

CORPORATE AFFAIRS AND AUDIT COMMITTEE

<p>Date: Friday 10th March, 2023 Time: 2.00 pm Venue: Mandela Room</p>

AGENDA

1. Welcome and Evacuation Procedure
2. Apologies for Absence
3. Declarations of Interest
To receive any declarations of interest.
4. Minutes - Corporate Affairs and Audit Committee - 16 February 2023 3 - 8
5. Any other urgent items which in the opinion of the Chair, may be considered
6. Exclusion of Press and Public
To consider passing a Resolution Pursuant to Section 100A (4) Part 1 of the Local Government Act 1972 excluding the press and public from the meeting during consideration of the following items on the grounds that if present there would be disclosure to them of exempt information falling within paragraphs 1, 2 and 4 of Part 1 of Schedule 12A of the Act and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.
7. To Consider Approval of Settlement Agreement 9 - 22

Charlotte Benjamin
Director of Legal and Governance Services

Town Hall
Middlesbrough
Thursday 2 March 2023

MEMBERSHIP

Councillors B Hubbard (Chair), J Platt (Vice-Chair), T Higgins, C Hobson, T Mawston,
D Rooney and M Storey

Assistance in accessing information

**Should you have any queries on accessing the Agenda and associated information
please contact Susan Lightwing, 01642 729712,
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CORPORATE AFFAIRS AND AUDIT COMMITTEE

A meeting of the Corporate Affairs and Audit Committee was held on Thursday 16 February 2023.

- PRESENT:** Councillors B Hubbard (Chair), C Hobson, T Mawston, D Rooney and M Storey
- ALSO IN ATTENDANCE:** P Jeffrey (Internal Auditor) (Veritau), M Rutter (External Auditor) (Ernst Young) and M Thomas (Internal Auditor) (Veritau)
- OFFICERS:** S Lightwing, C Benjamin, A Johnstone, J Weston and A Hoy
- APOLOGIES FOR ABSENCE:** were submitted on behalf of Councillors J Platt and T Higgins

22/46 WELCOME AND EVACUATION PROCEDURE

The Chair welcomed all present and read out the Building Evacuation Procedure. Councillor M Storey was welcomed to the meeting as a new Member of the Committee replacing Councillor C Wright. On behalf of the Committee, the Chair placed on record his thanks to Councillor C Wright for his contributions during his time as a Committee Member.

22/47 DECLARATIONS OF INTEREST

There were no declarations of interest received at this point in the meeting.

22/48 MINUTES - CORPORATE AFFAIRS AND AUDIT COMMITTEE - 5 DECEMBER 2022

The minutes of the Corporate Affairs meeting held on 5 December 2022 were submitted and approved as a correct record.

22/49 REVIEW OF POLLING DISTRICTS, POLLING PLACES AND POLLING STATIONS

A report of the Returning Officer was presented the purpose of which was to seek Members' agreement to proposed interim changes to polling district boundaries and the locations of some polling stations.

Section 17 of the Electoral Registration and Administration Act 2013 introduced a duty on local authorities to 'carry out and complete' reviews of polling districts and polling places between 1 October 2013 and 31 January 2015, and thereafter every five years. The last review in Middlesbrough took place in October/November 2018.

The aim of a review was to seek that all electors had such reasonable facilities for voting as were practicable in the circumstances. The Council must seek to ensure that, so far as was reasonable and practicable, the polling places they were responsible for were accessible to all electors, including those who were disabled, and when considering the designation of a polling place, must have regard to the accessibility needs of disabled persons. Electoral Services also carried out an interim review before every scheduled election to assess regulatory compliance.

Since the 2018 review extensive housing development had taken place in the south of the borough. The development in Trimdon Ward was catered for in the 2018 review by the provision of a new mobile station on Jack Simon Way. However, since that review the Hemlington Grange development in Stainton and Thornton Ward had become occupied. The increase in electorate in this ward since December 2018 was shown in Appendix 1 to the submitted report.

It was proposed to split the current PAM polling district in Stainton and Thornton Ward into two new districts – PAM and PBM. PAM would cover the existing villages of Stainton and Thornton, with electors continuing to vote at the familiar polling station in Stainton Memorial Hall. PBM polling district would cover the new Hemlington Grange development to the east of Stainton Village. Unfortunately, there were no suitable buildings for use as a polling station in this area and so a mobile station was required. Electoral Services and Streetscene staff had

visited the area and identified a suitable location at the junction of Hemlington Grange Road and Ravensgill Road. Maps showing the existing and proposed arrangements were attached at Appendix 2 to the submitted report.

As a consequence, the existing PBM polling district covering Hemlington Hall estate would be renamed PCM. There would be no change to the polling arrangements in this district. The Ward Councillor for Stainton and Thornton Ward had been consulted on the proposed changes.

