

Audit and Governance Committee

A meeting of Audit and Governance Committee was held on Monday, 28th November, 2022.

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

Officers: Andy Byrson (DoF,D&R), Andrew Barber, Claire Harper, Derek McDonald, John Devine (CS)

Also in attendance: Gavin Barker (Mazars)

Apologies: Cllr Ross Patterson

1 Evacuation Procedure

The evacuation procedure was noted

2 Declarations of Interest

There were no declarations of interest.

3 Minutes of the Meeting held on 26th September 2022 For Approval

Consideration was given to the minutes from the meeting which was held on the 26th September 2022 for approval and signature.

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

4 Health and 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 July – 30th Sept 2022.

RESOLVED that the report be noted.

5 Annual Financial Statements

Members were presented with a report which detailed the Council's Statement of Accounts for 2021-22.

The main topics discussed were as follows:

The period in which electors had the right to examine the Councils accounts, question the auditor and to make objections covered a period of 30 working days. Which started 26th July 2022 and ended 5th September 2022. In that time the Council hadn't received any requests to examine the accounts.

The Statement of Accounts was unable to signed off due to national issues affecting all Local Governments which were outlined in the External Auditor Mazars report. A notice would be posted on the Councils website outlining the reasons for not meeting the deadline.

AGREED that Members approve the Statement of Accounts for 2021/22.

6 External Audit - Audit Completion Report

Members were presented with the External Audit – Audit Completion Report for yearend 31st March 2022.

Mazars reported to Members that their work had been substantially complete with only two areas not complete. Those audit areas were identified as Pensions and Infrastructure.

Pensions – Mazar were waiting on assurances from the Pension fund auditor. Without the assurance the section had been unable to be signed off. The pension fund auditor had been unable to confirm a date for when they would be able to issue the required assurances to Mazars.

Infrastructure – As officers had previously made Members aware a national issue in relation to the accounting for infrastructure. This had impacted every local authority related entity with material infrastructure balances. Although technical in nature and would not impact the Councils available resources, it would possibly impact the financial statement depending how it gets resolved.

Mazars were unable to issue their audit opinion until this issue is resolved. It was projected by Officers that the matter could be concluded in January 2023 at the earliest.

The Value for Money section of the Mazars report outlined that they had been unable to complete their work in respect to the Councils arrangements for year end 31 March 2022 for the previously outlined reasons. They had however not identified any significant weaknesses in arrangements that required them to make a recommendation, but work continued on the Councils arrangements.

RESOLVED that the report be noted.

7 Treasury Management Strategy Mid-Year Report 2022-236

Members were presented with a report informing them of the performance against the treasury management and prudential indicators set in the Treasury Management Strategy approved by Council in February 2022.

The main topics discussed were as follows:

- A brief overview was given over the external context provided by Stockton's Treasury Management advisors Arlingclose.
- Officers highlighted the increase in interest rates and how they had not impacted the loans the Council held as they had been fixed before the increase.
- No new borrowing had been undertaken in the six months shown in the report, with the level of borrowing decreasing.
- Based on the capital programme the Authority would be required to borrow to make up the shortfalls outlined in the report, this would be built

into the Medium-Term Financial Plan (MTFP) to pinpoint when and where the borrowing should take place.

- Officers brought to members attention a table in the report which showed the Investment Balances of the Councils short- and long-term investments.
- The final section of the report covered the Councils measures and how it manages its exposure to treasury management risk. Officers informed members that the Council have complied with all requirements.

RESOLVED that the report be noted.

8 Annual Governance Statement

Members were presented with the Council's Annual Governance Statement for 2021/22.

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 2021/22 was 30th November 2022 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 2021/22 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.

RESOLVED that the report be noted.

9 Anti-Fraud and Corruption Strategy

Consideration was given to a report that advised Members of the Anti-Fraud and Corruption arrangements for the period 2022-23.

The strategy had been developed in line with the code of practice with each of the 5 themes addressed. The format of the strategy had been redefined from previous versions to improve the visual appeal of the strategy and make it more effective.

The strategy was endorsed by senior management with a foreword provided by the Deputy Chief Executive as the responsible finance officer and the Chair of the Audit Committee reflecting the importance of tackling fraud within the authority.

At the core of the code was understanding the Council's fraud risk and ensuring adequate resources were provided to address the areas of greatest risk. A risk had been added to the strategic risk register to facilitate this.

Based on the results of local counter fraud activity and the national estimates of where fraud occurred it would appear the resources available and where they were deployed were commensurate with the current level of risk exposure.

There were a number of emerging risk areas (specifically social care and procurement), work would be undertaken from existing resources to assess the risks posed and whether there was a need for additional controls in those areas.

There were a significant number of promotional materials available to support counter fraud efforts. Included in the strategy were a number of actions around raising awareness and ensuring everyone understood the risk of fraud therefore helping to prevent fraud occurring and where it did, ensuring it was reported and the appropriate action was taken.

The audit plan supported the fraud risk assessment process providing advice and guidance where controls needed to be improved. Good practice suggested continuous monitoring was an effective process for detecting fraud early. Much of the work within the audit plan was moving towards continuous monitoring not only to improve the efficiency and effectiveness of the audit service but also to support the early detection of fraud reducing its impact.

RESOLVED that the report be noted.

10 Risk Register Update and Audit Activity

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

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. As a reminder, risks were scored on a scale of one to five for both 'impact' and 'likelihood'.

The main topics discussed were as follows:

- As shown in the report Officers had no areas of concern to highlight to members.
- One Red control had been highlighted in the report, It was in relation to the suitability of child placements, there was a general shortage of places available meaning Officers were not always able to place children in the most suitable placement.

- In relation to Information Governance training a new platform had been introduced with all staff being required to undertake refresher training. Good progress had been made with complete rate of the training being 90% however that was short of the targeted 95%.

Members noted the report from Officers but mentioned that the tables in the report had been hard to read clearly.

RESOLVED that the report be noted.

11 Annual Report of the Audit Committee

Members were presented with a report which informed the Committee of the work of the Audit and Governance Committee for the 2021/2022 period.

The 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 however the Chairman requested that Members contact him or Democratic services prior to the next scheduled meeting of the Audit and Governance Committee should they have any comments/queries.

RESOLVED that the report be noted.

12 Work Programme 2022 - 2023

The Work Programme was noted.