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21 September 2023

Dear Members

### Update/conclusion of pending matters– Audit Completion Report

As required by International Standards on Auditing (UK), I am writing to communicate an update on those matters that were marked as outstanding within our Audit Completion Report dated 16 November 2022, and including any other matters arising since that date.

The outstanding matters and the conclusions we reached are detailed below:

Matter	Update/conclusion reached	Status
Pensions	<p>We reported in November 2022 that we were unable to complete our work on pensions as we were waiting for assurances from the pension fund auditor. These would normally have been expected to be received by the end of November 2022.</p> <p>We actually received the assurance letter from the pension fund auditor on 22 March 2023. Their letter identified an overstatement of assets, though this was not material.</p> <p>However, an additional issue arose in relation to the triennial revaluation of the Teesside Pension Fund at 31 March 2022.</p> <p>Each year, employers within the Local Government Pension Scheme (LGPS) receive an actuarial accounting report prepared in accordance with IAS19 Employee Benefits (IAS19</p>	We are following up on apparent significant discrepancies identified in the PF auditor letter on the results of triennial membership data testing.

Matter	Update/conclusion reached	Status
	<p>report). The report sets out the movement in the employer’s interest in the LGPS assets and liabilities during the year, and their share of assets and liabilities at the year end.</p> <p>IAS19 pension liabilities are prepared by rolling forward data collected for the most recently completed actuarial funding revaluation (triennial revaluation, ie. undertaken once every 3 years) and updating for significant changes to membership, cashflows, and updated actuarial assumptions. The 2021/22 IAS19 reports received by LGPS employers for inclusion in the draft 2021/22 financial statements were prepared using data collected for the 2019 triennial valuation, rolled forward by 2 years, as the 2022 triennial valuation was not complete at the time of preparing the draft 2021/22 financial statements.</p> <p>Due to the delays in the issue of some local authority opinions (many March 2021/22 financial statement audits had not been completed at 31 March 2023), the 31 March 2022 triennial revaluation reports, which take about a year to prepare, had been finalised.</p> <p>The completed triennial revaluation at 31 March 2022 provided evidence of conditions that existed at 31 March 2022 and, in accordance with IAS10 Events after the Reporting Period, audited bodies were asked to consider whether this was an adjusting event. Our view was that this was an adjusting event after the balance sheet date, where the impact was likely to be material.</p> <p>The Council decided that this was likely to have a material impact on the IAS19 pension liability at 31 March 2022, and therefore obtained an updated IAS19 Report from the Actuary and amended the 2021/22 accounts.</p> <p>The adjusted misstatement is in the updated Summary of Misstatements in Appendix 1.</p> <p>For us to consider the amendments made to the financial statements to reflect the triennial revaluation exercise, we carried out the following procedures:</p> <ul style="list-style-type: none"> <li>• Agreed the changes in the revised IAS19 report to the revised financial statements;</li> <li>• Reviewed the updated assumptions used by the actuary in the updated IAS19 report; a national report prepared by PWC assisted with our consideration of any changes in assumptions; and</li> </ul>	<p>We are following up on apparent significant discrepancies identified in the PF auditor letter on the results of triennial membership data testing.</p>