Of the four polling stations in Central Ward, Abingdon Primary School already had the largest electorate. This was due to the polling district being primarily formed of high density terraced housing. Since the 2018 review, a number of student Halls of Residence had opened in this polling district, with another large one under construction. Therefore, the electorate in this polling district was now in excess of the 2,500 recommended by the Electoral Commission.

The current AC polling district in Central Ward would be split into two new districts, AC and AD. This was as a result of the introduction of the Elections Act 2022, and the requirement for electors to produce Voter ID, which may result in queues, given the language barriers, when delivering Voter ID guidance and checking Voter ID. Due to the compact nature of both the proposed new districts, Abingdon Primary School remained easily accessible from both polling districts and would be familiar to voters from previous elections. Therefore, rather than create a new polling station the intention was to make the existing station at Abingdon Primary School a dual station to serve both polling districts. The existing AD polling district would be renamed AE. There would be no change to the polling arrangements in this district.

In Longlands and Beechwood Ward, the Swerve Tennis Centre was no longer available for use as a polling place. Therefore, the polling place for the GD polling district would be moved from Swerve Table Tennis Centre to the adjacent St Thomas More's Church Hall. A map showing this change was attached at Appendix 3 to the submitted report.

AGREED as follows that:

1. The report was received and noted.
2. An additional polling place to serve the Hemlington Grange Development was established.
3. A dual polling station at Abingdon Primary School was created.
4. The polling place previously at Swerve Table Tennis Centre was moved to St. Thomas More's Church Hall.

22/50

ANNUAL ASSURANCE REPORT ON DECISION MAKING

A joint report of the Executive Member for Finance and Governance and Director of Legal and Governance Services was presented to provide members with an update in relation to the Council's decision making process.

A report containing details of Officer Delegated Decisions taken during the period 1 January 2022 - 31 December 2022 was attached at Appendix A to the submitted report.

A report containing details of Executive decisions taken during the period 1 January 2022 - 31 December 2022 was attached at Appendix B to the submitted report.

During the period 1 January 2022 – 31 December 2022 there were 99 Executive decisions. In the corresponding period, the Council did not receive any requests for call-in, in respect of any of the decisions taken during that period.

A query was raised in relation to Members' access to exempt information to enable them to assess whether to call-in a decision. The Monitoring Officer clarified that the assumption was that Elected Members of the Council had an interest in all decisions made and should be able to access exempt information on request. It was suggested that this was reflected in the Constitution.

A list of training and briefing sessions for Elected Members held during the period 1 January 2022 and 31 December 2022 was attached at Appendix C to the submitted report.

The report was designed to provide assurance for members in relation to the decision making

processes. This type of report was not usually replicated at other local authorities.

AGREED that:

1. The information provided with regard to the Council's decision making process was received and noted.
2. Provision for Members' access to exempt information should be included in the Constitution.

22/51

ANNUAL REVIEW OF THE LOCAL CODE OF CORPORATE GOVERNANCE

A report of the Director of Legal and Governance Services (Monitoring Officer) was presented to update the Committee on the outcome of the annual review of the Council's Local Code of Corporate Governance (LCCG).

The Local Code of Corporate Governance provided a framework that enabled the Council to assess its governance arrangements against sectoral best practice. The LCCG should be reviewed annually to ensure it aligned with best practice. The report confirmed that the LCCG continued to align with the CIPFA code of practice on delivering good governance in local government which remained unchanged.

AGREED as follows that:

1. Corporate Affairs and Audit Committee noted that there had been no changes in the past year to the CIPFA/SOLACE guidance document 'Delivering Good Governance'.
2. The Council's current Local Code of Corporate Governance was retained.

22/52

INTERNAL AUDIT WORK PROGRAMME 2023/2024 CONSULTATION REPORT

The Head of Internal Audit, Veritau, presented a report to seek the initial views of Members on priorities for internal audit work during 2023/24 to help inform the preparation of the annual internal audit work programme.

The table at figure 1 on page 3 of the submitted report, included some initial ideas on areas for consideration for audit in 2023/24. These were included to prompt discussion and were not intended to be a definitive or complete list of areas that could be reviewed.

The committee's views were sought about areas they considered a priority for audit in 2023/24. This might include particular areas listed in figure 1 that should be a high priority (or that may be less important) or any other areas which should be considered for audit.

A Member suggested that consideration should be given to adding Enforcement Action under other risks relating to service areas such as licensing and environmental health.

Ongoing work continued in a number of audit areas following the last progress report to Committee in December 2022. In particular, audits on senior management reviews and the Middlesbrough Development Company (MDC) were nearing conclusion. A Member commented that a decision had been recently made which referred to information contained in the audit report on the MDC. The Auditor confirmed that discussions were ongoing to resolve some of the final elements of the report.

An initial draft audit report had been shared with officers on senior management reviews which outlined Internal Audit's findings. Veritau was awaiting a management response before the work could be finalised.

A summary of the issues identified as part of the audit of the governance arrangements in place for the Middlesbrough Development Company, was circulated to officers in November 2022. Work had continued since and at the time of writing, a draft report was expected to be issued to officers imminently.

