

<b>Report to:</b>	<b>Audit Panel</b>
<b>Date:</b>	Tuesday, 25 June 2024
<b>Reporting Member:</b>	Councillor David Sweeton, Chair of the Audit Panel
<b>Subject:</b>	<b>ANNUAL REPORT OF THE AUDIT PANEL 2023/24</b>
<b>Report Summary:</b>	<p>This report details the Annual Report of the Audit Panel 2023/24 for comment and approval by the Audit Panel in advance of its submission to Council.</p> <p>CIPFA recommends that Audit Committees produce an Annual Report to promote the role and purpose of the Committee, account for its performance, evaluate how it meets its terms of reference and how it adds value.</p>
<b>Recommendations:</b>	That the report is approved for submission to Council.
<b>Corporate Plan:</b>	Through the Terms of Reference, the Audit Panel provides assurance to the Council that the risks associated with the delivery of Corporate Plan are being managed.
<b>Policy Implications:</b>	Sound governance arrangements, including an effective Audit Panel helps to ensure that the Council's plans, strategies, and policies are delivered.
<b>Financial Implications: (Authorised by the statutory Section 151 Officer &amp; Chief Finance Officer)</b>	There are no direct financial implications arising from this report.
<b>Legal Implications: (Authorised by the Borough Solicitor)</b>	Audit Panels are a key component of an authority's governance framework. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. Considering this annual activity, gives greater confidence to all those charged with governance that those arrangements are effective.
<b>Risk Management:</b>	The Chair's annual report gives assurance to the Council that the Audit Panel is fulfilling the Terms of Reference and ensuring compliance with best practice and provides assurance to the Council that risks are being managed.
<b>Background Information:</b>	<p>The background papers can be obtained from the author of the report Carol McDonnell, Head of Assurance:</p> <p>Telephone: 0161 342 3231</p> <p>e-mail: <a href="mailto:Carol.McDonnell@tameside.gov.uk">Carol.McDonnell@tameside.gov.uk</a></p>

## 1. AN INTRODUCTION FROM THE CHAIR

- 1.1 Welcome to the Annual Report of the Audit Panel. The main purpose of this report is to allow the Council to demonstrate to residents, stakeholders and partners, the significance of the Audit Panel's role and the positive contribution it has made to the Council's overall governance arrangements during 2023/24.
- 1.2 As the Council's committee whose remit it is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements, the Audit Panel has played a key role in maintaining oversight of the challenges facing the Council during the year.
- 1.3 The Audit Panel continued its important work as well as continuing to develop its own effectiveness. Highlights for the year include oversight of embedding of a new 'assurance model' which is best practice in integrating the disciplines of audit and risk. As part of this, the Panel received a refreshed Internal Audit Plan linked to risk and oversaw the implementation of the new approach to risk management by rationalising the corporate risks and implementing the 'three lines' of assurance model.
- 1.4 The Audit Panel receive regular assurance on the Council's strategic risks, including the mitigations in place to manage those risks, and updates from Internal Audit on their programme of planned work.
- 1.5 The Audit Panel has received assurances from the External Auditor. Due to technical challenges in the audit process, there has been continued delays in concluding previous years' financial statements. We look forward to progressing and resolving these issues in the coming year.
- 1.6 The Audit Panel sought to further improve its own effectiveness by benchmarking itself against the latest CIPFA 2022 Position Statement for Audit Committees.
- 1.7 The Panel welcomed two new independent members in 2023/24: Ian Duncan and Stuart Fair. Both come with a substantial amount of senior finance experience from within the sector. They have added significant value including as a technical support to the Panel in its work.
- 1.8 The Audit Panel has taken significant steps during the year to deliver the oversight necessary to strengthen the Council's governance, risk, and control arrangements.
- 1.9 There will be continuing challenges facing the Council and the Audit Panel, but the Audit Panel has solid foundations on which to meet those challenges and ensure the Council's overall governance framework remains fit for purpose.
- 1.10 I would like to thank all members of the Audit Panel, the previous Chair and the officers who have contributed to the important work of the Audit Panel over the last 12 months.

**Councillor David Sweeton, Chair of the Audit Panel**

## 2. COMPLIANCE WITH THE CIPFA POSITION STATEMENT 2022

- 2.1 The **CIPFA Positions Statement: Audit Committees in Local Authorities and Police 2022** sets out the purpose, model, core functions and membership of the audit Committee (Audit Panel at Tameside Council).
- 2.2 The statement represents CIPFA's view on the audit committee practice and principles that local government bodies in the UK should adopt. CIPFA expects that all local government bodies should make their best efforts to adopt the principles, aiming for effective audit committee arrangement. This should enable statutory responsibilities for governance and

internal control arrangements, financial management, financial reporting, and internal audit to be met.

