

Audit and Governance Committee

A meeting of Audit and Governance Committee was held on Monday, 27th September, 2021.

Present: Cllr Barry Woodhouse(Chairman), Cllr Lauriane Povey(Vice-Chair), Cllr Chris Barlow, Cllr Stefan Houghton, Cllr Eileen Johnson, Cllr Mick Stoker, Cllr Hugo Stratton,

Officers: Andrew Barber, Nicola Cooke, Andy Bryson, Derek Macdonald, Martin Skipsey (F&BS), Rachel Harrison, Sarah Whaley (A,D&ES)

Also in attendance:

Apologies: Cllr Ross Patterson, Cllr Laura Tunney,

AGC 13/21 Evacuation procedure

The Evacuation procedure was noted.

AGC 14/21 Declarations of Interest

There were no declarations of interest.

AGC 15/21 Minutes from the Audit and Governance Committee meetings which were held on 28th June 2021 and 19th July 2021

Consideration was given to the minutes from the meetings held on the 28th of June and 19th July 2021 for approval and signature.

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

AGC 16/21 Annual Financial Statements Approval after Audit

The Chief Accountant updated Members with reasons as to why the Annual Financial Statements and External Audit Completion Report were not able to be presented at today's meeting of the Audit and Governance Committee.

Members were informed that there were issues relating to the Teesside Pension Fund accounts which had resulted in the requirement for a revised report due to the significance of a financial error which was deemed material. Stockton's Chief Accountant contacted and confirmed the discrepancy with the Teesside Pension Fund.

Due to the revised report being unavailable, the External Audit Completion Report was also unable to be presented to the Audit and Governance Committee by Stockton's external auditors 'Mazars' as both reports went hand in hand.

The Committee acknowledged and agreed that a special meeting would be required to enable the Committee to consider both reports as soon as was practicably possible.

RESOLVED that the committee agree to defer the Annual Financial Statements.

**AGC
17/21** **External Audit Completion Report**

For the reasons as detailed above Stockton on Tees Borough Council's External Auditors 'Mazars' were unable to present the External Completion report at today's Audit and Governance Committee meeting.

The Committee acknowledged and agreed that a special meeting would be required to enable the Committee to consider the External Completion Report along with the Annual Financial Statements as soon as was practicably possible

RESOLVED that the committee agree to defer the External Completion Report.

**AGC
18/21** **Annual Governance Statement 2020/21**

Members were presented with the Council's Annual Governance Statement for 2020/21.

Members were reminded that 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 2020/21 was 30th September 2021 at which point they were subject to the external audit process.

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 from the governance framework, a description of the process applied in reviewing the effectiveness of the 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 2020/21 was attached within Appendix A of the main report. At this time the Council had not identified any significant issues that were not being addressed within the Statement.

Since the Draft Annual Governance Statement had been presented at the June meeting of the Audit and Governance Committee, Members were informed that there had been no further comments received and the Annual Governance Statement was ready to go with the accounts when they were available to publish.

RESOLVED that the Annual Governance Statement for 2020/21 be approved.

**AGC
19/21**

Treasury Management Annual Report

Members were presented with the Treasury Management Annual Report which informed the committee of the performance against the treasury management and prudential indicators set in the Treasury Management Strategy approved by the Council in February 2020.

The main topics of discussion were as follows:

Brief discussion was held around the Council's borrowing and investments. Members were informed that the Authority held £80m of loans which was a decrease of £21m from the previous year.

Member's attention was drawn to the fact there had been no new borrowing undertaken with existing loans being allowed to mature without replacement enabling the Authority to reduce net borrowing costs and reduce overall treasury risk.

Members were informed that investments had dropped by £8m to £30m. The investment fund fluctuated due to timing differences between income and expenditure. The Council's external investment funds generated a return of 4.3%.

The sharp in fall corporate bond and equity markets had had a negative impact on the value of the Council's pooled fund holdings and were reflected within the 31st March 2020 fund valuations with every fund registering negative capital returns over a 12-month period. A midyear report would be presented at the November meeting providing details of investments and investment activity for the first six months of the current year.

In terms of Treasury Management Indicators, the Council continued to comply with all indicators.

Member's attention was brought to the changes to the Prudential Code for Capital Finance in Local Authorities. These follow the Public Accounts Committee's recommendation that the prudential framework should be further tightened following continued borrowing by some authorities for investment purposes

Members were given the chance to ask questions. These could be summarised as follows:

Clarity was sought relating to how the loans borrowed to finance the Hampton at Hilton hotel with Keepmoat was paid back and also what the Council's position was in terms of paying other large loans back.

The Chief Accountant explained that the Council borrowed money when there was insufficient internal resources available, not directly against individual

schemes with borrowing approval. This is called internal borrowing and this has the benefits of reducing investment risk and keep interest costs low.

Members commented that it would be useful to know how much the Council borrowed compared to other local authorities.

RESOLVED that the report be noted.

**AGC
20/21**

Risk Register Update and Audit Activity

Members were presented with the Corporate Risk Register Update and Internal Audit Activity Report.

Members were introduced to Audit Team Leader Nicola Cooke who would then be attending future meetings.

The Committee was reminded that quarterly reports on the Corporate Risk Register was 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.

The report also set out the actions being taken to ensure that the risks, and possible adverse outcomes, were minimised.

Members were reminded that 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:

The Audit and Risk Manager highlighted it was a regular update of the report with no major changes being made.

It was highlighted that assurance levels for every risk was over 80%.

Member's attention was brought to the planning summary which detailed the work planned for the next quarter and the councils position were with resources.

The report also provided details of work the Audit Service would be undertaking going forward.

Members sought clarification on the colour coding of the Audit test results. The Audit and Risk Manager explained how the table was to be interpreted.

It was agreed the Audit and Risk Manager was to look at how the report would be presented at future meetings to ensure an easier the understanding of all of

the data.

RESOLVED that;

- 1) the current risk position as identified in the attached update report be noted.
- 2) the audit activity be noted and the proposed areas of work approved

**AGC
21/21** **Health & Safety Report**

Members were presented with the Health and Safety Report which provided the Committee with an update on the health, safety, and wellbeing performance of the Council for the period 1st April 2021 to 30 June 2021.

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.

The main topics discussed were as follows:

-Health and Safety training events that were postponed due to Covid 19 were starting to be carried out face-to-face with ELearning continuing to run with 147 candidates completing training modules.

-Health and Safety Audit activity resumed from the 1st April 2021 with 3 health and safety audits completed within the reporting period.

-School's educational visits had resumed from 17th May 2021.

-Accidents reported during the period was higher than in the previous period these related to community services.

-In cases where members of staff were verbally or physically assaulted all incidents were followed up. Each situation was looked at separately depending on circumstances.

Brief discussion was held around the possibility of officers being assaulted in Licensed Premises were it felt that information should be passed to Licensing Services if staff were attacked on licensed premises.

RESOLVED that the report be noted.

**AGC
22/21** **Work Programme**

Consideration was given to the Work Programme.

RESOLVED that the Work Programme be noted.