Matter	Update/conclusion reached	Status
	<ul style="list-style-type: none"> <li>• Asked the Pension Fund auditor to carry out testing of the membership data provided by the Pension Fund to the actuary for the triennial revaluation exercise, to ensure that it was supported by the data in the Pension Fund’s systems.</li> </ul> <p>We completed our work without any other issues arising.</p> <p>We received a response from the Pension Fund auditor on 11 September 2023. Unfortunately, their letter highlighted a number of apparent significant discrepancies in the data. The Pension Fund auditor indicated to us that they did not intend to carry out any further work to investigate or resolve the apparent significant discrepancies.</p> <p>We therefore informed the Pension Fund auditor that we needed to follow up these issues ourselves, even though the Pension Fund and its lead authority, Middlesbrough Council, is not one of our audits.</p> <p>We are currently in the process of following these issues up. We are grateful to Middlesbrough Council and the Pension Fund, as they have confirmed that they understand the importance of following up on the issues raised and have offered us their full co-operation.</p>	<p>We are following up on apparent significant discrepancies identified in the PF auditor letter on the results of triennial membership data testing.</p>
Infrastructure	<p>As the Council is aware, there has been a national issue in relation to accounting for infrastructure which has impacted on every local authority related entity with material infrastructure balances.</p> <p>The issue identified that there was insufficiently detailed information available to allow local authorities to demonstrate the material accuracy of the gross carrying value of infrastructure assets. Specifically, the information deficits related to the type of assets held within the infrastructure balance, their useful lives and whether or not any capitalised expenditure was incurred to replace existing components.</p> <p>Members should note that this issue was entirely technical in nature and it did not impact on the resources available to the Council or the level of usable reserves held by the Council.</p> <p>A statutory override was put in place by Government to address the information deficits and CIPFA guidance was issued to allow authorities to disclose net infrastructure and not disclose gross infrastructure and gross depreciation in the financial statements. The statutory override made it clear that</p>	<p>Complete – also see Internal Control section below</p>

Matter	Update/conclusion reached	Status
	<p>adjustments were not required to previous infrastructure balances even where errors may have existed.</p> <p>The Council has adopted the statutory override in full. The Council also made amendments to the disclosures about infrastructure in the financial statements, as required by the guidance, but the figures relating to infrastructure have not been amended.</p> <p>As part of our review of the Council’s application of CIPFA’s “Update to the Code and Specifications for Future Codes for Infrastructure Assets (Code update)”, we considered the Council’s asset lives per its accounting policies for infrastructure assets.</p> <p>We considered CIPFA Bulletin 12, which includes a commentary on the useful lives of the components of the highways network by the “UK Roads Leadership Group Asset Management Board”. The guidance includes a range of “reasonable useful lives” for different parts of the highways network which we compared to those applied by the Council.</p> <p>As part of our work, we completed a sensitivity analysis to estimate the impact on in-year depreciation using the Council’s existing asset lives compared to the reasonable asset lives provided in the CIPFA guidance. This test was completed to gain assurance that depreciation in 2021/22 is materially accurate when compared to depreciation calculated using CIPFA’s reasonable useful lives.</p> <p>Following completion of our work, we are satisfied that the Council has followed the relevant guidance when reviewing its infrastructure assets and has made the required disclosures in the financial statements.</p> <p>Our review highlighted a number of differences between the useful economic lives of some assets against those set out by CIPFA. However, we are satisfied that this does not have a material impact on the financial statements for 2021/22.</p> <p>From our analysis, we estimated that the maximum impact on in-year depreciation would be £2.9m, and this would be a net increase in depreciation. We have reported this as an unadjusted misstatement in Appendix 1.</p> <p>In the context of the Council’s total depreciation of infrastructure of £9.1m, and a net book value for infrastructure of £175.086m, the potential understatement of depreciation of £2.9m is not material in both qualitative and quantitative terms.</p>	<p>Complete – also see Internal Control section below</p>

Matter	Update/conclusion reached	Status
	<p>The Council has carried out its own analysis and plans to complete a review of useful economic lives when producing the 2022/23 financial statements.</p> <p>We support this planned approach by officers, and we have made an internal control recommendation in relation to this as set in the next section of this letter.</p>	Complete – also see Internal Control section below
Post balance sheet events	We will discuss subsequent events with management and review available post balance sheet information at the point we sign off. There are no issues arising at the point of drafting this letter.	This will be completed at the point we are ready to issue our audit opinion
Audit closure	We are awaiting the final version of the financial statements. Once received we will undertake our final closure procedures including a review of the management representation letter and post balance sheet events.	This will be completed at the point we are ready to issue our audit opinion

### Internal Control Recommendations

The purpose of our audit was to express an opinion on the financial statements. As part of our audit we have considered the internal controls in place relevant to the preparation of the financial statements in order to design audit procedures to allow us to express an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of internal control or to identify any significant deficiencies in their design or operation.

