

**AGENDA ITEM:**

**REPORT TO AUDIT &  
GOVERNANCE COMMITTEE**

**REPORT OF THE CHAIRMAN OF  
THE AUDIT AND GOVERNANCE  
COMMITTEE**

**24<sup>th</sup> NOVEMBER 2025**

**AUDIT AND GOVERNANCE COMMITTEE ANNUAL REPORT**

**SUMMARY**

This report is to inform members of the work of the Audit and Governance Committee during the period 1st October 2024 to 30th September 2025.

**Introduction**

This Annual Report produced by the Chairman of the Audit and Governance Committee has 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 demonstrates how the Audit and Governance Committee has fulfilled its key functions and how it is fully committed to helping to improve the Council's governance and control environments.

The Guidance defines the purpose of an Audit and Governance Committee as follows:

- Audit & Governance Committees are a key component of an authority's governance framework. Their function is to provide an independent and high-level resource to support good governance and strong public financial management.
- The purpose of and Audit and Governance Committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes. By overseeing internal and external audit it makes an important contribution to ensuring that effective assurance arrangements are in place.

**Functions of the Audit and Governance Committee**

The Committee's activities during the period were designed to make a positive contribution to the continual improvement of governance arrangements across the Council, as well as performing the key functions as identified in the Constitution. The Audit and Governance Committee as identified in the constitution is required to:

- a) monitor the integrity of the Council's financial statements and approve the Statement of Accounts.
- b) approve the Annual Governance Statement.

- c) oversee risk management and the Council's risk registers.
- d) review any proposed changes to accounting policies and procedure rules.
- e) review the performance of the Treasury Management Strategy.
- f) approve the role and responsibilities of the Internal Audit Service (the Services' functions, aims and objectives);
- g) receive and consider the Annual Audit Letter from the Council's External Auditor.
- h) agree the programme of value for money work.
- i) approve the internal and external audit plans.
- j) review Internal Audit work on a quarterly basis; internal and external annual reports together with any management response and receive details of specific significant issues highlighted via audit work and refer to the Executive Scrutiny Committee; the Select Committees; Cabinet or Council, as appropriate, any issues arising which are key in nature.
- k) maintain an overview of the Council's Constitution in respect of contract procedure rules, financial regulations and codes of conduct and behaviour, and consider the Council's compliance with its own and other published standards and controls; and
- l) consider details of any key ethical and wider corporate governance issues which may be referred to it.

### **Audit and Governance Committee Membership**

The membership of the Audit and Governance Committee is as follows;

Cllr Barry Woodhouse (Chairman),  
Cllr Stefan Houghton (Vice-Chair),  
Cllr Mick Stoker,  
Cllr Emily Tate,  
Cllr Ross Patterson,  
Cllr Laura Tunney,  
Cllr Carol Clark,  
Cllr Eileen Johnson.  
Cllr Mohammed Mazi.

The Audit Committee and the Audit and Governance Committee met 4 times during the reporting period, 25<sup>th</sup> November 2024, 24<sup>th</sup> February 2025, 30<sup>th</sup> June 2025, 29<sup>th</sup> September 2025.

### **Officers**

The Audit and Governance Committee continues to be well supported by Officers, providing reports in accordance with the Committee's work programme. During the reporting period and on behalf of the Chief Finance Officer and the Director of Corporate Services, the Chief Accountant, Assistant Director Procurement and Governance and Assurance Manager routinely provided reports and attended the meetings.

### **External Audit**

When required the External Auditors, Forvis Mazars, have also attended the Audit and Governance Committee meetings.

### **Core Activity**

The Committee's work and outcomes in each of its areas of responsibility are summarised in the following subsections.

### Internal Audit

The Audit and Governance Committee:

- Approved the Internal Audit Charter. The purpose of this report was to advise Members of the Internal Audit Charter and proposed approach to delivering the audit service for the coming audit year 2025-2026.
- Received the Audit Activity Report which informed them of the progress of audit testing to date and presented a forward plan of testing and the resources available to meet the plan to support the assessment of risk.
- Approved the Internal Audit Strategy which documented the proposed approach to improving the audit service for the period 2025-2028.
- Received and approved the Internal Audit Annual Report & Opinion Statement of the Head of Internal Audit as required by the Accounts and Audit Regulations 2015. The report included the Head of Internal Audit's annual opinion on the overall adequacy and effectiveness of the internal control environment.

