

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)

- 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

- 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)

- 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)

- 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

- 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