The matters reported are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and that we consider to be of sufficient importance to merit being reported. If we had performed more extensive procedures on internal control we might have identified more deficiencies to be reported or concluded that some of the reported deficiencies need not in fact have been reported. Our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

Our findings and recommendations are set out below. We have assigned priority rankings to each of them to reflect the importance that we consider each poses to your organisation and, hence, our recommendation in terms of the urgency of required action. In summary, the matters arising fall into the following categories:

Priority ranking	Description	Number of issues
1 (high)	In our view, there is potential for financial loss, damage to reputation or loss of information. This may have implications for the achievement of business strategic objectives. The recommendation should be taken into consideration by management immediately.	0

<b>2 (medium)</b>	In our view, there is a need to strengthen internal control or enhance business efficiency. The recommendations should be actioned in the near future.	1
<b>3 (low)</b>	In our view, internal control should be strengthened in these additional areas when practicable.	0

## Description of deficiency – Infrastructure Assets Useful Economic Lives – Level 2

As part of our review of the Council’s application of CIPFA’s “Update to the Code and Specifications for Future Codes for Infrastructure Assets (Code update)” we considered the Council’s asset lives as disclosed in its accounting policies and notes to the accounts.

We considered CIPFA Bulletin 12, which includes a commentary on the useful lives of the components of the highways network by the “UK Roads Leadership Group Asset Management Board”. This guidance includes a range of reasonable useful lives for different parts of the highways network which we compared to those applied by the Council.

Our review highlighted a number of differences between the useful economic lives of some assets against those set out by CIPFA. However, we are satisfied that this does not have a material impact on the financial statements for 2021/22.

### Potential effects

Infrastructure asset lives may not be based on up-to-date information and may not accurately reflect the remaining life of the asset. This could result in depreciation being misstated, both in year and cumulatively in the future. In addition, it is important that asset lives are accurate to support the Council’s Asset Management Plans.

### Recommendation

While our work has not highlighted a material difference when applying the current assets lives, we recommend that the Council reviews and benchmarks its infrastructure asset lives for 2022/23 onwards by considering data provided by CIPFA and any other data identified by the Council, to ensure asset lives reflect sector standards and all relevant information. Where differences are not justified, the Council should make changes to asset lives and hence depreciation as part of its annual review of infrastructure. If management’s assessment significantly diverges from the range provided by CIPFA, and does not wish to change the asset lives, management should clearly document and provide relevant data to substantiate the rationale for this difference.

### Management comments

Agreed.

## Reclassification of the hotel from operational to investment property in group accounts



The Council originally reclassified the value of the hotel in the Group financial statements from investment property to operational property. As the hotel company is not significant to the Group as a whole, the Group treatment should be the same as the Council. This resulted in a change to the Group balance sheet and notes and required the restatement of the opening balance sheet as detailed in Appendix 1.

### Status of our audit work

At the time of preparing this update letter, we still anticipate being able to issue an unqualified audit opinion, without modification, on the financial statements. We plan to issue our opinion when the financial statements have been approved and signed by the Audit and Governance Committee, and when we have fully followed up on and addressed the apparent significant discrepancies reported to us in the Pension Fund auditor's letter.

We will issue a further follow up letter at the point of signing our audit report.

At the time of preparing this update letter, the following matters remains outstanding, which as we have explained will be reported at a later date:

Audit area	Status	Description of outstanding matters
Value for money commentary		We have completed our work in respect of the Council's arrangements for the year ended 31 March 2022 and the DRAFT Auditor's Annual Report is on the agenda for the September Audit and Governance Committee meeting setting out our value for money commentary. We will issue the final Auditor's Annual Report once the audit opinion has been issued.
Whole of Government Accounts (WGA)		<p>We submitted the 2020/21 WGA return but were unable to issue our audit certificate formally closing the 2020/21 audit until the National Audit Office informed us whether additional procedures were required.</p> <p>We have now received instructions from the NAO that additional procedures are not required and therefore we have issued our 2020/21 audit certificate. This is also included on the agenda for the September 2023 Audit and Governance Committee.</p> <p>We are unable to report on WGA for 2021/22 until we issue our 2021/22 audit opinion. We will issue the 2021/22 WGA return to the NAO as soon as we have issued our audit report.</p> <p>However, we cannot issue our audit certificate for 2021/22 until we have received NAO clearance that additional procedures are not required. NAO plans to report on 2021/22 WGA by the end of March</p>

Audit area	Status	Description of outstanding matters
		2024. We therefore expect to be able to issue our 2021/22 audit certificate about this time.