2.3 To comply with the CIPFA Position Statement and discharge its responsibilities effectively, the Audit Panel should:

- Meet regularly, at least four times a year, and have a clear policy on those items to be considered in private and those to be considered in public. See Section 3 and 4 of this report.
- Be able to meet privately and separately with the external auditor and with the head of internal audit. This is a standard item on each agenda. See Section 5 of this report.
- Include, as regular attendees, the chief finance officer(s), the chief executive, the head of internal audit and the appointed external auditor; other attendees may include the monitoring officer and the head of resources (where such a post exists). These officers should also be able to access the committee members, or the chair, as required. See Section 3 of this report.
- Have the right to call on any other officers or agencies of the authority as required.
- Support transparency, reporting regularly on its work to those charged with governance.
- 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 be available to the public.

### 3. AUDIT PANEL TERMS OF REFERENCE

3.1 The Terms of Reference which the Audit Panel operated to during 2023/24, is detailed at **Appendix A**.

### 4. MEMBER / OFFICER ATTENDANCE 2023/24

4.1 The Audit Panel met four times during the 2023/24 municipal year:

- 1 August 2023
- 21 November 2023
- 1 February 2024
- 12 March 2024

4.2 Membership of the Audit Panel during the 2023/24 municipal year and their attendance is detailed in the table below:

<b>Audit Panel Member</b>	<b>1 August 2023</b>	<b>21 November 2023</b>	<b>1 February 2024</b>	<b>12 March 2024</b>
<b>Councillors</b>				
Cllr. Naylor	Chair	n/a	n/a	n/a
Cllr. M Smith	Deputy	Chair	Deputy	✓
Cllr. W Bray	✓	✓	✓	A
Cllr. L Billington	A	✓	A	✓
Cllr. L Boyle	A	A	✓	A
Cllr. J Kitchen	A	✓	✓	A
Cllr. J Fitzpatrick	A	✓	Chair	Chair
Cllr. A McLauren	A	A	✓	A
<b>Independent Members</b>				
Ian Duncan	✓	✓	✓	✓
Stuart Fair	✓	✓	A	✓

4.3 A number of the Audit Panel members also sit on various other Committees. There were no

reports received during the year that necessitated members absenting themselves.

4.4 Senior officers from the Council also attend the Audit Panel meetings as appropriate, including the Chief Executive, Director of Resources (Section 151), Assistant Director of Finance and the Head of Assurance.

4.5 The External Auditors from Mazars also attended.

## 5. SOURCES OF ASSURANCE RECEIVED BY THE AUDIT PANEL DURING 2023/24

5.1 The Audit Panel received the following assurances:

- **Finance** - The Panel received assurances on the Council's financial management arrangements (e.g., treasury management).
- **External Audit** – The main responsibility of the External Auditor is to report on the Council's Accounts and whether the Council has made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources. While there has been delays in sign off of the Council's statutory accounts, Mazars have provided regular updates to the Panel on their progress.
- **Internal Audit** – The Panel received the 2022/23 annual opinion, a revised Internal Audit Plan for 2022/23, and approved the Annual Internal Audit Plan for 2023/24. The Panel received regular Internal Audit progress reports including performance against their plan.
- **Counter Fraud** – Received the new Counter Fraud Strategy and Policy for 2024 – 2026 and regular updates as part of the Internal Audit progress reports.
- **Risk Management** – Received the new Risk Management Strategy and Policy 2023 - 2025. Assurance against the Council's strategic risks have been monitored by the Audit Panel.
- **Governance & Performance** – The Panel sought assurances on the Council's governance and performance arrangements throughout the year. The Panel had oversight of the Annual Governance Statement and sought assurance on the work of the National Anti-Fraud Network (NAFN) via their annual report and an update from STAR procurement.

5.2 The table in **Appendix B** details how the Panel addressed its Terms of Reference regarding the sources of assurance received during the year.

## 6. ANNUAL SELF-ASSESSMENT

6.1 A self-assessment against the CIPFA standard was completed using the CIPFA tool. The outcome of the self-assessment was presented to the Audit Panel in November 2023.

6.2 The outcome of the self-assessment identified a number of improvement items, the proposed action, responsibility and timescale. The following provides and update against the actions identified:

Ref	Action / Responsibility / Timescale	Update
4	The Audit Panel's Terms of Reference will be reviewed to include specific reference to CIPFA's 2022 Position Statement. Head of Assurance March 2024	A new Terms of Reference has been drafted for presentation to the Audit Panel in June 2024.
8	The 2023/24 Audit Panel Annual Report will include the outcome of the self-evaluation against the 2022 Code. Head of Assurance	Outcome of the self-assessment presented to the Audit Panel in November 2023 included in this annual report.

Ref	Action / Responsibility / Timescale	Update
	March 2024	
9	The Audit Panel's terms of reference will be reviewed to include the following specific references: <ul style="list-style-type: none"> <li>• Internal control arrangements, including financial management, value for money, ethics, and standards.</li> <li>• Assurance framework.</li> </ul> Head of Assurance March 2024	A new Terms of Reference has been drafted for presentation to the Audit Panel in June 2024.
10	Maintenance and delivery of the new work plan to be undertaken. Head of Assurance March 2024	A work plan has been maintained during 2023/24 and will continue in future years.
12	To consider holding one designated pre or post Audit Panel meeting per year for a private session with internal and external audit. Head of Assurance March 2024	The ability to hold private sessions with internal and external audit is included in all agendas.
15	Training evaluation of chair and committee members to be undertaken to inform future training provision. Head of Assurance March 2024	A knowledge, skills and training needs assessment has been sent to committee members and will be used to inform the training plan for 2024/25.

