

# North Tyneside Council Report to Cabinet

**Date: 10 July 2017**

## ITEM 6(c)

**Title: Audit Committee  
Annual Report 2016/17**

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**Portfolio(s): Finance and Resources**

**Cabinet Member(s): Councillor Ray  
Glindon**

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**Report from Service Area: Commissioning and Investment**

**Responsible Officer: Mark Longstaff, Head of  
Commissioning and Investment**

**Tel: (0191) 643 8089**

**Wards affected: All**

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## PART 1

### **1.1 Executive Summary:**

The purpose of this report is to present the inaugural Audit Committee Annual Report, covering the work performed by the Committee in 2016/17, to Cabinet.

The Report is introduced by the co-opted Chair of Audit Committee (Mr Kevin Robinson) on behalf of the Committee. 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 2016/17.

### **1.2 Recommendation(s):**

It is recommended that Cabinet notes the Audit Committee Annual Report for 2016/17, 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 12 June 2017.

## 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>. North Tyneside Council 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. A review of the Authority's Audit Committee was therefore led by the Audit Committee Chair in 2015/16, with action to progress the recommendations from that review continuing throughout 2016/17 to date.
- 1.5.3 One recommendation from Mr Robinson's 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 considered, in addition to greater engagement between Audit Committee and Cabinet in development of a work programme for Audit Committee.
- 1.5.4 The first report from Audit Committee to Cabinet, in line with the recommendations from the Audit Committee review, is attached. This report summarises some of the key highlights of work undertaken by Audit Committee in 2016/17.

## 1.6 Decision options:

The following decision options are available for consideration by Cabinet:

### Option 1

Cabinet notes the Audit Committee Annual Report 2016/17 (Appendix A).

### Option 2

Cabinet does not note the Audit Committee Annual Report 2016/17 (Appendix A).

Option 1 is the recommended option.

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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 2013

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

Noting the Audit Committee Annual Report 2016/17 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 2016/17.

## **1.8 Appendices:**

Appendix A: Audit Committee Annual Report 2016/17

## **1.9 Contact officers:**

Allison Mitchell, Chief Internal Auditor, 0191 643 5720  
Kevin McDonald, Group Assurance Manager, 0191 643 5738  
Alison Campbell, Senior Business Partner, 0191 643 7038

## **1.10 Background information:**

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

- Audit Committees – Practical Guidance for Local Authorities and Police, CIPFA 2013  
<http://www.cipfa.org/policy-and-guidance/publications/a/audit-committees-practical-guidance-for-local-authorities-2013-edition-book>
- Review of the Effectiveness of our Audit Committee – Report of the Co-opted Chair of Audit Committee, February 2016  
[http://www.northtyneside.gov.uk/pls/portal/NTC\\_PSCM.PSCM\\_Web.download?p\\_ID=564801](http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=564801)
- Reports to Audit Committee 2016/17  
[http://www.northtyneside.gov.uk/browsemeetings.shtml?p\\_subjectCategory=1122](http://www.northtyneside.gov.uk/browsemeetings.shtml?p_subjectCategory=1122)

## **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 can not 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**

The review of the Audit Committee's effectiveness, led by the co-opted Chair of Audit Committee, engaged widely with all serving members of Audit Committee at the time of

the review, the Cabinet Member for Finance and Resources, Mazars (external auditor), the Chief Executive, Deputy Chief Executive, Head of Commercial and Business Redesign, Head of Finance, Head of Commissioning and Investment, Head of Environment, Housing and Leisure, Manager: Democratic Services, and the Workforce Development Lead HR (Corporate).

An update on the review, including proposals for preparation of a report to Cabinet from Audit Committee, was discussed with all current Audit Committee members at the meeting of Audit Committee on 24 May 2017.

Individual reports from Internal Audit, External Audit or the Head of Finance (referenced in the Audit Committee Annual Report 2016/17) 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**

- Deputy Chief Executive
- Head(s) of Service
- Mayor/Cabinet Member(s)
- Chief Finance Officer
- Monitoring Officer
- Head of Corporate Strategy