Mixed progress had been made towards completing two audits within Children's Services which were expected to be reported to the March committee. An audit of commissioning had proven difficult to complete due to officer availability. It was hoped to be able to produce a draft report in the near future. Similarly, an audit of demand management (incorporating budget management) had been difficult to progress due to a number of officer changes in the relevant service area. It was hoped to agree a specification with the new officers in the

coming weeks.

AGREED as follows that:

1. The report was received and noted
2. Progress on ongoing audit work was noted.
3. Consideration was given to adding Enforcement Action under the other risks to Service Areas audits.

22/53 **UPDATE ON 2020-2021 AND 2021-2022 AUDITS**

The External Auditor reported that in relation to the 2020-2021 Audit, infrastructure guidance had now been issued which would enable this work to be completed. With regard to Going Concern, the Council's draft budget document was being analysed and conclusions would be drawn before the end of March.

The detail of the 2021-2022 was being worked through with the finance team but would be ongoing for a number of months.

AGREED that the information provided was received and noted.

22/54 **FINALISATION OF THE 2020/2021 STATEMENT OF ACCOUNTS**

The Head of Finance and Investments presented an update on the sign off of the accounts for the 2020/21 financial year, which were 15 months late for publication.

The Committee had received several reports during 2022 on the progress of the external audit for the 2020/21 financial year accounts. There had been a number of issues, in respect of the financial statements audit and the governance qualification, that had held up the sign-off of these accounts by the external auditor. The report outlined the key activity that the finance team and EY had been involved with since the last update to the Committee on the 22 September 2022.

A detailed update was provided in relation to the three main outstanding issues that had been ongoing in respect of the 2020/2021 accounts as follows:

- Insurance Provision Changes.
- Highways Infrastructure Assets.
- Going Concern Assessment.

The three issues had to be completed before the audit opinion could be signed off by EY. It was anticipated this would happen by the end of March. It was noted that several other Local Authorities were in the same position.

AGREED that the information was provided and noted.

22/55 **APPOINTMENT OF EXTERNAL AUDITORS 2023/2024-2027/2028**

A report of the Director of Finance (Section 151 Officer) was presented to update the Committee on the allocation of an external auditor for the Council for the financial years 2023/24 to 2027/28. This followed Middlesbrough Council's participation in a national selection scheme undertaken by Public Sector Audit Appointments over the summer of 2022. It was relevant given the Committee's remit in relation to receiving and considering reports and conclusions reached by the auditor each financial year.

Towards the end of October 2022, notification was received that the Council had been provisionally allocated Mazars LLP as their external auditor from 1 April 2023. This also applied to the Teesside Pension Fund and would be for the next five years.

The notification outlined the key elements of the selection process and some minor changes to the contracts currently in place. If there were any comments or objections to the proposed appointment, then those could be made to the PSAA during November. Final appointments would then be confirmed by 31 December in line with statutory requirements. Following discussion with the other local authorities in the area, it was established that Mazars had been allocated to all five local authorities and that the comments made had been considered in the

selection process. As a result of this, no comments were made to PSAA and the appointment was confirmed at the end of December.

Although the contract with Mazars starts from the 1 April 2023, the existing contract with EY still has some time to run. The Council was in the final stages of the audit sign-off for 2020/21, almost 15 months behind the statutory deadline. EY were currently undertaking the main fieldwork phase for the 2021/22 audit with a likely timeline being late 2023 for a potential sign off these accounts. The closure and preparation of the accounts for 2022/23 would be between April and June this year, with a possible sign off of these accounts (after audit) in mid to late 2024.

It was confirmed that there would be no overlap of audit fees and these would be paid in separate accounting years.

In addition to this, there was continuing work with EY around the Council's governance qualification from 2020/21 and on-going issues within Children's Services. It was likely that the current auditors would be with the Council for a further 1-2 years before this work was complete. The Director of Finance would co-ordinate the remaining work with EY and reports would continue to be produced as updates to the Committee in the normal way.

As yet, there had been no contact between the Council's senior finance staff and Mazars. Although the contract from PSAA starts from 1 April 2023, most of their work would be around the financial year-end starting from March 2024. There would be planning work for them to do based on the budget setting process for 2023/24 and sharing of information and updates with EY on continuing work. The Committee would be kept up to date with communications between Council officers and Mazars and their senior staff would be introduced to Members in due course.

AGREED as follows that the Corporate Affairs and Audit Committee:

1. Noted the appointment of Mazars LLP as the Council's external auditors from 1 April 2023 to 31 March 2028.
2. Noted that there were three set of accounts (2020/21, 2021/22 and 2022/23) to be finalised/audited by EY and that there would be a transitional overlap between the two auditors whilst this work was completed.

22/56

ANY OTHER URGENT ITEMS WHICH IN THE OPINION OF THE CHAIR, MAY BE CONSIDERED

None.

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