

AUDIT AND GOVERNANCE COMMITTEE

A meeting of Audit and Governance Committee was held on Monday 31 July 2023.

Present: Cllr Barry Woodhouse (Chair), Cllr Stefan Houghton (Vice-Chair), Cllr Marc Besford, Cllr Ross Patterson, Cllr Paul Rowling, Cllr Mick Stoker, Cllr Emily Tate and Cllr Laura Tunney.

Officers: Andy Bryson, Clare Harper (ADoF, D&R), Andrew Barber, Martin Skipsey and John Devine (CS).

Also in attendance: Gavin Barker (Mazars) and Cllr Eileen Johnson (Observer)

Apologies: Cllr Susan Scott.

AGC/10/23 Evacuation Procedure

The Evacuation Procedure was noted.

AGC/11/23 Declarations of Interest

There were no declarations of interest.

AGC/12/23 Draft Minutes from the meeting which was held 31st May 2023

Consideration was given to the minutes from the meeting which was held on the 31st May 2023 for approval and signature.

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

AGC/13/23 Risk Register Update and Audit Activity

Officers presented the Risk Register and Audit Activity Update to members. Highlighted to members were three areas which were in the red, the areas had been identified previously and related to an out-of-date Public Rights of Way Improvement Plan, which due to a lack of resources it would be unlikely to be updated in the short term. The second was related to a national shortage of suitable child placements, which was being managed it would remain for some time. The third was some issues had been identified with how DBS checks were recorded on the system, however officer assured members that check had been correctly undertaken.

Next in the update Members were informed that all governance themes which covered all testing undertaken not just that done within the period, were showing as 75% or higher.

Members asked Officers how the various risk headings in the report had been decided upon, Officers explained to members that the sections and headings were linked to the Strategic Plan.

Officers also informed members that the Health and Safety Report which would be coming to the committee would be undergoing changes to give member more information and focus on the outcomes of the training highlighted within it.

The Update was Noted.

AGC/14/23 Draft Annual Governance Statement 2022/23

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 for 2022/23 was 30 September 2023 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.

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 2022/23 was included within the main report. At the time of the report the Council had not identified any significant issues that were not being addressed within the statement.

RESOLVED that the report be noted

AGC/15/23 External Auditor - Audit Progress Report

Mazars gave a update report to Members of the committee, The 2020/21 Audit had been waiting for national audit clearance. Which had since been given which would enable Mazars to issue the certificate for the audit to be concluded.

Moving onto the Audit for 2021/22 which Officers noted had been spoken about at length by the Committee. Mazars briefly recapped the various delays which had been discussed with the Committee, while also pointing out that the delays were not due to any failings or shortcomings on behalf of Stockton Borough Council, they were confident that an opinion would be able to be issued at or shortly after the September meeting of the committee. But Mazars did expect a delay in being able to issue the certificate on the 2021/22 Audit. Outlined the report from Mazars was that only 12% of Audits were able to meet the original deadline for the Audit and at the time of the meeting that number had only increased to 27% of local authorities.

The Audit Strategy Memorandum for 2022/23 would have normally been presented by Mazars at the meeting, but Mazars advised that due to the delays in the previous audits that it wasn't possible. Mazars expect to present the Audit Strategy Memorandum to the September meeting, but that Audit work was likely to be delayed and there also further anticipated delays for the pension fund assurances.

Members enquired if any guidance or direction had been given by the Government due to the delays affecting most local authorities. A letter had been sent out to all authorities talking about possible solutions, but nothing had been decided at present.

RESOLVED that the report be noted.

AGC/16/23 Annual Statement of Accounts 2021/22

Officers presented the Annual Statements of Accounts for 2021/22 to the Committee members for information only. As Officers were aware that new members of the Committee would like to familiarise themselves with them, as the Triannual valuations

had been included into the accounts. Officers were hopeful to bring the accounts for 2021/22 back for final sign off in September 2023. Members thanked Officers for presenting the report.

RESOLVED that the report be noted.

AGC/17/23 Draft Annual Statement of Accounts for 2022/23

Members were presented with the Draft Annual Statement of Accounts for 2022/23. The Council is required by law to produce a detailed Statement of Financial Accounts, which provides information to all stakeholders.

The Statement explains in detail how the Council used its resources and, the net value of the Council (in terms of its assets, liabilities and reserves.)

Three recommendations were outlined in the report which were as follows:

- Note the financial information presented in the report and the Council's unaudited Statement of Accounts and the financial position for 2022/23, as of 31 March 2023.
- Note the arrangements for the public inspection and external audit of the Statement of Accounts 2022/23.

- Note that at this stage, due to ongoing external audit delays it is anticipated that the statutory accounts publication deadline is unlikely to be achieved for the 2022/23.

The Draft Statement was due to be presented by the end of May 2023, but as outlined in the recommendations that deadline was impacted by the Teesside Pension Fund Audit delay. All Authorities in the Teesside area had been impacted by this and was not a fault of Stockton on Tees Borough Council.

Due to that delay the public inspection notice was also impacted, and the Council issued a statement outlining the delays. The new public inspection notice would start from 01/08/2023 and would be available for the public on the Council's website.

Related to the external delays the Accounts deadline to be signed off which had been the end of September 2023, would be delayed until at least the end of November 2023.

Members praised Officers for the clear and precise nature of the statement details and layout. Members also asked Officers how the reserves shown in the statement were calculated. Officers explained that there was no set calculation for setting the reserve levels, it is set through professional opinion of Officers and through comparison against other local authorities.

RESOLVED that the report be noted

AGC/18/23 Work Programme 2022/23

The Work Programme was Noted.