### External Audit

The Audit and Governance Committee:

- Received regular reports from Forvis Mazars with updates on progress in delivering their responsibilities as our external auditor.
- Received the External Audit Strategy Memorandum for the year ending 31 March 2025. The purpose of this document was to summarise Forvis Mazars audit approach, highlight significant audit risks and areas of key judgements and to provide the Council with the details of their audit team and fees.
- Received the Auditors Annual Report for 2023/24 which summarised the work Forvis Mazars had undertaken for the year ended 31 March 2024.
- Received the Audit Completion Report for the 2023/24 financial year. This document summarised the external auditor's findings from the annual audit of the 2023/24 accounts.

### Annual Statement of Accounts

The Audit and Governance Committee:

- Approved the Annual Financial Statements for 2023/24.
- Received and reviewed the draft Annual Statement of Accounts for the 2024/25 financial year.

### Treasury Management

The Audit and Governance Committee:

- Received a 2024/25 mid-term report on the performance against the treasury management and prudential indicators set in the Treasury Management Strategy approved by Council in February 2024.
- Received the Treasury Management Annual Report for 2024/25 that informed members of the performance against treasury management and prudential indicators set in the Treasury Management Strategy approved by Council in February 2024.

### Risk Management

The Audit and Governance Committee:

- Received quarterly reports from the Assurance Manager on developments within the Corporate Risk Registers 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.

- Officers presented the Anti-Fraud and Corruption Strategy to Members with the purpose of the report being to advise Members of the Anti-Fraud and Corruption arrangements for the period 2024-2025.

### Governance

The Audit and Governance Committee:

- Received the Council's draft Annual Governance Statement for 2024/25 for consideration and comments.
- Received the final Annual Governance statement for 2023-24

### Health and Safety

The Audit and Governance Committee:

- Received reports detailing the regular non-responsive services provided by the Council's Health and Safety Unit to monitor, improve and to ensure compliance of the health, safety and well-being control environment.

### Chairman's Conclusion

The third year of this administration has been once again challenging both for the authority and personally and I must give my thanks to the Vice Chair and elected members of the Committee for their support and a strong commitment to the work for which they have been given responsibility. We saw changes to the Committee during the year with Cllrs Johnson and Mazi joining us and getting up to speed with some very complex issues. The members have studied agendas and asked searching questions of officers not only presenting reports but also requesting further investigation of issues and explanation by the Chair and supporting officers of the committee. From the information received and reviewed the committee has not identified any issues that are not already being managed effectively that required escalation.

On behalf of the Committee, I have attended online the Northeast Regional Audit Committee Chairs Forums along with officers to receive presentations and discussion on shared ideas and developments both regionally and nationally.

The most relevant information affecting this Committee and officers which we were made aware of once again from external Auditors Forvis Mazars and our own Officers during the previous year were the announcement of "Backstop arrangements" as follows:

#### Key elements of the proposals:

A statutory backstop date of 13 December 2024 to clear the backlog of unaudited accounts up to and including FY 2022/23 still sees some authorities struggling to reach the dates. Four further backstops for Financial Years up to and including 2027/28 to allow the system to recover are:

- 2024/25: 27 February 2026
- 2025/26: 31 January 2027
- 2026/27: 30 November 2027
- 2027/28: 30 November 2028

There is still a significant backlog of outstanding external audits as reported to previous years Audit and Governance Committees, councils and other local bodies did not publish audited accounts on time.

The Members were presented with the Anti-Fraud and Corruption Strategy (duly noted) While recognising the valuable contribution made by members we must also pay tribute to the officers of this Authority who despite reduced staffing, reorganisation and a harsh financial environment have worked diligently to ensure sound fiscal controls and compliance with relevant regulations often being subjected to extra pressures due to delays in the delivery of information from external institutions yet again however changes to their external auditors will hopefully ease the situation.

Reorganisation of the Council's management structure has proved successful with officers in many cases taking on different and added responsibilities this must of course be monitored, and a work / life balance must be maintained.

The Council faces extreme pressures on budgets as do all Authorities from Children's and Adult Services however the external Audit report confirmed that the Council MTFP was developed on "reasonable assumptions" and recognises the assumptions made therein.

In conclusion I would add that our officers have worked both in the office and occasionally from home throughout the year in a challenging environment showing a commitment and dedication to the Borough's sound financial management under at times extreme pressure and for this effort we must record our gratitude as a committee and a Council.

The Audit and Governance Committee is established with comprehensive terms of reference. The Chair of the Audit and Governance Committee has prepared this annual report on the Committee's work for presentation to Cabinet and hopefully this shows that effective corporate and ethical governance is critical to an authority's performance and in demonstrating continuous improvement it's therefore, a fundamental element of the modernisation agenda. Probity, transparency and high standards are an inherent part of corporate/ethical governance.

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