

# MIDDLESBROUGH COUNCIL



**Report of:** Director of Finance (Section 151 Officer) and the Director of Legal and Governance Services (Monitoring Officer)

**Submitted to:** Audit Committee

**Date:** 25 September 2025

**Title:** First Annual Report of the Audit Committee

**Report for:** Decision

**Status:** Public

**Council Plan priority:** Delivering Best Value

## Proposed decision(s)

That the Audit Committee:

- **APPROVES** the content of the first Annual Report of the Audit Committee as set out at Appendix 1
- **APPROVES** the proposed response to the recommendations arising from the review of the Audit Committee's effectiveness as set out within the Annual Report at Appendix 1.

## Executive summary

This report sets out the first Annual Report of the Committee which will be submitted for feedback to Full Council in October. This covers the range of work undertaken over the period under review, the key issues identified and discussed, and a summary of the recommendations from the effectiveness review undertaken by the Local Government Association.

## 1. Purpose

1.1 The purpose of this report is to:

- present the first Annual Report of the Audit Committee for consideration; and
- present the proposed response to the Review of Effectiveness recommendations which were accepted in principle at the Audit Committee meeting on 31 July 2025.

## 2. Recommendations

### 2.1 That the Audit Committee:

- **APPROVES** the content of the first Annual Report of the Audit Committee as set out at Appendix 1
- **APPROVES** the proposed response to the recommendations arising from the review of the Audit Committee's effectiveness as set out within the Annual Report at Appendix 1.

## 3. Background and relevant information

- 3.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) is a professional body and membership organisation that focusses on public finance, primarily in the UK, and it sets out recommended good practice for the public sector in relation to financial management.
- 3.2 In 2022 CIPFA produced a position statement and supporting guidance, setting out its view on the purpose, model, core functions and expected membership of Audit Committees.
- 3.3 Production of an Annual Report and consideration of it by Full Council is one of the recommended actions of an Audit Committee, as set out in that 2022 statement. It recommends that Audit Committees should 'report annually on how the Committee has complied with the position statement, discharged its responsibilities, and include an assessment of its performance. The report should also be available to the public'.
- 3.4 The first draft Annual Report of this Committee, set out at Appendix 1 sets out:
- The current level of compliance with the CIPFA position statement on Audit Committees (2022)
  - The results of the first annual review of effectiveness of the Audit Committee which has been completed recently
  - Work undertaken to improve compliance and a planned improvement programme for the Committee
  - Delivery of activity against the Committee's Terms of Reference
  - Key issues escalated and /or progressed in the last 12 months.
- 3.5 Members of the Committee are asked to consider whether the report reflects their work between October 2024 and September 2025.
- 3.6 The Committee are also asked to agree the proposed response to the review of the effectiveness of the Audit Committee which was accepted in principle by the Committee in July.
- 3.7 The finalised report will be presented at Full Council by the Chair of this Committee.

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

4.1 The Committee could ask for amendments to the content of the report and the proposed recommendations. This report is the report of the Committee and therefore for the Committee to own. The report was produced following analysis of the Committee minutes and engagement with the Chair and wider Committee.

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

Topic	Impact
Financial (including procurement and Social Value)	There were no costs directly associated with the delivery of the responses to the recommendations within the Annual Report. Some of the activity is reliant on delivery of increased capacity within the Finance team but this has been previously agreed by Full Council as part of the 2025/26 budget setting process.
Legal	Completion of Annual Report gives the Committee the opportunity to provide Full Council with an overview of its role and its delivery against its legal and good practice obligations. The response plan within the Annual Report identifies areas to be strengthened that will improve assurance in relation to compliance with legal duties.
Risk	The Annual Report sets out action to strengthen the Committee's role in relation to risk management, therefore it 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	Draft Audit Committee Annual Report
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#### Background papers

Body	Report title	Date
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Audit Committee	Audit Committee Review of Effectiveness	13 March 2025
Audit Committee	Review of the Effectiveness of Audit Committee – Final Report, Recommendations and Next Steps	31 July 2025

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