

AUDIT COMMITTEE
Monday, 8 April 2024

PRESENT – Councillors Henderson (Chair), Baker, Garner, Keir and McGill

ABSENT – Councillors Durham

OFFICERS IN ATTENDANCE – Luke Swinhoe (Assistant Director Law and Governance), Lee Downey (Complaints and Information Governance Manager), Andrew Barber (Audit and Risk Manager, Stockton Borough Council), Evans (Head of ICT), Brett Nielsen (Assistant Director Resources) and Judith Murray (Finance Manager)

A29 DECLARATIONS OF INTEREST

There were no declarations of interest reported at the meeting.

A30 TO APPROVE THE MINUTES OF THE MEETING OF THIS COMMITTEE HELD ON 22 JANUARY 2024

Submitted – The Minutes (previously circulated) of the Audit Committee held on 22 January 2024.

RESOLVED – That the Minutes of the Audit Committee held on 22 January 2024 be approved as a correct record.

A31 ETHICAL GOVERNANCE AND MEMBER STANDARDS - UPDATE REPORT

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 2023.

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 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.

Discussion ensued around the datasets which reflected the complaints around Members; How the issues are addressed to Members and how the complaint will be closed.

RESOLVED – That the report be noted.

A32 INFORMATION GOVERNANCE PROGRAMME PROGRESS REPORT

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 and Cyber Security Phishing Simulation.

Discussion ensued around the Social Media Module; there is now a two-year expiry period which was set at the beginning of this year, this explained to Members why there was a drop in completion rates. Members queried how non-IT users were offered support for this.

RESOLVED – That the report be received.

A33 ICT STRATEGY - IMPLEMENTATION PROGRESS REPORT

The Head of ICT Services - 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; 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.

A34 AUDIT SERVICES - AUDIT CHARTER

The Audit and Risk Manager submitted a report (previously circulated) together with the Audit Services' Audit Charter for 2024-25.

It was reported that it was a requirement for the Council to have an internal audit function, outlined in Section 151 of the Local Government Act 1972, with more specific requirements detailed in the Accounts and Audit (England and 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 no changes were required for the 2024/25 Charter. The report detailed a requirement of the regulation towards service was to maintain compliance with standards and how it should look to improve. Quality Assurance and Improvement Programme (QAIP) has been devised to reflect the new ways of working.

RESOLVED – The Committee approves the Internal Audit Charter and the rights of access conferred within.

A35 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. Appendix 1 provided members with detailed feedback on the performance of the services related to the completion of audit work.

Also previously circulated was detailed feedback on the management of the risks on the corporate risk register. This has been updated to reflect changes in the corporate risk register.

RESOLVED – That the report be supported.

A36 ANNUAL GRANTS CERTIFICATION REPORT 2021/22

The Group Director of Operations submitted a report (previously circulated) to present the Annual Grants Certification Report and the results of the external audit testing.

It was reported that the Council had engaged its external auditors Ernst and Young (EY) to act as reporting accountants (as per the regulations) in respect of the Housing Subsidy Claim, Teachers Pensions and the Housing Pooling return; EY had not identified any significant issues that required being brought to the attention of Members from any of these claims; and that the total charge for each of the grants was £27,350.

RESOLVED – That the report be noted.

A37 AUDIT OF ACCOUNTS 2021/22

The Group Director of Operations submitted a report (previously circulated), together with a report (previously circulated) of the Council's external auditors on the audit for the year ended 31 March 2022.

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 2022 and an audited set published by 30 November 2022.

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 infrastructures assets which had now been substantially resolved, they had subsequently completed the audit.

Members appreciated the changeover in staffing at the Council's finance team and external audit team, which added to the delay in the commencement of the 2021-22 Audit. Members questioned the storing of evidence and if there were any plans to change paper

accounts to digital. The Committee queried the Grant Register Procedure; how information was previously stored and how it should be stored at current.

RESOLVED – (a) That the Auditor’s Audit Results Report on the Council’s 2021-22 financial statements be noted.

(b) Members noted the Letter of Representation in Appendix D of the Audit Results Report

(c) That the Audit Committee agrees not to amend the unadjusted audit differences as they are not material.

(d) Members noted the attached IFRS (International Financial Reporting Standards) compliant Statement of Accounts at Annex 2 for the 2021-22 financial year.

(e) That, following the auditing of the 2021-22 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 2021-22 financial year on behalf of the Committee and report back thereon to the next ordinary meeting.

A38 ANNUAL GOVERNANCE STATEMENT

The Managing Director submitted a report (previously circulated) seeking approval of the Council’s draft Annual Governance Statement (AGS) 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 the council was required to publish its draft AGS no later than 31 July and the final version no later than 30 September of the financial year. While the Council did publish the draft AGS by 31 July due to the ongoing delays in the external audit process the Council was unable to publish the final audited version by 30 September 2022.

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.

RESOLVED – Members approved the draft Annual Governance Statement (Appendix 1).

A39 AUDIT OF ACCOUNTS 2022/23

Representatives from Ernst and Young (EY) provided members with a verbal update on the Audit of Accounts 2022/23.

Members asked if the goal will be met around the timetable for Audit, EY advised Members that the current guidance for the Audit of Accounts 2022/23 was under consultation and should be confirmed June/July.

The Committee queried if there is any similar guidance in previous years that can be followed. Members appreciated the hard work of both teams.

RESOLVED – That the update be noted.

A40 ACCOUNTING POLICIES TO BE APPLIED TO THE 2023/24 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.

The report noted that the CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice Guideline Notes have not been release, therefore the majority of the proposed accounting policies for 2023/24 are similar to those used in preparation of the 2022/23 accounts. It is noted that there are no expected changes to the accounting policies.

The report advised the recent CIPFA consultation on changes to the 2023/24 and 2024/25 Codes of Practice in response to the significant backlog in local financial reporting and audit and the proposed backstop dates and recovery processes for local government audits.

RESOLVED – The Committee approves the use in the preparation of the 2023/24 financial statements.