

North Tyneside Council

Report to Audit Committee

Date: 24 May 2017

ITEM 10

Title: Follow Up on
Review of Audit
Committee Arrangements

Report from Service Area: Commissioning and Investment

Report Author: Allison Mitchell, Chief Internal Auditor Tel: 643 5720

Wards affected: All

PART 1

1.1 Purpose:

This report provides an update on previous recommendations made by the Chair of Audit Committee in his review of Audit Committee Arrangements in March 2016.

1.2 Recommendation(s):

It is recommended that:

- (a) Audit Committee note the contents of this report and contribute any further suggestions on improving Audit Committee effectiveness to the Chair of Audit Committee, at any stage during the municipal year; and
- (b) Audit Committee members consider the specific recommendation relating to an annual report from Audit Committee to Cabinet, and convey any suggestions which they may have for content of such an Annual Report to the Chair of Audit Committee.

1.3 Council Plan and Policy Framework:

The work of the Audit Committee covers all service responsibilities as identified within the Council Plan.

1.4 Information:

Background

- 1.4.1 During 2015/16, the Chair of Audit Committee undertook a review of Audit Committee effectiveness, in line with best practice guidance. This review involved engagement with a wide variety of Audit Committee stakeholders, including one to one conversations with all Audit Committee members serving at that time. The review resulted in a report from the Chair of Audit Committee to the Council's Senior Leadership Team, a summary of which was presented to Audit Committee in March 2016.
- 1.4.2 The Chair of Audit Committee's report made recommendations aimed at strengthening arrangements regarding Audit Committee in the following areas:

- Greater interaction between the Chair of Audit Committee, and wider Audit Committee, with the Senior Leadership Team
- Greater interaction between Cabinet and Audit Committee, regarding the Audit Committee's work programme and development of an annual report from Audit Committee to Cabinet
- Consideration of a Development Programme, for Audit Committee members and non-members, to raise awareness on the Audit Committee's role and remit (this programme to involve the Senior Leadership Team, Internal Audit and External Audit)
- Greater involvement of Audit Committee members in agreeing the work programme for the Committee
- Attendance by appropriate Senior Leadership Team members at the Committee; and Cabinet members, when key risk issues are discussed
- Some slight changes to the Committee's Terms of Reference to demonstrate a better fit with CIPFA's Audit Committee position statement.

1.4.3 These recommendations were agreed by the Senior Leadership Team in March 2016. It was intended that the recommendations would form the basis of an Action Plan during 2016/17, to take forward the improvements identified in each area. While in some areas good progress in actioning the recommendations has been made – for example, in establishing regular briefings on Authority business for the Chair of Audit Committee – the pace of implementation on other recommendations has not been as hoped. This is due to a number of competing resource pressures within the Internal Audit service (who were to lead on co-ordinating responses to the identified actions). The Chair of Audit Committee has highlighted this, and it has been agreed that the outstanding recommendations will be progressed forthwith. The recommendations have been reviewed and all are still current and valid for implementation.

1.5 Decision options:

1.5.1 It is recommended that Audit Committee notes the contents of this report, and that individual Audit Committee members pass any further suggestions for Audit Committee improvement – including any suggestions on the content of a proposed annual report from Audit Committee to Cabinet – to the Chair of Audit Committee.

There are no other options available in relation to this report.

1.6 Reasons for recommended option:

This will allow the agreed recommendations from the Audit Committee review to be fully implemented, and to allow Audit Committee members serving during the 2017/18 year to be fully engaged in improvements going forward.

1.7 Appendices:

There are no appendices to this report.

1.8 Contact officers:

Kevin McDonald. Group Assurance Manager, 0191 643 5738

1.9 Background information:

The following background papers have been used in the compilation of this report and are available at the office of the author.

- Report to Audit Committee, 'Review of Audit Committee Arrangements', March 2016
http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=564801

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

There are no financial implications arising directly from this report.

The Audit Committee contributes to the Council's governance framework, including the review of financial governance as appropriate.

2.2 Legal

The Public Sector Internal Audit Standards, and related Local Government Application Note, presume that local authorities will have an Audit Committee undertaking the mission identified by CIPFA in its 2013 publication "Audit Committees – Practical Guidance for Local Authorities and Police".

2.3 Consultation/community engagement

The Chair of Audit Committee engaged extensively with a range of Audit Committee stakeholders. Consultation included serving elected members of the committee, the Cabinet member for Finance and Resources, Chief Executive and Deputy Chief Executive, Heads of Service and Senior Leadership Team, senior managers, and the External Auditor.

2.4 Human rights

There are no human rights implications arising from this report.

2.5 Equalities and diversity

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

2.6 Risk management

Risks will be identified as progress is made on the implementation of the recommended actions included within the report. Risks and opportunities identified will be managed in accordance with the Authority's established risk management processes.

2.7 Crime and disorder

There are no specific crime and disorder issues arising from this report. The work of Audit Committee is a key strand in the Authority's counter-fraud arrangements.

2.8 Environment and sustainability

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

Report author Allison Mitchell