

Audit and Governance Committee

A meeting of Audit and Governance Committee was held on Monday, 25th January, 2021.

Present: Cllr Barry Woodhouse(Chairman), Cllr Lauriane Povey(Vice-Chair), Cllr Chris Barlow, Cllr Stefan Houghton, Cllr Eileen Johnson, Cllr Ross Patterson, Cllr Maurice Perry, Cllr Mick Stoker,

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

Also in attendance: Gavin Barker, Gareth Roberts (Mazars),

Apologies: Cllr Laura Tunney

AGC 30/20

Declarations of Interest

There were no declarations of interest.

AGC 31/20

Annual Audit Letter 2019 -2020

Members were provided with the External Audit Annual Audit Letter for 2019/20 by the Council's external Auditors Mazars LLP. Mazars LLP, was required to present its findings following the completion of the annual audit of the Council's and Group accounts to the Council's Cabinet. The Annual Audit Letter would be presented to Cabinet on the 25th February 2021.

Mazars Annual Audit Letter summarised the work they had undertaken as the auditor for Stockton-on-Tees Borough Council (the Council) and the Stockton-on-Tees Borough Council Group (the Group) for the year ended 31 March 2020. Although this letter was addressed to the Council, it was designed to be read by a wider audience including members of the public and other external stakeholders.

Mazars responsibilities were defined by the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (the NAO). The detailed sections of this letter provided details on those responsibilities, the work Mazars had done to discharge them, and the key findings arising from their work.

Mazars auditor's report issued on 7 December 2020 included their opinion that the financial statements:

- give a true and fair view of the Council's and Group's financial position as at 31 March 2020 and of its expenditure and income for the year then ended: and
- had been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

Mazars auditor's report included their opinion that:

- the other information in the Statement of Accounts was consistent with the audited financial statements.

In terms of the Value for Money Conclusion, the auditor's report also concluded

that Mazars were satisfied that in all significant respects, the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

In line with group audit instructions, issued by the NAO on 4th November, Mazars reported to the group auditor in line with the requirements applicable to the Council's WGA return on 7 December 2020.

Mazars auditor's report confirmed that they did not use their powers under s24 of the 2014 Act to issue a report in the public interest or to make written recommendations to the Council.

The main topics discussed were as follows:

Deadlines had been extended significantly due to issues around the Teesside Pension fund audit. Most of the work however had already been undertaken within the original timescale. Thanks to Officer's intervention, Mazars were able to reach a satisfactory conclusion and managed to sign off on 7th December 2020. Many councils audits were delayed across the country, 55% were not delivered by 30th Nov.

Mazars highlighted that the Value for Money Conclusion was unqualified.

Brief discussion was had around identified significant risk, particularly 'Management override of controls' (Council and Group).

Mazars highlighted the increase in their fees, some which would be recurring and some which were one off increases and Pandemic related. Full details of fees were contained within the officer's report.

There was continuing pressure on fees, and Members attention was drawn to the Redmond Review which highlighted that audit fees were 25% less than they needed to be for auditors to carry out their work. Mazars had been fair by bearing some of the additional costs. The Redmond Review made recommendations and was not a binding review.

The Committee heard that a new Code of Audit Practice came into force on 1st April 2020 and would apply for the 2020/21 audit. More information would follow in the Audit Strategy Memorandum.

There was also a significant change in the Value For Money Conclusion which Mazars were still working through in terms of the impact of those changes.

Mazars were slightly behind with their timeline of work due to the lateness of the 2020 audits, therefore the audit plan would be presented a little later than expected.

Mazars thanked Officers for their continued cooperation over the last long and challenging year.

Members acknowledged the tremendous amount of work which had been undertaken to get to this point and thanked all involved.

RESOLVED that the report be noted.