



Northumberland County Council

Audit Committee

Thursday, 27 March 2025

Annual Review of 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 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 Audit Committee arrangements against the good practice guidance recommended by CIPFA, attached as **Appendix 1**.
- b) agrees that the Head of Internal Audit and Risk Management works with the Chair of Audit Committee to prepare a plan of actions which may be needed to ensure that our Audit Committee arrangements continue to reflect CIPFA's guidance.
- c) agrees that this report 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 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 March 2024. An updated self-assessment against the requirements of the guidance is attached as **Appendix 1**. This demonstrates 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, it is proposed that the Chair of Audit Committee and Head of Internal Audit and Risk Management consult with all members appointed to Audit Committee, and those who engage with the committee, during 2025/26 and produce an action plan for implementation.

5. Options open to the Audit Committee and reasons for the recommendations

- 5.1 The following decision options are available for consideration by Audit Committee:

Option 1

Audit Committee agrees the recommendations detailed at 3.1 above.

Option 2

Audit Committee does not agree the recommendations detailed at 3.1 above.

Option 1 is the recommended option. Recommendations included at 3.1 above reflect good practice recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) relating to Audit Committee undertaking an annual review of the effectiveness of Audit Committee arrangements.

6. Implications

Policy	The Audit Committee contributes to the Council's governance framework, including the review of financial governance as appropriate. 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. There are no specific financial implications within this report.

Legal	The Public Sector Internal Audit Standards, Global Internal Audit Standards, and related Local Government Application Notes, 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'.
Procurement	There are no specific procurement implications within this report.
Human resources	There are no specific human resources implications within this report.
Property	There are no specific property implications within this report.
The Equalities Act: is a full impact assessment required and attached?	No - no equalities issues identified No equalities implications identified.
Risk assessment	There are no specific risk assessment implications within this report.
Crime and disorder	There are no specific crime and disorder implications within this report.
Customer considerations	This report has been prepared for consideration by Audit Committee.
Carbon reduction	There are no specific carbon reduction implications within this report.
Health and wellbeing	There are no specific health and wellbeing implications within this report.
Wards	(All Wards);

7. Background papers

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

8. Links to other key reports already published

'Audit Committee Arrangements' Report to Audit Committee, March 2024

9. Author and Contact Details

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