

## AUDIT COMMITTEE

<b>Date:</b> Thursday, 31 July 2025
<b>Time:</b> 1.30 p.m.
<b>Venue:</b> Mandela Room, Town Hall

## AGENDA

1. Welcome and Evacuation Procedure  
  
In the event the fire alarm sounds attendees will be advised to evacuate the building via the nearest fire exit and assemble at the Bottle of Notes opposite MIMA.
2. Apologies for Absence
3. Declarations of Interest
4. Review of the Effectiveness of Audit Committee - Final Report, Recommendations and Next Steps 3 - 18
5. Work Programme (Standard Item) 19 - 20
6. Any other urgent items which in the opinion of the Chair, may be considered.

Charlotte Benjamin  
Director of Legal and Governance Services

Town Hall  
Middlesbrough  
Tuesday, 22 July 2025

### MEMBERSHIP

Councillors J Ewan (Chair), D Coupe (Vice-Chair), D Branson, B Hubbard, G Wilson and L Young

### Assistance in accessing information

Should you have any queries on accessing the Agenda and associated information please contact Chris Lunn, 01642 729742, [chris\\_lunn@middlesbrough.gov.uk](mailto:chris_lunn@middlesbrough.gov.uk)

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<b>MIDDLESBROUGH COUNCIL</b>	
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<b>Report of:</b>	Director of Finance (Section 151 Officer) and the Director of Legal and Governance Services (Monitoring Officer)
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<b>Submitted to:</b>	Audit Committee
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<b>Date:</b>	31 July 2025
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<b>Title:</b>	Review of the Effectiveness of Audit Committee - Final Report, Recommendations and Next Steps
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<b>Report for:</b>	Decision
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<b>Status:</b>	Public
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<b>Council Plan priority:</b>	Delivering Best Value
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#### Proposed decision(s)

That the Audit Committee:

- **APPROVES** the recommendations in full of the Local Government Financial Improvement and Sustainability Advisor as set out at Appendix 1 of this report
- **APPROVES** that the Chair, Director of Legal and Governance and the Director of Finance draft a response to the recommendations for consideration by Committee members and that agreed responses are reflected in the first Annual report of the Committee as per the engagement timetable set out in this report at Paragraph 3.6.
- **APPROVES** giving its thanks the Local Government Financial Improvement and Sustainability Advisor for their timely work in providing a framework against which the Committee can plan a series of improvements to its effectiveness.

#### Executive summary

This report presents the findings of the review of the Audit Committee's Effectiveness, which was commissioned by the Committee in March 2025 and delivered by the Local Government Association.

The final report provides a clear improvement framework against which the Committee can develop a series of improvement actions. The report proposes these actions are accepted in full by the committee, officers develop detailed proposed actions in response to the accepted recommendations and that the outcome of this report is included within the Committee's first annual report to Council.

The report proposes agreed actions are embedded within the Council's Continuous Improvement Plan to ensure they are visible to the organisation and implementation is closely tracked.

## 1. Purpose

1.1 The purpose of this report is to:

- present the findings of the review of the Audit Committee's Effectiveness, which was commissioned by the Committee in March 2025 and delivered by the Local Government Association (LGA)
- seek Committee approval of the review recommendations
- seek approval of the proposed way forward to develop a series of actions to respond to the recommendations, subject to Committee agreement of them.

## 2. Recommendations

2.1 That the Audit Committee

- **APPROVES** the recommendations in full of the Local Government Financial Improvement and Sustainability Advisor as set out at Appendix 1 of this report
- **APPROVES** that the Chair, Director of Legal and Governance and the Director of Finance draft a response to the recommendations for consideration by Committee members and that agreed responses are reflected in the first Annual report of the Committee as per the engagement timetable set out in this report at Paragraph 3.6.
- **APPROVES** giving its thanks the Local Government Financial Improvement and Sustainability Advisor for their timely work in providing a framework against which the Committee can plan a series of improvements to its effectiveness.

## 3. Background and relevant information

3.1 Chartered Institute of Public Finance and Accountancy (CIPFA) guidance published in October 2022, recommends that committees should complete a periodic self-assessment of their effectiveness.

