

STEVENAGE BOROUGH COUNCIL

**AUDIT COMMITTEE
MINUTES**

Date: Wednesday, 27 November 2024

Time: 6.00pm

Place: Council Chamber, Daneshil House, Danestrete

Present: Councillors: Carolina Veres (Chair) (Chair), Tom Plater (Vice-Chair) (Vice Chair), Lloyd Briscoe, Philip Bibby CC, Robert Boyle, Ceara Roopchand, Anne Wells and Tom Wren

Start / End Start Time: 6.00pm

Time: End Time: 6.17pm

1 **APPOINTMENT OF PERSON TO PRESIDE**

It was **RESOLVED** that Councillor Jeannette Thomas be appointed to preside over the meeting which was held jointly with the Statement of Accounts Committee.

2 **APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST**

At this juncture, the Chair outlined the procedure that would be followed for the joint meeting.

Apologies of absence were received from Councillors Mason Humberstone and Lynda Guy.

3 **2021/22 STATEMENT OF ACCOUNTS AND EXTERNAL AUDIT REPORT AND 2022/23 STATEMENT OF ACCOUNTS AND EXTERNAL AUDIT REPORT**

The Chair invited the Assistant Director (Finance) to present their report.

The Assistant Director (Finance) presented an update on the financial accounts for 2021/22 and 2022/23, highlighting that due to a backlog in audits across the country, no audits had been undertaken for those years for Stevenage. The Committee heard that the government had introduced backstop arrangements requiring a disclaimer for any accounts up to 2022/23 that had not been audited.

The Assistant Director (Finance) advised the Committee that there were minimal changes since the previous reports presented to Members, with adjustments to asset valuations—one correction of a valuation error amounting to £1.9 million, and a reclassification change for 2022/23. Both adjustments had no impact on the general fund or HRA balances.

The Assistant Director (Finance) noted that for the 2023/24 accounts, they would provide more up-to-date information when presented to Members by February 2025.

The Chair thanked the Assistant Director (Finance) and invited Ernst & Young to present to the Committee.

Ernst & Young presented the completion report for the audit of Stevenage Borough Council for the financial years 2021/22 and 2022/23. They noted that due to the ongoing audit backlog and the backstop arrangements in place, a disclaimer of opinion was anticipated for the 2022/23 audit, as the 2021/22 audit could not be completed within the set timeframe.

Ernst & Young outlined the work plan for the audits, which included confirming independence, setting materiality, issuing inquiry letters to management, and reviewing potential risks such as fraud, non-compliance with regulations, and unusual transactions. The audit process would also include reviewing the consistency of the accounts and performing value for money reporting, which had been previously presented to the committee.

Ernst & Young highlighted the differences in the audit opinion structure for those years, noting that the opinion would state that no opinion would be expressed on the financial statements due to the limitations imposed by the backstop dates and incomplete work.

At 18:10hrs the Statement of Accounts Committee **RESOLVED** to adjourn until the rise of the Audit Committee.

A Member asked for clarification on an error reference in the report related to asset valuation on page 5. Ernst & Young explained that this was not an error but rather a broken automatic cross-reference in the document.

The Committee discussed the expected disclaimer of opinion for both 2021/22 and 2022/23 accounts. Ernst & Young explained that this disclaimer would likely remain in place for the next few years. Full revaluation of assets would occur in the 2024/25 audit to provide auditors with assurance over valuations. Members sought clarification about the audit's extent, and Ernst & Young confirmed that while the value-for-money aspect had been completed, no work had been done on the actual accounts due to the government's backstop dates.

Members asked about the visibility of the disclaimer for the public. The Assistant Director (Finance) confirmed that once the accounts were signed off, the disclaimer would be included in the final published version, clarifying the situation regarding the incomplete audit.

The Audit Committee expressed its support to the recommendations contained in the report.

It was therefore **RESOLVED**:

- That the report be noted.
- That the 2021/2022 and 2022/23 Statement of Accounts for Stevenage BC be received, and the Chief Financial Officer be authorised in consultation with

the Chair of Audit Committee/Statement of Accounts Committee to approve the accounts following the conclusion of the external audit.

- That the 2021/22 and 2022/23 Annual Governance Statements, which form part of the statement of accounts, be approved.
- That the Chief Financial Officer be authorised, after consultation with the Chair of Audit Committee, to sign the letters of representation required as part of the 2021/22 and 2022/23 external audit process.

4 **URGENT PART 1 BUSINESS**

There was no Urgent Part I Business.

5 **EXCLUSION OF PUBLIC AND PRESS**

Not required.

6 **URGENT PART II BUSINESS**

There was no Urgent Part II Business.

CHAIR