

## **Audit and Governance Committee**

A meeting of Audit and Governance Committee was held on Monday, 1st November, 2021.

**Present:** Cllr Barry Woodhouse (Chairman), Cllr Stefan Houghton, Cllr Eileen Johnson, Cllr Mick Stoker, Cllr Hugo Stratton, Cllr Ross Patterson

**Officers:** Andy Bryson(F&BS), Rachel Harrison, Sarah Whaley (A,D&ES)

**Also in attendance:** Gavin Barker (Mazars)

**Apologies:** Cllr Chris Barlow, Cllr Lauriane Povey, Cllr Laura Tunney

### **AGC 23/21 Evacuation Procedure**

The Evacuation procedure was noted.

### **AGC 24/21 Declarations of Interest**

There were no declarations of interest.

### **AGC 25/21 External Audit Completion Report**

Members were presented with The External Audit Completion Report for the year ended 31 March 2021.

The purpose of the report was to summarise Mazars (Stockton on Tees Borough Councils External Auditors) audit conclusions.

Mazars offered their apologies to the Committee for not meeting the statutory deadlines of the report due to the discrepancies found within the Teesside Pension Fund.

The scope of Mazars work, included significant audit risks and other areas of management judgement, which was outlined in Mazars Audit Strategy Memorandum which had been presented previously at the Audit and Governance Committee meeting held on 28th June 2021.

Members were informed that Mazars were still awaiting assurance from the pension fund auditor therefore, the audit was still incomplete.

Mazars highlighted there had been no changes to their audit approach and work continued to be carried out to the same standard despite the challenges they had faced in terms of staffing resource difficulties.

In terms of significant risk there were no significant risks identified with the management override of controls, in terms of value and use of assumptions and property plant equipment.

Mazars highlighted there were some technical accounting issues, but that had not affected the bottom-line financial position, therefore overall, the audit had gone well.

It was noted that only 9% of authorities had met the statutory deadlines for

audits with some authorities still needing to complete the previous year's audits. Stockton Borough Council were at a point of completing their financial accounts and external audit by the statutory deadline however the issues relating to the Teesside Pension Fund audit had caused a delay.

Brief discussion took place around the Summary of Misstatements where it was highlighted there were a small number of invoices which had not correctly been accrued. The error was unlikely to have a material impact on the material statements therefore no adjustment was needed.

The Value for money (VFM) report had not been included with this report due to difficulties encountered within the audit marketplace. The National Audit Office allowed for the 2020-21 VFM deadlines to be extended up to 3 months after auditors had issued their opinion on the financial statements.

The approach regarding VFM arrangements had been changed to a detailed commentary detailing significant weaknesses in arrangements, with recommendations for improvements.

The Council's external auditors (Mazars) annual report was due to be completed at the end of December.

The Committee briefly discussed the Draft management representation letter which was contained within the main report.

Discussion was also had around the Draft audit report. Particular attention was paid to the delay in certification of completion of the audit as the audit could not be formally concluded until the updated Teesside Pension Fund information was provided.

Mazars highlighted their independence through their ongoing risk assessments which monitored their relationships with the council to identify any new actual or perceived threats, with no threats to their independence being identified since the issuing of the Audit Strategy Memorandum.

Members discussed briefly how Teesside Pension Fund was apportioned to each participating Authority.

AGREED that the report be noted.

**AGC**      **Annual Financial Statements Approval after Audit**  
**26/21**

Members were presented with a report which detailed the Council's Statement of Accounts for 2020-21.

The main topics discussed were as follows:

The Chief Accountant presented the 'Annual Financial Statements- Approval after Audit', to the Committee, and informed Members that the Council were still awaiting the updated Teesside Pension Fund information as already highlighted by the Council's external auditors Mazars.

No questions had been raised by the press or public during the 30-day public consultation/ inspection period.

There had been a change on the balance sheet relating to leisure centres, and how in previous years they had been valued incorrectly, however the value had since been corrected and the new value had significantly changed the balance sheet. There was also the issue surrounding Teesside Pension Fund identified on the balance sheet.

The Chief Accountant highlighted that during cross referencing of the final accounts, an error in one of the cashflow figures had been identified with the figure showing as £9,552 however it should have been £9,420. This was corrected before the Accounts were published.

The officer recommendation was to approve the accounts with the accounts being signed off by the Chair of the Audit and Governance Committee and the Director of Finance, Development and Business Services if approved.

Members queried the length of time it would take to get the correct Teesside Pension Fund information. The Committee were informed that Mazars were constantly chasing, however no specific date could be provided.

The Council had published an explanation on the Councils website stating why there was a delay with the External Audit.

Brief discussion was had around the setting of Stockton Borough Councils (SBC) future Council Tax and what affect this would have on SBC accounts in future years.

AGREED that Members approve the Statement of Accounts for 2020/21.