



Northumberland

County Council

AUDIT COMMITTEE

29 MARCH 2023

AUDIT COMMITTEE WORK PROGRAMME 2023/24

Report of Kevin McDonald, Head of Internal Audit and Risk Management

Purpose of report

The purpose of this report is to propose a programme of core business for the Audit Committee for 2023/24, in accordance with its Terms of Reference as set out in the Council's Constitution.

Recommendations

It is recommended that the Audit Committee agrees:

- 1) the proposed 'core business' work programme set out within the report, for 2023/24;
- 2) that it may be necessary to change or adapt the proposed reports to be considered, to ensure optimum timing of consideration of governance issues, and to respond to emerging trends during the year;
- 3) that the Committee will receive additional reports on any ad-hoc items of business arising during the year, as these relate to its responsibilities under its Terms of Reference, in the usual way; and
- 4) that work is underway to undertake a review of Audit Committee arrangements, in consultation with stakeholders, taking into account the most recent good practice guidance for local authorities issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) in October 2022, with the outcome reported to a future meeting of Audit Committee and this work programme updated as appropriate.

Link to Corporate Plan

The work of the Audit Committee contributes to the achievement of all priorities in the Council's Corporate Plan. In particular, it supports the "How" priority of the Corporate Plan 2021-2024.

Key issues

- 1 An Audit Committee work programme is developed annually to drive the frequency and duration of meetings, ensuring the Committee receive adequate coverage of assurance reports whilst maintaining an appropriate focus on business concerns and minimising the resource requirements in their preparation and presentation.
- 2 The work programme is also useful to officers in planning, monitoring and managing reporting throughout the year. Accordingly, the previous work programme has been reviewed to identify a proposed work programme for 2023/24.
- 3 This updated programme reflects known changes in service delivery; ensures that legal requirements relating to governance, risk and control obligations can be met; and aims to ensure that the Audit Committee receives information at the optimum times during the year to properly perform its role as set out in the Constitution and its Terms of Reference.
- 4 At its meeting on 4 November 2020 full Council agreed that a Group Audit Committee for all entities within the County Council's accounting group boundary would be established, and that the County Council's Audit Committee would be designated the Group Audit Committee. The County Council's Constitution was updated to reflect this and incorporate Terms of Reference for the Group Audit Committee.
- 5 Work is underway with the Chair of the Audit Committee to undertake a review of Audit Committee arrangements, in consultation with member and officer stakeholders, taking into account the most recent 'Position Statement on Audit Committees in Local Authorities and Police' and accompanying good practice guidance for local authorities issued by CIPFA in October 2022. The outcome of the review, and any proposals to update the Committee's work programme in response to the review's findings, will be reported to a future meeting of Audit Committee.
- 6 Internal Audit will continue to present an update of its work in relation to the Council's active group entities to each scheduled meeting of the Audit Committee. The active companies within the Council's group currently relate to those within the Advance Northumberland Group of Companies.

Background

- 7 The core programme of work for the Audit Committee covers its main areas of responsibility as set out in its Terms of Reference agreed in the Council's Constitution. This work programme aims to ensure that the Committee is properly able to discharge its duties effectively and efficiently, strengthening the Council's overall governance arrangements, and to highlight which reports are planned for presentation to each meeting throughout the financial year.
- 8 The work programme recognises that it is also necessary to update the Audit Committee on an ad-hoc basis, as relevant and topical areas arise during the year.
- 9 For several years, the work programme has proved very helpful in planning, monitoring and managing reporting to the Audit Committee and, accordingly, has been reviewed to identify a proposed work programme for 2023/24, set out below.

Constitution and Terms of Reference

- 10 The Council's Constitution, updated in February 2021 and incorporating the Terms of Reference for the Audit Committee approved in November 2020, sets out that the Audit Committee provides assurance on the adequacy of the risk management framework and internal control environment of the Council, has oversight of the financial reporting process and oversees the Council's internal and external audit processes. The Constitution also sets out that the Committee acts as the parent Group Audit Committee for all entities within the County Council accounting group boundary with responsibility for maintaining governance oversight of all group entities.
- 11 The Committee's Terms of Reference identify a number of clear roles for the Audit Committee to discharge, throughout the course of the year. Some aspects of the Committee's business are time-bound in nature (e.g. relating to the Council's Accounts, or agreeing future plans of work), whilst other items can reasonably be considered at any point during the year allowing some flexibility in planning the work programme of the Committee. The Committee's Terms of Reference establish a separate set of roles for the Committee to discharge its Group Audit Committee responsibilities.

Identification of Core Business Areas

- 12 The Audit Committee's responsibilities as set out in the Constitution can reasonably be expected to form the basis of the core business of the Audit Committee. The work programme is reviewed annually in consultation with lead report authors within the Council, and the external auditor, to ensure it continues to be based upon the Committee's responsibilities as set out in the Constitution and to ensure that reports are scheduled to reach the Audit Committee at the optimum time during the year.

