



Northumberland County Council

Audit Committee

Wednesday, 27 March 2024

Audit Committee Arrangements

Report of Head of Internal Audit and Risk Management

1. **Link to Key Priorities of the Corporate Plan**

The work of Audit Committee contributes to the overall achievement of all priorities in the Council's Corporate Plan. In particular, it supports the "Achieving Value for Money" priority of the Corporate Plan 2023-26.

2. **Purpose of report**

To provide a self-assessment of Audit Committee arrangements and highlight areas where development should be focused to ensure that our Audit Committee arrangements reflect all parts of good practice guidance recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA).

3. **Recommendations**

3.1 It is recommended that Audit Committee:

- a) considers and endorses the latest self-assessment of our Audit Committee arrangements against the good practice guidance recommended by CIPFA, attached as **Appendix A**.
- b) agrees that the Head of Internal Audit and Risk Management works with the Chair of Audit Committee, once appointed, to undertake a wider review of Audit Committee arrangements using the revised CIPFA guidance in order to prepare a plan of actions which may be needed to ensure that our Audit Committee arrangements reflect CIPFA's latest guidance.
- c) agrees that this report will form the basis of an annual report from Audit Committee, which will be prepared for presentation to Council, demonstrating how Audit Committee meets its Terms of Reference and providing a summary of the work of the committee during the year.

4. Background

- 4.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) periodically publishes good practice guidance covering the role, functions and operation of Audit Committees in Local Government. The latest such guidance ('Audit Committees: Practical Guidance for Local Authorities and Police') was published in October 2022.
- 4.2 It is good practice to undertake an annual review of the effectiveness of Audit Committee arrangements. The most recent self-assessment of our Audit Committee arrangements was undertaken and reported to Audit Committee in November 2022. An updated self-assessment against the requirements of the guidance is attached as **Appendix 1**. This reflects the improvements made since November 2022 and again shows that our Audit Committee arrangements reflect the good practice areas recommended by CIPFA.
- 4.3 There are some areas highlighted in the self-assessment in which further development is needed to ensure that the good practice recommended by CIPFA is fully reflected. To help ensure that all good practice arrangements become fully embedded, a wider review of Audit Committee arrangements with Audit Committee members commenced, led by the former Independent Co-opted Chair of Audit Committee before standing down from their position during 2023. It is proposed that the review is progressed by the new Independent Co-opted Chair of Audit Committee, once appointed, and the Head of Internal Audit and Risk Management, to develop a plan of actions which may be needed to ensure that CIPFA's latest good practice is fully reflected.

5. Implications

| | |
|------------------------------------|--|
| Policy | <p>The Audit Committee contributes to the Council's governance framework, including the review of financial governance as appropriate.</p> <p>The role of Audit Committee is set out in the Council's Constitution and the Audit Committee's Terms of Reference.</p> |
| Finance and value for money | <p>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.</p> <p>There are no financial implications arising from the recommendations set out in this report.</p> |
| Legal | <p>The Public Sector Internal Audit Standards, and related Local Government Application Note, presume that local authorities will have an Audit Committee undertaking the purpose identified by CIPFA in its 2022 publication "Audit Committees: Practical Guidance for Local Authorities and Police".</p> |
| Procurement | <p>There are no procurement implications arising directly from this report.</p> |
| Human resources | <p>There are no human resources implications arising directly from this report.</p> |

| | |
|---|---|
| Property | There are no property implications arising directly from this report. |
| The Equalities Act: is a full impact assessment required and attached? | No - no equalities issues identified Equality Impact Assessment not required. |
| Risk assessment | There are no risk implications arising directly from this report. |
| Crime and disorder | There are no crime and disorder implications arising directly from this report. |
| Customer considerations | There are no direct customer considerations arising from this report. |
| Carbon reduction | There are no carbon reduction implications arising directly from this report. |
| Health and wellbeing | There are no health and wellbeing implications arising directly from this report. |
| Wards | (All Wards); |

6. Background papers

The following background papers have been used in the compilation of this report:

- a) Audit Committees: Practical Guidance for Local Authorities and Police, CIPFA, 2022 (P)
- b) Northumberland County Council Audit Committee Terms of Reference
- c) Northumberland County Council Corporate Plan 2023-26, 2023 (P)

7. Links to other key reports already published

Report to Audit Committee 'Audit Committee Arrangements', November 2022

8. Author and Contact Details

Kevin McDonald, Head of Internal Audit and Risk Management (Chief Internal Auditor)
 Email: Kevin.McDonald@northumberland.gov.uk