#### Status

- Likely to result in material adjustment or significant change to disclosures within the financial statements
- Potential to result in material adjustment or significant change to disclosures within the financial statements
- Not considered likely to result in material adjustment or change to disclosures within the financial statements

Our draft Audit Report is shown in Appendix 2. This highlights in red any changes from the previous version included in our Audit Completion Report. The main change is that we can now report in our audit opinion that we have completed our value for money work for the year ended 31 March 2022. We can confirm that we have no significant weaknesses or recommendations to make as a result of our work.

We will issue a further follow up letter at the point of signing our audit report.

If you wish to discuss these or any other points then please do not hesitate to contact me.

Yours faithfully

*Gavin Barker*

**Gavin Barker**  
Director



## APPENDIX 1 SUMMARY OF MISSTATEMENTS

(Changes since we issued our Audit Completion Report are highlighted in red.)

### Unadjusted misstatements – Council

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr: Loss on disposal 645 Cr: Depreciation Cr: Property, plant and equipment		-23		- 622
	Preston primary school moved to an Academy school on 01/04/2021 and therefore should have been treated as an in-year disposal. NBV as at 31/03/2022 is £622k. PPE overstated and loss on disposal understated. Balance as at 01/04/2021 was £644k - difference is £23k over charge of in-year depreciation.				
3	Dr: Land and buildings Cr: CIES Depreciation		-2,902	2,902	
	Potential overstatement of depreciation on infrastructure assets in the financial statements based on a comparison of actual depreciation against depreciation that would have been charged based on CIPFA ranges of useful asset lives. Management has determined not to amend the financial statements because this adjustment is not material.				
	<b>Total unadjusted misstatements</b>	<b>645</b>	<b>-2,925</b>	<b>2,902</b>	<b>-622</b>

### Unadjusted disclosures

During our audit we identified the following disclosure misstatements which have not been adjusted by management:

- Note 18 long-term liabilities, includes total additions, some of which should be classified as short-term.
- Note 24 Dedicated schools grant does not include comparators, this is in line with the pro forma disclosure notes in the CIPFA guidance but against the overriding principal of the CIPFA Code to include comparators for all disclosures unless scoped out.

### Adjusted misstatements – Council

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
2	Dr: Pension Liability			38,318	
	Cr: Pension Asset				-38,318
	Cr: Movement in Reserves Statement adjustment	38,318			
	Dr: Other Comprehensive Income		-38,318		
This reflects the adjustment from recalculating pension disclosures using an updated IAS19 report from the actuary, which takes into account the results of the triennial revaluation at 31 March 2022					
Total adjusted misstatements		38,318	-38,318	38,318	-38,318

## Adjusted misstatements - Group

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr: Property, plant and equipment Cr: Investment property Reclassification of the hotel from operational to investment property in group accounts.			10,802	-10,802
Total adjusted misstatements				10,802	-10,802

### Disclosure amendments

During our audit we identified some adjustments to the disclosures in the accounts. These have been adjusted by management and include:

- Note 4 critical judgements, reviewed and updated.
- Note 7 earmarked reserves, adjustment of £18m to transfers in and transfers out, has no net impact on reserves as a whole.
- Note 11 property, plant and equipment, note updated to correct accounting treatment of Durham Lane purchase and disclosure of assets held under finance lease. Additional information added in relation to valuations.
- Note 13 investment properties, disclosure updated to show disposals separately.
- Note 15 debtors, classification of rent allowances corrected.
- Note 28 grant income, classification of s31 grant corrected.
- Note 29 financial instruments, wording updated.
- Note 31 defined benefit pension schemes, significant assumptions updated.
- Note 32 exit packages, some packages had been included in the wrong year, amended.
- Note 33 provisions, movements in year added.
- Note 34 contingent liabilities, wording updated.
- Note 38 accounting policies, additional policy for revenue recognition added.
- Various other minor presentational and typographical adjustments.

