

Audit and Governance Committee

A meeting of Audit and Governance Committee was held on Monday, 22nd February, 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, Cllr Laura Tunney

Officers: Andrew Barber, Andrew Bryson, Derek Macdonald, Martin Skipsey (F&BS), John Devine, Michael Henderson, Sarah Whaley (A,D&ES)

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

Apologies:

AGC 32/20 Declarations of Interest

There were no declarations of interest.

AGC 33/20 Minutes from the Audit and Governance Committee which was held 30th Nov 2020

Consideration was given to the minutes from the meeting which was held on the 30th November 2020 for approval.

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

AGC 34/20 External Audit - Progress Report February 2021

Consideration was given to the External Audit Progress Report, the purpose of which was to provide the Audit Committee with a report on progress in delivering Mazars responsibilities as Stockton Borough Councils external auditors.

The report set out progress on the external audit and other services for 2020/21.

Overall audit progress was on track, with no significant issues arising that Mazars were required to report to those charged with governance. Mazars timetable for preparing and issuing their Audit Strategy Memorandum (Annual audit plan) was later than the timeline in previous years due to the introduction of new responsibilities under the 2020 Code of Audit Practice which was effective from 2020/21 audits, and recent receipt of some of the guidance supporting the new approach.

In the period since completing the 2019/20 audit, in early December 2020, Mazars had:

- prepared, agreed with management, and presented the 2019/20 Annual Audit Letter to the Audit and Governance Committee in January 2021. Mazars would present this to Cabinet at its February 2021 meeting;
- held liaison meetings with management; and

- had liaison with finance in respect of their plans for obtaining assurance over property, plant and equipment valuations for the 2020/21 accounts. In the coming period Mazars planned to:
- undertake initial planning work for the 2020/21 audit, including undertaking their walkthrough testing, planning, and implementing any early testing, as well as meeting with relevant officers: and
- develop and agree the 2020/21 Audit Strategy Memorandum (Annual audit plan) with management, which would be presented to the Committee at its next meeting, and draft and agree the 2020/21 External Audit / Internal Audit Protocol with Internal Audit.
- The timeline had been released by the government for the 2020/21 accounts process. The target date for publication of audited accounts (and final Annual Governance Statement (AGS)) by local government bodies was to be 30 September 2021. The date for publication of unaudited accounts (inc. draft AGS) currently remained at 31 May 2021 however this was still open to debate and Mazars would update the Council with any changes.

Members were reminded the approach to Mazars responsibilities for Value for Money had changed with the introduction of the new Code of Audit Practice 2020, effective from 2020/21 audits. The key changes from the initial guidance was outlined within the main report. Due to Mazars requiring more council information it was to be expected that an information request for management and possibly the Audit and Governance Committee would be issued.

In terms of the Certification of claims and returns, both the 2019/20 Teachers Pension Return and the 2019/20 Housing Benefit Subsidy Claim were complete and had been submitted. There was no requirement to vary any fees and no significant issues to raise.

Brief discussion was had around possible increase of Mazars fees due to additional work external Auditors were having to undertake on areas of the audit such as, valuation of property assets and the audit of defined benefit pension liabilities to meet the regulators expectations. Mazars confirmed that this had already been reflected in the fee adjustment presented to the Audit and Governance Committee at its January 2021 meeting.

The Chief Accountant raised concerns relating to the current deadline for the submission of the draft accounts which was scheduled for 27th May 2021. Further work would need to be undertaken to assess if this was a realistic date and if necessary, the date be put back. Further discussions around the Work Programme would be had with the Chair, Vice Chair, and relevant finance officers.

It was acknowledged that this would be the last Audit and Governance Committee meeting attended by Gareth Roberts of Mazars as he was leaving to pursue his career elsewhere. The Chair on behalf of the Audit and Governance Committee thanked Gareth for all his hard work over the past 6 years and wished him well for the future.

RESOLVED the report be noted

**AGC
35/20** **Internal Audit Charter**

Members were presented with a report which advised the Committee of the Internal Audit Charter and proposed approach to delivering the audit service for the coming financial year 2021-2022.

The Audit and Risk Manager reaffirmed to Members how the Audit Service would be delivered and confirmed the rights of access to council documents. The Council met all standards as set out in the statutory guidance.

The outstanding work produced by the Audit Team was acknowledged by the Chair on behalf of the Committee.

RESOLVED that the Internal Audit Charter and the rights of access conferred within be approved.

**AGC
36/20** **Corporate Risk Register and Risk Update**

Members were presented with the Corporate Risk Register Update, Assurance and Activity Report.

The Committee were 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 updates also informed members of the progress of audit testing to date and presented a forward plan of testing and the resources available to meet the plan to support the assessment of risk.

The main topics discussed were as follows:

In terms of risk, the risk around 'People Living Healthy Lives' had increased due to the current pandemic. It was also expected that until the long-term effects of the pandemic were understood this would continue to be an increased area of risk.

Audit test results covered December 2020 to February 2021 and most completed audit work fell into the green category therefore there was nothing to bring to members attention.

Audit Plans would be produced on a quarterly basis rather than annually as had been done previously.

Staff meetings were held on a regular basis.

Discussion took place around the provision of school meals and whether School Academies had to comply to providing meals to School Food Standards. Officers confirmed that if an academy ran school used the services of Stockton Borough Council for school meals then those meals would comply.

RESOLVED that the update report and audit activity report be noted.

**AGC
37/20** **Health and Safety Report**

Members were presented with the Health and Safety Report which provided the Committee with a quarterly update on the health, safety, and wellbeing performance of the Council for the period 1st October – 31st December 2020.

Due to the impact of the COVID-19 Coronavirus pandemic and the measures put into place to minimise the risk of transmission of infection, a number of activities had been interrupted or delivered by new ways of working, resulting in an abridged report.

During this period of disruption, health and safety support remained unaffected and continued to provide support to all Council services, maintained schools and supported Academy Trusts

The main topics discussed were as follows:

E-Learning training continued with 76 candidates completing training modules.

Although many employees were working from home there had been a range of employee referrals to the services provided by the Well-being Team.

Physiotherapy appointments were continuing with Body to Fit. Most of the workforce were able to access online risk assessments so they could work comfortably from home. Eyesite and eye health tests were continuing through Vision Express.

The programme of planned audit activity was currently postponed due to the COVID-19 pandemic.

In terms of Construction (Design & Management), there was very little activity in this area.

There was a decrease in the number of accidents, physical and verbal assaults due to the lack of staff working in the office.

RESOLVED the report be noted.

**AGC
38/20** **Annual Report of the Audit and Governance Committee - Final**

Members were presented with a report that informed them of the work of the

Audit and Governance Committee during the period 1st October 2019 to 30th September 2020.

This Annual Report produced by the Chairman of the Audit and Governance Committee had been prepared in accordance with the “Audit Committees, Practical Guidance for Local Authorities” produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) in 2018.

The report demonstrated how the Audit and Governance Committee had fulfilled its key functions and how it was fully committed to helping to improve the Council’s governance and control environments

Members noted the report.

RESOLVED the report be noted.

AGC **Work Programme 2021 - 2022**
39/20

The Work Programme was noted.