



Northumberland County Council

AUDIT COMMITTEE

24 MARCH 2021

AUDIT COMMITTEE WORK PROGRAMME

Report of the Acting Chief Internal Auditor

Purpose of report

The purpose of this report is to propose an updated programme of core business for the Audit Committee for 2021/22, in accordance with its Terms of Reference as set out in the Council's Constitution.

Recommendations

It is recommended that the Audit Committee:

- 1) Agrees the proposed 'core business' work programme set out within the report, for 2021/22;
- 2) Notes 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) Notes 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) Notes that an update will be provided to the May 2021 meeting to establish a work programme to allow the Committee to discharge its responsibilities as Group Audit Committee for all entities as set out in the Committee's Terms of Reference.

Link to Corporate Plan

The work of the Audit Committee contributes to the achievement of all priorities in the Council's Corporate Plan 2018-2021.

Key issues

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.

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 updated work programme for 2021/22.

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.

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. Work is ongoing to establish a suitable work programme and timetable for this aspect of the Committee's responsibilities.

Background

1. 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.
2. 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.
3. 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 updated work programme for 2021/22, set out below.

Constitution and Terms of Reference

4. The County Council meeting held on 4 November 2020 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. At the same meeting new Terms of Reference for the Audit Committee were adopted to allow the Committee to discharge the function of Group Audit Committee.
5. 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.
6. 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

7. 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.
8. Work is ongoing to establish a suitable work programme in relation to the Committee's role as Group Audit Committee for all entities within the County Council's accounting group boundary. Upon completion this will be presented to the Audit Committee for consideration and approval.

Proposed Annual Work Programme

9. The following updated programme of the core business of the Committee for 2021/22 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.

10. During March 2021, the Ministry of Housing, Communities and Local Government (the MHCLG) confirmed a revision to the Accounts and Audit Regulations in respect of the 2020/21 and 2021/22 accounts. The Accounts and Audit (Amendment) Regulations 2021 are due to come into force on 31 March 2021 and amend the publication of audited accounts from 31 July to 30 September for the next two years. It was also confirmed that the Authority's draft accounts are required to be published no later than 1 August. This amended timetable is reflected in the proposed work programme.
11. The work programme has been prepared in consultation with officers in the Shared Internal Audit and Risk Management Service, Finance, Democratic Services and also with the external (local) auditor, Mazars LLP. During discussions with Corporate Finance and External Audit it was stressed that the audit of the 2019/20 accounts is ongoing and the respective work programme entries may need to be amended to later meetings and this may impact on the timing of the audit of the 2020/21 statement of accounts.
12. 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	Item of Business
May 2021	<p><u>Internal Audit & Risk Management</u></p> <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) • Risk Management Update <p><u>Corporate Finance</u></p> <ul style="list-style-type: none"> • NCC Consideration of 'Going Concern Status' for the 2020/21 Statement of Accounts • Statement of Accounts 2019/20 & Pension Fund Accounts 2019/20 <p><u>External Audit</u></p> <ul style="list-style-type: none"> • 2019-20 Audit Completion Report <p><u>Education and Safeguarding Performance</u></p> <ul style="list-style-type: none"> • Review of External Inspection Reports
July 2021	<p><u>Corporate Finance</u></p> <ul style="list-style-type: none"> • Annual Governance Statement 2020/21 • Annual Treasury Management (year-end) Report • FPS Local Pension Board Annual Report <p><u>External Audit</u></p> <ul style="list-style-type: none"> • 2019/20 Annual Audit Letter • 2020/21 Audit Strategy Memorandum
September 2021	<p><u>Corporate Finance</u></p> <ul style="list-style-type: none"> • NCC Statement of Accounts 2020/21 <p><u>External Audit</u></p> <ul style="list-style-type: none"> • Progress Report <p><u>Counter Fraud Team</u></p> <ul style="list-style-type: none"> • Counter Fraud Annual Report
November 2021	<p><u>Internal Audit & Risk Management</u></p> <ul style="list-style-type: none"> • Key Outcomes from Internal Audit Assignments • Strategic Audit Plan Monitoring Report • Risk Management Update Report <p><u>Corporate Finance</u></p> <ul style="list-style-type: none"> • Treasury Management In-year Update Report <p><u>External Audit</u></p> <ul style="list-style-type: none"> • 2020/21 Audit Completion Report <p><u>Education and Safeguarding Performance</u></p> <ul style="list-style-type: none"> • Review of External Inspection Reports

Month	Item of Business
January 2022	<p><u>Internal Audit & Risk Management</u></p> <ul style="list-style-type: none"> • Approach to preparing the Strategic Audit Plan 2022/23 <p><u>Corporate Finance</u></p> <ul style="list-style-type: none"> • Statement of Accounts 2021/22 Timetable • Treasury Management Forward Strategy 2022/23 <p><u>External Audit</u></p> <ul style="list-style-type: none"> • 2020-21 Annual Auditor's Report <p><u>Counter Fraud Team</u></p> <ul style="list-style-type: none"> • Counter Fraud Update
March 2022	<p><u>Internal Audit & Risk Management</u></p> <ul style="list-style-type: none"> • Strategic Audit Plan 2022/23 (to approve the plan for the forthcoming year) • Annual Audit Committee Work Programme • Annual Review of Audit Committee Effectiveness <p><u>Corporate Finance</u></p> <ul style="list-style-type: none"> • Annual Governance Statement 2021/22 • Statement of Accounts 2021/22 Accounting Policies <p><u>External Audit</u></p> <ul style="list-style-type: none"> • 2021/22 Audit Strategy Memorandum

Implications

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"/> <input 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.

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

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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