

Audit and Governance Committee

A meeting of Audit and Governance Committee was held on Monday 30th June 2025.

Present: Cllr Barry Woodhouse (Chair), Cllr Carol Clark, Cllr Eileen Johnson, Cllr Ross Patterson and Cllr Mick Stoker

Officers: Michael Henderson, Andy Bryson, Andrew Barber, Suzy Lloyd,

Also in attendance: James Collins, Nora Natova, Cllr Norma Stephenson

Apologies: Cllr Mohammed Mazi, Cllr Emily Tate and Cllr Laura Tunney

AGC/1/25 Evacuation Procedure

The Evacuation Procedure was noted.

AGC/2/25 Declarations of Interest

There were no declarations of interest.

AGC/3/25 Minutes

RESOLVED that the minutes be confirmed as a correct record and signed by the Chair.

AGC/4/25 Annual Governance Statement 2024/25

Members considered the Council's Annual Governance Statement for 2024/25

A self-assessment of the Council's governance, internal controls, and risk management had been undertaken. It reported no significant issues unaddressed and confirmed systems were effective.

Key developments included:

- Strengthened performance and risk frameworks.
- Action plan to address CQC and Ofsted findings.

Members noted the governance framework outlined and the positive opinion from internal audit.

Members queried the implications of new national cyber security standards and received assurance about recent improvements in ICT.

Discussion also covered new governance arrangements for the hotel company and upcoming reviews of whistleblowing and officer code of conduct.

RESOLVED that the draft Annual Governance Statement for 2024/25 be endorsed.

AGC/5/25 Annual Financial Statements - Draft

Members received the Council's Draft Statement of Accounts for the financial year ending 31 March 2025.

Discussion and Key Points

- It was noted that the unaudited accounts showed a year-end deficit of £7.447m, offset by planned use of reserves.
- Capital expenditure of £56.568m was reported, with increases in both short-term borrowing and net asset position.
- Members discussed the impact of the Teesside Pension Fund valuation on the Council's reported pension assets.
- Questions were raised around public accessibility of the statements and how reserve levels were communicated externally.

RESOLVED that the financial information and unaudited Statement of Accounts 2024/25 be noted, including the arrangements for public inspection and external audit.

AGC/6/25 External Audit Strategy Memorandum for the 24/25 Audit

Members considered the external audit strategy for 2024/25 audit.

Focus areas included:

- Pension assets/liabilities and property valuations.
- Risk of management override.
- Value for Money (VfM) arrangements.
- Audit would examine governance, economy, efficiency, and effectiveness in resource use.
- Group audit included council-owned companies.

Discussion included:

- An explanation of what 'significant' meant in audit terms was provided and members noted that it related to a higher-risk area, requiring more intensive testing.
- It was noted adult and children's services made up 60%+ of spending – auditors acknowledged that this was a high-risk area.

RESOLVED that the update and discussion be noted.

AGC/7/25 Internal Audit Annual Report & Opinion Statement

Consideration was given to a report that summarised audit work over the past year and gave an overall "effective" opinion on governance, risk, and controls.

Audit found an overall effective control environment.

Discussion:

Members praised fraud prevention and internal audit resilience.

RESOLVED that the report and Head of internal Audit's opinion on the Council's control environment and the performance of the Internal Audit Section be noted.

AGC/8/25 Strategic Risk Update

The update presented current high-level risks and mitigation work.

The Council continued to refine its risk management process, aligning risk assessments with wider assurance and audit intelligence. No specific new critical threats had been noted, but key strategic risks remained under close watch.

Risks reduced from red to amber:

- Waste & recycling.
- Children in care outcomes.
- Medium Term Financial Plan.

All linked to improvements under Powering Our Future.

Members were assured that risks were being monitored, and actions were being taken to manage those risks.

RESOLVED that members note and endorse the changes in risk following assessment and indicated that they were assured that risks were being effectively managed.

AGC/9/25 Health & Safety Report

Members considered a Health and Safety Report and noted

- Positive trends in training delivery, reduced accident/assault rates.
- Successful recruitment of Health & Safety Manager.
- New H&S policy and updated online incident reporting tools implemented.

RESOLVED that the current position be noted

Chair: