

AUDIT COMMITTEE

Wednesday, 26 April 2023

PRESENT – Councillors Lee (Chair), Crudass, Baldwin and McEwan

APOLOGIES – Councillor Mrs H Scott

ABSENT – Councillor Paley

ALSO IN ATTENDANCE –

OFFICERS IN ATTENDANCE – Brett Nielsen (Assistant Director Resources), Luke Swinhoe (Assistant Director Law and Governance), Ian Miles (Assistant Director Xentrall Shared Services), Peter Carrick (Finance Manager Central/Treasury Management), Lee Downey (Complaints and Information Governance Manager), Andrew Barber (Audit and Risk Manager, Stockton Borough Council), Evans (Head of ICT), Shirley Wright (Democratic Manager) and Caroline Mulley (Ernst and Young LLP)

A28 DECLARATIONS OF INTEREST

There were no declarations of interest reported at the meeting.

A29 TO APPROVE THE MINUTES OF THE MEETING OF THE AUDIT COMMITTEE ON 25 JANUARY 2023

Submitted – The Minutes (previously circulated) of the Audit Committee held on 25 January 2023

RESOLVED – That the Minutes of the Audit Committee held on 25 January 2023 be approved as a correct record.

A30 ICT STRATEGY - IMPLEMENTATION PROGRAMME - SIX MONTHLY UPDATE

The Assistant Director Xentrall Shared Services submitted a report (previously circulated) providing a six-monthly update on progress in relation to the implementation of the ICT Strategy.

It was reported that the current ICT Strategy focused on three strategic priorities, namely ICT Governance and Service Development; ICT Strategic Architecture; and Council Service Development and Transformation.

This submitted report summarised progress on the main activities within each of these priorities.

RESOLVED – That the report be noted.

A31 ETHICAL GOVERNANCE AND MEMBER STANDARDS - SIX MONTHLY UPDATE

The Assistant Director Law and Governance and Monitoring Officer submitted a report (previously circulated) updating Members on the issues relevant to Member standards and ethical governance since last reported to this Committee in September 2022.

The submitted report set out a number of datasets of ethical indicators to assist in monitoring the ethical health of the Council and by reviewing these indicators it was hoped to be able to identify any unusual or significant trends or changes in the volume of data recorded for the relevant period that might provide an alert to any deterioration in the ethical health of the authority.

The submitted report also included commentary for some data sets to give analysis and explanation for some of the more notable variations and it was reported that there were no particular issues of concern that had been identified from reviewing the data.

RESOLVED – That the report be received.

A32 INFORMATION GOVERNANCE WORK PROGRAMME - PROGRESS REPORT - SIX MONTHLY

The Group Director of Operations submitted a report (previously circulated) providing a six-monthly update, as required by the Systems and Information Governance Group (SIGG), on the progress and planned developments of the information governance programme.

It was reported that the ongoing delivery of the information governance programme continued to provide the assurance required to reduce the information risks to an acceptable level and outlined the ongoing works.

It was also reported that the area of highest priority in the information governance programme was the Microsoft Office 365 Programme.

RESOLVED – That the report be received.

A33 INTERIM RISK MANAGEMENT UPDATE REPORT 2023/24

The Chief Executive submitted a report (previously circulated) updating Members on the progress made in managing the risks identified as above the risk appetite line in the Mid-Year Risk Management Update Report to this Committee 2022/23.

It was reported that positive progress continued to be made within the Authority regarding the management of those key strategic risks as identified above the risk appetite line.

RESOLVED – That the report be received.

A34 AUDIT SERVICES - EXTERNAL QUALITY ASSESSMENT - PEER REVIEW

The Audit and Risk Manager submitted a report (previously circulated) advising Members of the outcome of the External Quality Assessment Peer Review of the Internal Audit Service.

It was reported that the internal audit service was required to comply with the International Standards for Internal Audit and that, as part of those standards, was required to validate its

compliance with those standards externally at least once every five years.

It was also reported that the Chartered Institute of Public Finance and Accountancy (CIPFA) had been commissioned to undertake this external assessment on the basis of a validation of the internal audits own self-assessment.

The submitted report outlined a number of components to the assessment which included, a review of the audit manual; interviews with Audit Staff; Interviews with Senior Managers/Members, the results of a satisfaction survey and a review of other documentation, including reports to this Committee.

The final report (also previously circulated) confirmed that the service was fully compliant with all aspects of the Standards, there were four areas where advice had been given to improve the service further, three of which related to introducing wording to reports/documents to strengthen them and one which related to the acknowledgment of wider sector issues relation to the recruitment of staff.

The Audit and Risk Manager reported that positive feedback had also been received on the approach to deliver the internal audit service, and that it had been recognised that the service was forward-thinking that was well positioned to drive change and accountability across the Authority.

RESOLVED – Tht the report be received.

A35 AUDIT SERVICES CHARTER

The Audit and Risk Manager submitted a report (previously circulated) together with the Audit Services' Audit Charter for 2023-24 (also previously circulated).

It was reported that it was a requirement for the Council to have an internal audit function is outlined in Section 151 of the Local Government Act 1972, with more specific requirements detailed in the Accounts and Audit (England & Wales) Regulations 2015 which required the Council to 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'.

It was reported that there had been no major changed to the 2023-24 Charter, however, Audit Services would no longer be delivering internal audit to the Tees Valley Combined Authority and this had been reflected in the 2023-24 Charter.

RSOLVED – That the report be received.

A36 AUDIT SERVICES - ACTIVITY REPORT

The Audit and Risk Manager submitted a report (previously circulated) providing 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 together with

consultancy/contingency activity.

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 and that the planned work be agreed.

A37 ACCOUNTING POLICIES TO BE APPLIED TO THE 2022/23 FINANCIAL STATEMENTS

The Group Director of Operations submitted a report (previously circulated) updating Members on the accounting policies to be applied in the preparation of the 2022/23 Statement of Accounts (SoA).

Members were advised that the Accounts and Audit Regulations 2015 and the Local Government Act 2003, required that the SoA's were produced in accordance with proper accounting practices and that one of the responsibilities of this Committee was 'to review the annual statement of accounts prior to approval. Specifically to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of Council.

In accordance with this, Members were advised that the majority of the Accounting Policies used in the preparation of the 2021/22 Statement of Accounts remained appropriate, however there had been a significant change regarding the accounting policy for Infrastructure Assets and there had also been an extension of the statutory override in relation to IFRS9 relating to the Council's property fund.

RESOLVED – That the accounting policies be approved for use in the preparation of the 2022/23 financial statements.

A38 SUPPLEMENT - AUDIT OF ACCOUNTS 2020/21

The Group Director of Operations submitted a report (previously circulated), together with a report (also previously circulated) of the Council's external auditors on the audit for the year ended 31 March 2021.

In accordance with the Accounts and Audit (Amendment) Regulations 2021, all Local Authorities were required to produce the draft annual Statement of Accounts by 31 July 2021 and an audited set published by 30 September 2021.

As previously reported to this Committee, although the external auditors were not in a position to deliver the audit by the statutory deadline due to national issue of a technical nature involving infrastructure assets which had now been substantially resolved, they had subsequently completed the audit.

RESOLVED – (a) That the Auditor's Audit Results Report on the Council's 2020-21 financial statements be noted.

(b) That the Letter of Representation, attached at Appendix B of the Audit Results Report, be

noted.

(c) That the IFRS Statement of Accounts for the 2020-21 financial year, attached at Annex 2, be noted.

(d) That, following the auditing of the 2020-21 Statement of Accounts by the Council's Section 151 Officer (The Group Director of Operations), the Chair and Vice-Chair of this Committee be given delegated power to sign off the Statement of Accounts for the 2020-21 financial year on behalf of the Committee and report back thereon to the next ordinary meeting.