## 7. TRAINING AND DEVELOPMENT UNDERTAKEN BY THE AUDIT PANEL 2023/24

- 7.1 Panel members receive relevant Audit Committee training during the year. For 2023/24, CIPFA delivered a training seminar to all Panel Members.
- 7.2 An evaluation of knowledge, skills and training needs of the chair and committee member is required to be undertaken. The knowledge, skills and training needs has been sent to committee members and will be used to inform the training plan for 2024/25.

## 8. CONCLUSION

- 8.1 Through this report, the Audit Panel has been able to demonstrate that it has complied with the position statement, discharged its responsibilities, and included an assessment of its performance.
- 8.2 The Audit Panel has been able to demonstrate that it has delivered against its Terms of Reference, maintained its effectiveness, and added value to the Council through its oversight of the systems of governance, risk management and internal control.
- 8.3 The Audit Panel will continue this work positively into 2024/25.

## 9. RECOMMENDATIONS

- 9.1 As set out at the front of the report.

## **APPENDIX A – AUDIT PANEL 2023/24**

### **Role**

To provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment and to oversee the financial reporting process.

To undertake the functions of an Audit Committee in accordance with the CIPFA Statement on Audit Committees in Local Authorities.

The Panel shall comprise a membership of seven Members.

The Panel shall be chaired by the Chair of the Overview (Audit) Panel.

### **Terms of Reference**

- i. To review the arrangements for internal control (both financial and non-financial);
- ii. Consider the Annual Audit Letter from The Council's External Auditors;
- iii. Approve (but not direct) both external and internal audit's strategy, annual plans and monitor performance;
- iv. Review summary internal audit reports and the main issues arising and seek assurance that management action has been taken where necessary;
- v. Receive the annual report and Head of Internal Audit opinion on the Council's corporate governance, risk management and internal control arrangements.
- vi. Consider the reports of other regulators and inspectors;
- vii. Consider the effectiveness of the authority's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements. Seek assurances that action is being taken on risk related issues identified by auditors and inspectors;
- viii. Be satisfied that the authority's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it; and
- ix. To review existing and proposed arrangements, recommend changes and receive assurance that the systems of corporate governance are operating effectively and in accordance with best practice.
- x. Review and approval of the annual Statement of Accounts, including the Annual Governance Statement and related matters. Approval of accounting policies and consideration of whether there are any concerns arising from the financial statements or external audit that need to be brought to the attention of Council.
- xi. Receive and consider the external auditor's report and opinion on the financial statements.
- xii. Monitor action taken in response to any matters raised in the external auditor's report.
- xiii. Monitor action taken in response to any matters raised in the Annual Governance Statement.
- xiv. To approve the audited statement of accounts.

## APPENDIX B – AUDIT PANEL SOURCES OF ASSURANCE

Item	1 August 2023	21 November 2023	1 February 2024	12 March 2024
<b>FINANCE</b>				
Treasury Management Strategy			2024/25	
Capital Strategy			2024/25	
Annual Treasury Report / Prudential Indicators	2022/23			
Treasury Update		2023/24		
Statement of Accounts	2022/23		2021/22	
Audit Statement of Accounts for Approval				
Annual Report of Exceptions to Contract Procedure Rules				
Housing Benefit Subsidy Statement				2022/23
<b>EXTERNAL AUDIT</b>				
Tameside Council Audit Completion Report	2020/21		2021/22	
GMPF Audit Completion Report	2020/21	2021/22	2022/23	
Tameside Council Audit Strategy Memorandum	2021/22			2022/23
GMPF Audit Strategy Memorandum		2022/23		
External Audit Appointment	2023/24			
Annual Auditors Report		2020/21		
Audit Progress Report				2021/22
<b>INTERNAL AUDIT</b>				
Internal Audit Annual Report	2022/23			
Internal Audit Strategy and Plan	2023/24			
Internal Audit Charter				
Internal Audit QAIP				
Internal Audit Progress Report		October 2023	December 2023	
<b>COUNTER FRAUD</b>				
Counter Fraud Update		October 2023	December 2023	
Counter Fraud Strategy and Policies			2024 - 2026	
<b>RISK MANAGEMENT</b>				
Risk Management Strategy and Policy		2023 - 2025		
Risk Management Updates	Quarter One	Quarter Two	Quarter Three	
<b>GOVERNANCE AND PERFORMANCE</b>				
Chair of the Committee's Annual Report	2022/23			
Audit Panel Work Plan	2023/24	2023/24	2023/24	2023/24
Code of Corporate Governance	2022/23			
Annual Governance Statement	2022/23	Follow Up		Follow Up
Information Governance Policies				IT Security IT Acceptable Use

Item	1 August 2023	21 November 2023	1 February 2024	12 March 2024
				Social Media Use
CIPFA Audit Committee Effectiveness		Self-Assessment		
STAR Procurement Update				2022/23