

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

Proposed decision(s)	
That the Audit Committee:	
<ul style="list-style-type: none"> • 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
<p>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.</p> <p>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.</p>

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

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