3.2 The guidance includes a checklist to support the assessment, enabling the Committee to highlight the areas where it has made an impact on the Council's governance, risk management, control and audit arrangements. This Committee had not undertaken any assessment against this guidance.

3.3 At its meeting in March 2025, the Committee agreed to seek an external assessment of its effectiveness. The Local Government Association Financial Improvement and Sustainability Advisor has completed this work. Barry Scarr is an experienced former Section 151 Officer who was previously a member of the Council's Independent Improvement Advisory Board.

- 3.4 The work was completed at no additional cost to the Council as is part of a significant suite of support and advice that the Council has accessed from the LGA to support its improvement journey and its continuous improvement commitments from within the cost of its annual subscription to the LGA.
- 3.5 The findings of the assessment are set out at Appendix 1 of this report. The appendix sets out a series of recommendations where action is required to ensure compliance with the CIPFA guidance.
- 3.6 The Committee are asked to consider the recommendations of the LGA Financial Improvement and Sustainability advisor. Recommendations accepted by the Committee will be developed into a series of actions to be reported to Full Council within the first Annual Report of the Committee. It is proposed that the following timetable is followed for this:

Milestone	Target date
Committee members to provide any comments of views they have on proposed responses to recommendations accepted at the meeting and within the following four weeks to the Chair and Head of Governance, Policy and Information who will coordinate development of response actions	22 August 2025
Draft responses to be developed by senior officers and the Chair	Ongoing to 5 September 2025
Draft responses to be shared for comment by committee members	5 September 2025
Formal Committee approval sought of the draft responses as part of consideration of the first draft annual report of the Audit Committee to Full Council to be considered by	Audit Committee 25 September 2025 Full Council 15 October 2025

**4. Other potential alternative(s) and why these have not been recommended**

- 4.1 The Committee could choose to not accept one or more of the recommendations, however this is not recommended as they are based on expert analysis of the CIPFA code of practice, and the recommendations are designed to ensure the Committee operates in line with that Code of Practice.

**5. Impact(s) of the recommended decision(s)**

Topic	Impact
Financial (including procurement and Social Value)	There were no costs associated with the delivery of the review which was delivered within the annual subscription fee the Council pays to the Local Government Association.

	Individual recommendations may incur costs, these will be identified within report(s) that take forward any agreed responses to the recommendations as necessary.
Legal	Completion of the assessment provided the committee with assurance of its position in relation to its legal obligations. The recommendations identify areas to be strengthened that will improve assurance in relation to compliance with legal duties.
Risk	Completion of the assessment includes identification of recommendations to strengthen the Committee's role in relation to risk management, therefore accepting the recommendations will positively impact on the Council's approach to risk management.
Human Rights, Public Sector Equality Duty and Community Cohesion	There are no specific impacts or implications directly arising from this report, however an effective Audit Committee function will support the Council to ensure its practice, policies and decision making are legally compliant, thus ensuring positive impacts on these areas.
Reducing poverty	
Climate Change / Environmental	
Children and Young People Cared for by the Authority and Care Leavers	
Data Protection	

## Appendices

1	Findings of the review of the effectiveness of Audit Committee by the Local Government Association.
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## Background papers

Body	Report title	Date
Audit Committee	Audit Committee Review of Effectiveness	13 March 2025

**Contact:** Ann-Marie Johnstone, Head of Governance, Policy and Information  
**Email:** ann-marie\_johnstone@middlesbrough.gv.uk

# Middlesbrough Council

## Review of the effectiveness of Audit Committee

## Methodology

- CIPFA self assessment of good practice used as a framework
- Interviews carried out May and June:
  - Internal Audit
  - Senior Officers
  - Members of the Committee
- Triangulation of evidence



## What is the offer?

- FISAs are former local authority chief finance officers
- We can provide advice and insight to councils facing financial challenges.
- We can provide a financial health check of your council or support in challenging your budget and support in difficult messages.
- FISA's can be mentors and sounding boards for current and aspiring CFO's

## Purpose and Governance (1)

- The Committee should publish an Annual report for full council that covers:
  - compliance with the CIPFA Position Statement 2022
  - results of the annual evaluation, development work undertaken and planned improvements
  - how it has fulfilled its terms of reference and the key issues escalated in the year

## Purpose and Governance (2)

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- There should also be a response from Council to the Committee's report in relation to holding the Committee to account for its performance.
- The effectiveness of the audit committee should be assessed annually.

