

## **Audit and Governance Committee**

A meeting of Audit and Governance Committee was held on Thursday, 30th May, 2019.

**Present:** Cllr Barry Woodhouse(Chairman), Cllr Chris Barlow, Cllr Chris Clough, Cllr Maurice Perry, Cllr Mick Stoker, Cllr Laura Tunney

**Officers:** Andy Bryson, Andrew Barber, Garry Cummings, (F&BS), Sarah Whaley(A,D&ES)

**Also in attendance:** Gareth Roberts(Mazars)

**Apologies:** Cllr Lauriane Povey, Cllr Stefan Houghton, Cllr Ross Patterson,

### **AGC 1/19 Evacuation Procedure**

The Evacuation Procedure was noted.

### **AGC 2/19 Declarations of Interest**

There were no declarations of interest.

### **AGC 3/19 Minutes from the Audit Committee meeting which was held on the 25th February 2019.**

Consideration was given to the minutes from the meeting which was held on the 25th February 2019 for approval and signature.

RESOLVED that the minutes be approved and signed as a correct record by the Chairman.

### **AGC 4/19 External Audit Progress Report**

Consideration was given to a report that provided the Audit and Governance Committee with an update on progress in delivering Mazars responsibilities as the Councils external auditors.

Since the Committee last met Mazars had:

\_ - had update meetings with the Councils Finance Team in respect of planning for the 2018/19 final audit visit;

\_ - undertaken some early testing of income and expenditure which would reduce pressure in the final visit for the finance team;

\_ - had meetings with relevant council staff as part of Mazars 2018/19 VFM Conclusion work;

- and kept up to date through Mazars on-going review of agendas and minutes.

Mazars audit work was on track for this time of year, and they had no matters to

raise with the Committee at this stage of their audit.

In terms of Certification of Claims and Returns, the Council was required by funding bodies to arrange independent certification of a range of grant claims and returns. Mazars had not undertaken any work of this nature since their last update.

RESOLVED that the report be noted.

## **AGC 5/19 Internal Audit Annual Report & Opinion Statement**

Members were asked to consider and note the annual report of the Head of Internal Audit as required by the Public Sector Internal Audit Standards (PSIAS). The report included the Audit & Risk Manager's annual opinion on the overall adequacy and effectiveness of the Council's internal control and governance processes. As such it formed an integral part of the formulation of the Council's Annual Governance Statement.

The report encompassed the reporting requirements specified in Standard 2450 of the PSIAS.

Internal Audit was an independent appraisal function established by the Council to objectively examine, evaluate and report on the adequacy of internal controls. This role ensured that there was proper economic, efficient and effective use of resources. It also ensured that the Council had adequate accounting records and control systems.

Committee Members were reminded that the list of audit assignments undertaken in the current year to date had been circulated to all Councillors prior to the meeting. The intention was to give Councillors the opportunity to raise questions on issues that affected their ward or other areas of responsibility and for answers to be provided at the meeting.

The main topics discussed were as follows:

- 84 out of 88 planned audits had been completed with the remaining 4 still ongoing.
- There was positive assurance in terms of the analysis of recommendations made in 2018/2019.
- The majority of audits undertaken had been given a substantial or full assurance opinion, highlighting an effective system and internal control.
- It was highlighted that the authorities Audit Service still complied with the requirements of the PSIA standards.
- Members attention was drawn to the 'Overall Trend Analysis' contained within the report which demonstrated that the Council had a sound approach to Audit.

RESOLVED that the report be noted.

**AGC  
6/19**      **Annual Financial Statements**

Members were presented with a report of the Council's 'Draft Annual Financial Statements for 2018/19'.

The accounts had been completed in accordance with the "Code of Practice on Local Authority Accounting in the United Kingdom 2018/19" which was prepared under International Financial Reporting Standards.

Members were informed that the accounts for 2018/19 financial year was the first year that the group accounts had been produced, which included additional statements in relation to the Councils group undertakings for the ownership of the Stockton Hotel and Stockton Holding Companies.

Electors had the right to examine the draft accounts for a period of 30 working days which for 2018/19 must include the first ten working days of June. The inspection period for 2018/19 would commence from the 3rd June to 12th July 2019. The Councils external Auditors, Mazars would also look into the accounts prior to publication.

The Council were required to publish its audited Statement of Accounts by 31st July for the financial year 2018/19, along with the approved Annual Governance Statement.

The narrative contained within the report gave Members background information as to what the Council had undertaken in this financial year.

Brief discussion took place around the following;

- Movement in Reserves Statement for the Year Ended 31 March 2019.
- Comprehensive Income & Expenditure Statement for the Year Ended March 2019.
- Balance Sheet as at March 2019 which included;

- Non-Current Assets
- Current Liabilities
- Long Term Liabilities
- Usable Reserves
- Unusable Reserves

- Short and Long term borrowing
- Earmarked and General Reserves

The Chair thanked the Finance team for a job well done.

The Committee agreed to note the report.

