this report has been given and it first appeared on the Forward Plan that was published on 20 August 2021.

##### 1.4 Council Plan and Policy Framework

The work of Audit Committee supports the entire framework of governance, risk management and control within the Authority, and all service responsibilities 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 framework<sup>1</sup>. The Authority has a dedicated Audit Committee, which is independently chaired by Mr Kevin Robinson, with Mr Malcolm Wilkinson as independent Deputy Chair.
- 1.5.2 CIPFA also recommends that the Audit Committee should regularly assess its own effectiveness and has prepared guidance which Audit Committees can use for this purpose. The Authority's Audit Committee arrangements have therefore been reviewed in line with this guidance, led by the Audit Committee Chair, with actions identified to improve the arrangements continuing throughout 2020/21 to date.
- 1.5.3 One recommendation from the review was that the Authority would benefit from greater interaction between Audit Committee and Cabinet. The review recommended that an annual report from Audit Committee to Cabinet should be prepared, in accordance with good practice recommended by CIPFA.
- 1.5.4 An annual report from Audit Committee to Cabinet, in line with the recommendations from the review of Audit Committee Effectiveness, is attached. This report demonstrates how the Audit Committee has met its Terms of Reference during the year and summarises some of the key highlights of work undertaken in 2020/21.

## **1.6 Decision options:**

The following decision options are available for consideration by Cabinet:

### Option 1

Cabinet notes the Audit Committee Annual Report 2020/21 (Appendix A).

### Option 2

Cabinet does not note the Audit Committee Annual Report 2020/21 (Appendix A).

Option 1 is the recommended option.

## **1.7 Reasons for recommended option:**

Option 1 is recommended for the following reasons:

Noting the Audit Committee Annual Report 2020/21 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; and will help to ensure that Cabinet is aware of the main governance matters which have been considered by Audit Committee in 2020/21.

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• <sup>1</sup> CIPFA Position Statement on Local Authority Audit Committees, *Audit Committees – Practical Guidance for Local Authorities and Police, CIPFA 2018*

## **1.8 Appendices:**

Appendix A: Audit Committee Annual Report 2020/21.

## **1.9 Contact officers:**

Kevin McDonald, Acting Chief Internal Auditor, 0191 643 5738

## **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:

- CIPFA Position Statement on Local Authority Audit Committees, Audit Committees – Practical Guidance for Local Authorities and Police, CIPFA 2018  
[https://www.cipfa.org/media/files/publications/Fau059\\_audit\\_cttee\\_position-statement\\_2018.pdf&usq=AOvVaw1\\_xtbeZFhZ0FXN1ckz9kqZ](https://www.cipfa.org/media/files/publications/Fau059_audit_cttee_position-statement_2018.pdf&usq=AOvVaw1_xtbeZFhZ0FXN1ckz9kqZ)
- Review of Audit Committee Effectiveness – Report to Audit Committee, 24 March 2021  
<https://democracy.northtyneside.gov.uk/documents/s5644/Audit%20Committee%20Effectiveness%20Report%20March%202021.pdf>
- Reports to Audit Committee 2020/21  
<https://democracy.northtyneside.gov.uk/ieListMeetings.aspx?CIId=157&Year=0>

## **PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING**

### **2.1 Finance and other resources**

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**

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

### **2.3 Consultation/community engagement**

Consultation on the analysis against CIPFA's good practice guidance, taken from the 2018 publication "Audit Committees – Practical Guidance for Local Authorities and Police", was undertaken with Audit Committee during 2019. The Chair of Audit Committee also engaged with serving elected members of Audit Committee and senior officers on an individual basis.

An updated self-assessment of Audit Committee Effectiveness, including proposals for preparation of a report to Cabinet from Audit Committee, was discussed with all serving Audit Committee members at the meeting of Audit Committee on 24 March 2021.

Individual reports from Internal Audit, External Audit or the Head of Resources (referenced in the Audit Committee Annual Report 2020/21) have all been discussed with the relevant client identified for that work, at the time that this was completed.

## **2.4 Human rights**

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

## **2.5 Equalities and diversity**

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

## **2.6 Risk management**

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

## **2.7 Crime and disorder**

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**

There are no environment and sustainability implications arising directly 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
- Assistant Chief Executive  X