### Independent auditor's report to Stockton-on-Tees Borough Council

#### Report on the audit of the financial statements

##### Opinion on the financial statements

We have audited the financial statements of Stockton-on-Tees Borough Council (the Council) and its subsidiaries (the Group) for the year ended 31 March 2022, which comprise the Council and Group Movement in Reserves Statements, the Council and Group Comprehensive Income and Expenditure Statements, the Council and Group Balance Sheets, the Council and Group Cash Flow Statements, the Collection Fund and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Council Accounting in the United Kingdom 2021/22 **as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets ("the Code Update"), published in November 2022.**

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Council and Group as at 31<sup>st</sup> March 2022 and of the Council's and the Group's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Council Accounting in the United Kingdom 2021/22 **as amended by the Code Update.**

##### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director of Finance, Development and Regeneration and Deputy Chief Executive's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Council and Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director of Finance, Development and Regeneration and Deputy Chief Executive with respect to going concern are described in the relevant sections of this report.

##### Other information

The Director of Finance, Development and Regeneration and Deputy Chief Executive is responsible for the other information. The other information comprises the Annual Governance Statement and information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Responsibilities of the Director of Finance, Development and Regeneration and Deputy Chief Executive for the financial statements**

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Director of Finance, Development and Regeneration and Deputy Chief Executive is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Council Accounting in the United Kingdom 2021/22 **as amended by the Code Update**, and for being satisfied that they give a true and fair view. The Director of Finance, Development and Regeneration and Deputy Chief Executive is also responsible for such internal control as the Director of Finance, Development and Regeneration and Deputy Chief Executive determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Director of Finance, Development and Regeneration and Deputy Chief Executive is required to comply with the CIPFA/LASAAC Code of Practice on Local Council Accounting in the United Kingdom 2021/22 **as amended by the Code Update** and prepare the financial statements on a going concern basis, on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The Director of Finance, Development and Regeneration and Deputy Chief Executive is responsible for assessing each year whether or not it is appropriate for the Council to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Council, we identified that the principal risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, and the Accounts and Audit Regulations 2015, and we considered the extent to which non-compliance might have a material effect on the financial statements.

We evaluated the Director of Finance, Development and Regeneration and Deputy Chief Executive's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with management and the Audit and Governance Committee, the policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Council and the Group which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the Audit and Governance Committee on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Audit and Governance Committee. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

We are also required to conclude on whether the Director of Finance, Development and Regeneration and Deputy Chief Executive's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in September 2021.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Report on the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources**

### **Matter on which we are required to report by exception**

We are required to report to you if, in our view we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

~~We have not completed our work on the Council's arrangements. On the basis of our work to date, having regard to the guidance issued by the Comptroller and Auditor General in December 2021, we have not identified any significant weaknesses in arrangements for the year ended 31 March 2022.~~

~~We will report the outcome of our work on the Council's arrangements in our commentary on those arrangements within the Auditor's Annual Report. Our audit completion certificate will set out any matters which we are required to report by exception.~~

~~We have nothing to report in this respect.~~

### **Responsibilities of the Council**

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

### **Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources**



We are required under section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in the use of resources. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in December 2021.

### **Matters on which we are required to report by exception under the Code of Audit Practice**

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

### **Use of the audit report**

This report is made solely to the Stockton-on-Tees Borough Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Stockton-on-Tees Borough Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Stockton-on-Tees Borough Council, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Delay in certification of completion of the audit**

We cannot formally conclude the audit and issue an audit certificate until we have **completed**:

- **completed** the work necessary to issue our assurance statement in respect of the Council's Whole of Government Accounts consolidation pack **for the year ended 31 March 2022.;** ~~and~~
- ~~the work necessary to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.~~

Gavin Barker  
Director  
For and on behalf of Mazars LLP

The Corner  
Bank Chambers  
26 Mosley Street  
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Date: *[to be confirmed]*