

AUDIT COMMITTEE

Wednesday, 18 November 2020

PRESENT – Councillors Lee (Chair), Durham, Crudass and Paley

APOLOGIES – Councillors Baldwin and McEwan

ALSO IN ATTENDANCE – Helen Henshaw (Ernst and Young LLP) and Michael Mason (Ernst and Young LLP)

OFFICERS IN ATTENDANCE – Peter Carrick (Finance Manager Central/Treasury Management), Luke Swinhoe (Assistant Director Law and Governance), Lee Downey (Complaints and Information Governance Manager), Andrew Barber (Audit and Risk Manager, Stockton Borough Council) and Allison Hill (Democratic Officer)

A24 DECLARATIONS OF INTEREST

There were no declarations of interest reported at the meeting.

A25 AUDIT OF ACCOUNTS 2019/20

The Managing Director submitted a report (previously circulated) providing Members with information on the outcomes of the external audit by Ernst and Young LLP (EY), of the Council's accounts for the year ended 31 March 2020.

It was reported that, in accordance with statutory requirements, which had been updated for (Coronavirus)(Amendment) regulations 2020, EY had audited the accounts and a copy of the report which outlined the results of their findings from the audit were outlined in the audit plan presented to this Committee in September 2020.

Helen Henshaw and Michael Mason from EY advised Members that the audit work on the accounts had been completed and that an unqualified opinion on the Council's 2019/20 accounts would be issued; concluded that the Council had put in place proper arrangements to secure economy, efficiency and effectiveness of its use of resources; and confirmed that the Council's Annual Governance Statement was not misleading or inconsistent with other information known to them.

Members gave specific consideration to items that were classified as unadjusted audit differences in relation to Assets Held for Sale and the Private Finance Initiative.

It was also noted that EY had not raised any significant matters in relation to any significant deficiencies in internal control.

RESOLVED - (a) That the Auditors Audit Results Report on the Council's 2019/20 financial statements be noted.

(b) That Members note the Letter of Representation in Appendix B of the Audit Results Report.

(c) That the Audit Committee agree not to amend the unadjusted audit differences as

they were not material.

(d) That the Audit Committee approve the IFRS complaint Statement of Accounts for the 2019/20 financial year.

A26 ANNUAL GOVERNANCE STATEMENT

The Managing Director submitted a report (previously circulated) seeking approval of the Council's draft Annual Governance Statement (AGS)(also previously circulated), a key corporate document which involved a variety of people charged with delivering governance within the Authority and which was required to be published each year, to accompany the Statement of Accounts, in accordance with the Accounts and Audit Regulations 2015.

It was reported that as a result of the Coronavirus pandemic the Regulations had been amended requiring local authorities to sign off their draft accounts and publish their draft AGS by 31 August, instead of 31 May.

The Annual Governance Statement for 2019/20 outlined the Council's responsibilities; explained the purpose of the governance framework; set out key elements; detailed the review of its effectiveness; and highlighted any significant governance issues; and included a commitment by the Leader of the Council and the Managing Director to ensure the continuous improvement of the system in place.

Following discussion on the Action Plan for 2020/21, Members proposed that climate change be included in the actions for 2020/21.

RESOLVED – That the draft Annual Governance Statement, as appended to the submitted report, be approved.