## Functions of the Committee

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- The Council scored well in this section, but the revised terms of reference are new and not fully embedded.
- Each agenda item needs to be scrutinised and challenged to ensure focus on core areas within the ToR.
- Time should be set aside before the meeting to meet with external audit and the head of internal audit

## Membership and support (1)

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- The Council should consider stopping or limiting substitution of Committee members.
- Two independent (non-Councillor) members should be appointed to the Committee on an appropriate level of remuneration.
- A training needs analysis (TNA) should be carried out for the Chair and each committee member.

## Membership and support (2)

- A training plan should be identified for each member of the committee based on the TNA.

## Effectiveness of the Committee (1)

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- Feedback from officers should be considered as a formal part of the next review.
- The Council needs to develop a comprehensive assurance framework which should be used to define an assurance map
- The assurance map should be used to guide the work of internal audit and the workplan of the committee.

## Effectiveness of the Committee (2)

- Senior Officers (and members where appropriate) should attend the committee to update on risk and mitigations.
- The committee needs to feedback to Senior Officers on improvement required in managing key risks and actions.



## Other observations

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- Prioritisation – the Council cannot do this all in one go – steps and timelines need to be prioritised.
- Improvement will require culture change – this should sit within the Councils wider improvement plan.
- Management of the Internal Audit contract needs to be tightened

# Questions

**Audit Committee Work Programme 25/26 - DRAFT**

Committee Date	Report Title / Subject	Lead / Author
31 JULY	Completion of the Self-assessment of Audit Committee Effectiveness	Andrew Humble / Barry Scarr
TBC	Review of the Effectiveness of the Internal Audit Service	Andrew Humble
25 SEPTEMBER	Complaints Annual Assurance Report 2024/5	A Johnstone
	Risk Annual Assurance Report	A Johnstone
	SIRO Annual Report	A Johnstone
	Progress Report – Forvis Mazars	Cath Andrew (Mazars)
	Pension Fund Audit Progress Report – Forvis Mazars	T Backhouse
	Internal Audit and Counter Fraud Progress Reports	P Jeffrey
	Presentation on the Management of the DSG Risk within the Strategic Risk Register	C Cannon and A Humble
	Update to Committee on Comparative Reserves Performance	A Humble and J Weston
11 DECEMBER	Letter of Representation on the Accounts from the Director of Finance	J Weston
	Forvis Mazars Auditors Annual Report 2023/24	Cath Andrew (Forvis Mazars)
	Annual Assurance Report on Partnership Governance	A Johnstone
	Treasury Management Mid-Year Review 2025/6	J Weston
	26/27 Internal Audit Consultation Report	P Jeffrey
	Internal Audit and Counter Fraud Progress Reports	P Jeffrey

19 FEBRUARY	Annual Assurance Report on Decision Making	C Benjamin / A Wilson
	Annual Assurance Report on Business Continuity	A Johnstone
	Local Code of Corporate Governance	A Johnstone
	Annual Assurance Report HR	N Finnegan
	Annual Procurement Report 24/25	C Walker
	Forvis Mazars - Audit Completion Report 2023/24	C Andrew
	24/25 Audit Completion Report for the Pension Fund	Thomas Backhouse
	Mid-year Risk Update	A Johnstone
	Final Statement of Accounts 2024/5 (could be a special meeting depending on capacity and timescales to happen around 20 February 2025)	J Weston
	Treasury Management Report	J Weston
16 APRIL	Performance Management	C Benjamin
	PPMF Assurance Report	G Cooper
	Internal Audit and Counter Fraud Progress Report	P Jeffrey
	Veritau Internal Audit Work Programme 2026/27	P Jeffrey
	Veritau Counter Fraud Plan 2026/27	
	Progress Report – Forvis Mazars	Cath Andrew (Forvis Mazars)
	Pension Fund Progress Report	Thomas Backhouse
	Future FWP for 2026/27	A Johnstone

To note: this is a draft FWP and subject to change. In particular some items may move slightly if committee dates, once set, do not quite align with required reporting timescales.