Proposed Annual Work Programme

- 13 The following programme of the core business of the Committee for 2023/24 is proposed. This sets out the suggested timing and frequency of reports in the coming year and ensures that the responsibilities defined in the Constitution can be met. The proposed programme will help to ensure that the Committee continues to receive necessary information at the right time during the year.
- 14 In order to help with a sector wide resourcing and capacity issue, the Department for Levelling Up, Housing and Communities (DLUHC) extended the deadline for publishing 2021/22 audited local authority accounts from the end of July 2022 to the end of November 2022. For 2022/23 through to 2027/28, DLUHC have extended the deadline for audited local authority accounts to be published to the end of September each year.
- 15 The work programme has been prepared in consultation with officers in Internal Audit and Risk Management, Finance, Democratic Services and the external (local) auditor, Mazars LLP. As reported to Audit Committee, some external audit work in relation to 2019/20, 2020/21 and 2021/22 is ongoing and this may impact on the proposed work programme. The Committee will be kept up to date as these matters progress.
- 16 The work programme should be treated as a helpful guide, and it may be necessary to alter or amend the proposed timing during the year as work progresses. Where this is the case, the relevant report author will be responsible for informing the Chair of the Audit Committee, and Democratic Services.

| Month | Internal Audit, Risk Management & Corporate Fraud | Corporate Finance | External Audit | Reports from Other Service Areas |
|----------------|---|---|---|--|
| May 2023 | <ul style="list-style-type: none"> • Annual Report from Chief Internal Auditor and Opinion on the Framework of Governance, Risk Management and Control • Key Outcomes from Internal Audit Assignments • Final Outturn Report (showing performance in achieving the previous year's Strategic Audit Plan from Internal Audit) • Update on Internal Audit work in relation to active group entities | <ul style="list-style-type: none"> • Annual Governance Statement 2022/23 | <ul style="list-style-type: none"> • Audit Progress Report | |
| July 2023 | <ul style="list-style-type: none"> • Update on Internal Audit work in relation to active group entities | <ul style="list-style-type: none"> • NCC Statement of Accounts 2022/23 - Update • Treasury Management Annual Report 2022/23 | <ul style="list-style-type: none"> • Audit Strategy Memorandum 2022/23 | <ul style="list-style-type: none"> • FPS Local Pension Board Annual Report |
| September 2023 | <ul style="list-style-type: none"> • Counter Fraud Annual Report • Risk Management Update • Update on Internal Audit work in relation to active group entities | <ul style="list-style-type: none"> • NCC Statement of Accounts 2022/23 | <ul style="list-style-type: none"> • Final Audit Completion Report • Annual Auditors Report | <ul style="list-style-type: none"> • Education & Safeguarding Performance – Review of External Inspection Reports |
| November 2023 | <ul style="list-style-type: none"> • Key Outcomes from Internal Audit Assignments • Strategic Audit Plan Monitoring Report • Update on Internal Audit work in relation to active group entities | <ul style="list-style-type: none"> • Treasury Management In-year Update Report | <ul style="list-style-type: none"> • Audit Progress Report | |

| Month | Internal Audit, Risk Management & Corporate Fraud | Corporate Finance | External Audit | Reports from Other Service Areas |
|--------------|--|--|---|--|
| January 2024 | <ul style="list-style-type: none"> • Approach to preparing the Strategic Audit Plan 2024/25 • Update on Internal Audit work in relation to active group entities | <ul style="list-style-type: none"> • Statement of Accounts 2023/24 - Timetable and Policies • Changes to the Code of Practice for 2023/24 • Northumberland County Council – Consideration of ‘Going Concern Status’ for the Statement of Accounts for the year ended 31 March 2024 • Treasury Management Strategy Statement for the Financial Year 2024/25 | <ul style="list-style-type: none"> • Audit Progress Report | |
| March 2024 | <ul style="list-style-type: none"> • Counter Fraud Update • Risk Management Update Report • Strategic Audit Plan 2024/25 • Annual Audit Committee Work Programme • Annual Review of Audit Committee Effectiveness • Update on Internal Audit work in relation to active group entities | <ul style="list-style-type: none"> • Group Boundary Review 2023/24 • Annual Governance Statement 2023/24 | <ul style="list-style-type: none"> • Audit Progress Report | <ul style="list-style-type: none"> • Education & Safeguarding Performance – Review of External Inspection Reports |

Implications

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| Policy | The role of Audit Committee is set out in the Council's Constitution and the Audit Committee's Terms of Reference. |
| Finance and value for money | Through its review of a range of audit, accounting and governance related items, the Audit Committee assesses the Council's use of financial resources and value for money. |
| Legal | The work of Audit Committee is undertaken in accordance with the Accounts and Audit Regulations 2015. |
| Procurement | None |
| Human Resources | There are no human resources implications arising directly from this report. |
| Property | There are no property implications arising directly from this report. |
| Equalities (Impact Assessment attached) Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/> | An equalities impact assessment is not applicable to this report. |
| Risk Assessment | This report refreshes the work programme of the Committee, mitigating the risk that the frequency and timing of some reports may not be optimised. |
| Crime & Disorder | There are no crime and disorder issues directly arising from this report. |
| Customer Consideration | There are no direct customer considerations arising from this report. |
| Carbon reduction | There are no carbon reduction issues directly arising from this report. |
| Wards | All |

Consultation

The proposed work programme of core business items has been proposed with reference to the Constitution and discussion with lead report authors within the Council and the external (local) auditor for consultation with Audit Committee.

As emerging issues or trends arise during the year, the core business items will be supplemented with additional reports agreed in association with the Chair of the Audit Committee.

Background Papers

- Northumberland County Council Constitution 24 February 2021.

Reports sign off

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| Finance Officer | N/A |
| Monitoring Officer/Legal | N/A |
| Human Resources | N/A |
| Procurement | N/A |
| I.T. | N/A |
| Portfolio Holder(s) | N/A |

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