

**AUDIT COMMITTEE**  
Wednesday, 20 July 2022

**PRESENT** – Councillors Baldwin, Crudass, Lee and Mrs H Scott

**APOLOGIES** – Councillor McEwan,

**ABSENT** – Councillor Paley

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

**A1 APPOINTMENT OF CHAIR FOR THE MUNICIPAL YEAR 2022/23**

**RESOLVED** – That Councillor Lee be appointed Chair of this Audit Committee for the Municipal Year 2022/23.

**A2 APPOINTMENT OF VICE CHAIR FOR THE MUNICIPAL YEAR 2022/23**

**RESOLVED** – That Councillor Crudass be appointed Vice-Chair of this Audit Committee for the Municipal Year 2022/23.

**A3 DECLARATIONS OF INTEREST**

There were no declarations of interest reported at the meeting.

**A4 TO CONSIDER THE TIMES OF MEETINGS OF THIS COMMITTEE FOR THE MUNICIPAL YEAR 2022/23 ON THE DATES AGREED IN THE CALENDAR BY CABINET AT MINUTE C100/FEB/22**

**RESOLVED** – That meetings of this Audit Committee be held at 10.00 a.m. on the dates, as agreed on the calendar of meetings by Cabinet at Minute C100/Feb/22.

**A5 TO APPROVE THE MINUTES OF THE MEETING OF THIS AUDIT COMMITTEE HELD ON 13 APRIL 2022**

Submitted – The Minutes (previously circulated) of the Audit Committee held on 13 April 2022.

**RESOLVED** – That the Minutes of the Audit Committee held on 13 April 2022 be approved as a correct record.

**A6 ANNUAL REVIEW OF SIGNIFICANT PARTNERSHIPS 2021-2022**

The Partnerships Director submitted a report (previously circulated) to present to Members the outcome of the annual review of significant partnerships to enable the Audit Committee

to consider the partnerships that the Council is involved with and to ensure that they have adequate governance arrangements in place.

It was reported that, through the principles of the partnership toolkit, the Council had an established approach to monitoring the significant partnerships it was involved with and, as a result, there were good governance arrangements in place for these partnerships and that they were delivering well against their objectives.

It was also reported that the toolkit had been effective in identifying high level concerns of the significant partnerships which included the 11-19 Partnerships; Creative Darlington; Public Sector Executives Group; Local Safeguarding Partnerships; Darlington Youth Offending Service; and Safe and Cohesive Community Group (was CDRP).

**RESOLVED** – That the review of significant partnerships be endorsed and the actions being taken to address outstanding issues be noted.

#### **A7 ANNUAL RISK MANAGEMENT REPORT 2021-22**

The Chief Executive submitted a report (previously circulated) to update Members on the approach to and outcomes from the Council's Risk Management processes.

It was noted that positive progress continued to be made within the Authority regarding the management of key strategic risks and with the work undertaken by Officers to manage operational risk.

Particularly discussion ensued on the risks identified as above the risk appetite line of which there had been seven strategic risks identified, were detailed in the submitted report and also linked to the relevant objective in the Council Plan.

It was also reported that in relation to Operational Risk Outcomes the Insurance Group continues to meet representatives of the Council's insurers to examine insurance claims who are able to provide the group with an update in relation to trends and operational risks to enable continuous improvement to the health and safety culture within the organisation.

**RESOLVED** – That the Annual Risk Management report for 2021/22 be noted.

#### **A8 AUDIT SERVICES AUDIT WORK 2021/22 ANNUAL REPORT**

The Audit and Risk Manager submitted a report (previously circulated) to present the Annual Report of the testing undertaken in the previous 12 months in accordance with Audit Services' role and terms of reference.

The submitted report outlined progress to date on audit assignment work, consultancy/contingency activity and performance indicators; and gave details of Audit Services' all agreed work that had been completed.

It was reported that the shared service was a new service beginning 1 April 2017 and brought together two teams from different organisations as well as a new approach to delivering the

audit opinion.

It was also reported that the Annual Report should be considered in the context of fulfilling the function to monitor the adequacy and effectiveness of the Council's internal control environment and the Internal Audit service provided.

**RESOLVED** – That the annual report of the results of testing during the previous 12 months and the overall opinion statement be noted.

#### **A9 AUDIT SERVICES - ACTIVITY REPORT**

The Audit and Risk Manager submitted a report (previously circulated) to provide Members with a progress report of activity and proposed activity for the next period.

The submitted report outlined progress to date on audit assignment work, consultancy/contingency activity and highlighted the change in approach from traditional audit assignments to individual control testing and reporting and the different approach in terms of reporting on activity to be developed further in the coming months; and the move away from annual audit planning to quarterly planning to enable the service to respond more effectively to the changing risk environment.

Also previously circulated was detailed feedback on the performance of the service and the position in relation to completion of audit work.

**RESOLVED** – That the activity and results be noted.

#### **A10 MANAGERS ASSURANCE STATEMENTS**

The Group Director of Operations submitted a report (previously circulated) advising Members of the outcome of the 2021/22 Managers' Assurance Statements (MAS).

It was reported that the MAS was a key element of the Council's corporate governance arrangements and, based on the 2021/22 returns, had identified an overall positive position.

It was also reported that although no common improvement themes had been highlighted in the 2021/22 returns a number of improvements to process /controls were identified and these matters will be progressed by Assistant Directors during 2022/23.

Members discussed how Scrutiny Committees could be advised of the high level risks and it was agreed that the Assistant Director of Resources will discuss this further with the Chair.

**RESOLVED** – That the report be noted.

#### **A11 TREASURY MANAGEMENT ANNUAL AND OUTTURN PRUDENTIAL INDICATORS 2021/22**

The Group Director of Operations submitted a report (previously circulated) to provide important information regarding the regulation and management of the Council's borrowing, investments and cash-flow, as a requirement of the Council's reporting procedures and by

regulations issued under the Local Government Act 2003 to produce an annual treasury management review and outlined treasury activity for 2021/22.

The report also sought Members approval of the Prudential Indicator results for 2021/22 in accordance with the Prudential Code.

It was reported that the financial year 2021/22 was another unprecedented year with regard to treasury management due to the ongoing Covid-19 pandemic. Cost of borrowing remained low throughout 2021/22 and due to the Covid-19 pandemic the cost of shorter term borrowing was anticipated to remain low in the future. However, as Members are aware due to the recent low returns for cash investments new ways to improve investment returns are continually being sought.

The submitted report summarised the capital expenditure and financing for 2021/22; the Council's underlying borrowing need; the Treasury position as at 31 March 2022; prudential indicators and compliance issues; the economic background for 2021/22; a summary of the Treasury Management Strategy agreed for 2021/22; and performance and risk benchmarking.

It was also reported that the Council's treasury management activity during 2021/22 had been carried out in accordance with the Council policy and within legal limits; financing costs had been reduced during the year and a saving of £0.366m had been achieved from the original Medium-Term Financial Plan.

**RESOLVED** – (a) That the outturn 2021/22 Prudential Indicators within the submitted report and those in Appendix 1 be noted.

(b) That the Treasury Management Annual Report for 2021/22 be noted.

(c) That the submitted report be forwarded to Cabinet and Council in order for the 2021/22 Prudential Indicators to be noted.