RESOLVED that the Draft Annual Financial Statements be noted.

**AGC  
7/19**      **Draft Annual Governance Statement**

Members were presented with a report of the Council's Draft Annual Governance Statement for 2018/19.

The Accounts and Audit Regulations 2015 required all authorities in England to conduct a review at least once a year of the effectiveness of its governance framework and produce an Annual Governance Statement to accompany its Statement of Accounts. The deadline for completion of the Statement of Accounts for 2018/19 was 31 July 2019 at which point they were subject to the external audit process.

The audited Statement of Accounts and the Annual Governance Statement would be presented for approval to this Committee on the 29 July 2019.

A further requirement of the regulations stated that the Statement should be signed by the Chief Executive and the leading Member of the Council, following approval by the Committee. A key objective of this signing off process was to secure corporate ownership of the statement's contents.

The Annual Governance Statement included an acknowledgement of responsibility for ensuring that proper arrangements were in place around the governance of its affairs and an indication of the level of assurance that the system provided. The statement also included a description of the key elements forming the governance framework, a description of the process applied in reviewing the effectiveness of this framework, including the system of internal control, and an outline of the actions taken or, proposed to be taken, to deal with significant governance issues.

The Council's Annual Governance Statement for 2018/19 was contained within the main report. At this time the Council had not identified any significant issues that were not being addressed within the Statement.

Members were invited to feed back any comments in relation to the content of the report directly to the relevant officers and Chair of the Audit and Governance via email prior to it being brought back to a future meeting of the Audit a Governance Committee.

RESOLVED that;

1. the Draft Annual Governance Statement be noted.
2. the Annual Governance Statement be brought back to a future meeting of the Audit and Governance Committee as detailed above.

**AGC  
8/19**      **Strategic Risk Register Update**

Consideration was given to the Strategic Risk Register Quarterly Update Report for 2018-2019.

The Committee was reminded that quarterly reports on the Corporate Risk Register were presented for the purpose of reviewing the key risks that had been identified as having the potential to deflect services from achieving their objectives over the next 12 months and beyond. They also set out the actions being taken to ensure that the risks, and possible adverse outcomes, were minimised.

As a reminder, risks were scored on a scale of one to five for both 'impact' and 'likelihood'. The scores were multiplied to generate a total score and any risks with a score of 15 or above were included in detail in the update. All other risks on the strategic risk register were reported in summary detail only.

The main topics discussed were as follows:

Members attention was drawn to a number of minor amendments which had been made to the risk register;

Financial Management – Risk remained the same overall but this had been updated to recognise income from commercial ventures required monitoring.

Physical Assets – The addition of a number of new assets had increased the risk slightly but remained low and below the level for individual reporting.

- Economic Growth – Overall risk remained the same but some of the work around regenerating the high street had been recognized as potentially reducing the impact in the future.

Members and officers had a brief discussion relating to the current data presented within the Risk Register Update and suggested additional data be added for completeness.

Members agreed to discuss further with the relevant officers outside of the meeting in relation to what to include in future Risk Register Updates with a view that the information be included within the next Risk Register Update. The Chair and Vice Chair of the Audit and Governance Committee were also to be consulted.

RESOLVED that:

1. the Strategic Risk Register Update be noted.
2. Members feedback directly to relevant officers suggested additional information to be included in future updates as detailed above.

**AGC  
9/19**

### **Health and Safety Report**

Consideration was given to a report that detailed the routine services provided by the Council's Health and Safety Unit to monitor, improve and to ensure compliance of the health, safety and well-being control environment for the period 1st April 2018 – 31st March 2019.

The detail within the report encapsulated the regular activity of the Health and Safety Unit including accident and assault data:

1. Health and Safety Training
2. Health and Wellbeing Update
3. Premise Audit Findings
4. Construction (Design and Management) Regulations 2015
5. School's Educational Residential Visits
6. Employee Protection Register Activity
7. Open Water Safety Strategy
8. Accidents Reported
9. Physical Assaults Reported
10. Verbal Assaults Reported

The main issues discussed were as follows:

Members were informed that 'Open Water Safety Strategy' was a new category recently added to the Health and Safety Report, at the request of Cabinet.

Brief discussion took place in relation to information detailing the number of physical assaults which had been reported which were considered to be on the high side. Officers confirmed that there had been an increase, the majority of which had been within the Pupil Referral Unit.

It was highlighted that staff were encouraged to report physical assaults, and training was offered to staff to help deal with those situations.

RESOLVED that the report be noted.

**AGC  
10/19**      **Audit Committee Terms of Reference / Training**

Members of the Audit and Governance Committee were presented with the Audit and Governance Committee's Terms of Reference.

The Chairman highlighted to the Committee that should any Member require any further training in terms of Audit and Governance then they should contact the relevant officers within the Finance / Audit Team, who would be happy to make the necessary arrangements.

RESOLVED that the information be noted.

**AGC  
11/19**      **Work Programme 2019-20**

The Work Programme was noted.