

<b>Question:</b>	
<b>Item 4</b>	
1.	<p>As independent auditors, Mazars have stated on page 4 of their update, “no assurance is provided”. How do we as taxpayers now get assurance around the authority’s finances during the 2022 financial year? Given the continued inability of the STDC to provide value for money to Teessider taxpayers in the past, does the committee have any confidence in the STDC being entrusted with public money going forward?</p>
2.	<p>This question is specifically for the A&amp;G committee, and as members of the public we would wish to see a response that provides evidence that you have understood the report, the implications of it, and effectively challenges both the auditors and TVCA/STDC for what is a damning report. You are our vehicle of check &amp; challenge and there are some serious questions around both the work carried out by Mazars and the financial activities of the TVCA/STDC</p> <ol style="list-style-type: none"> <li>1.What is your response to the report?</li> <li>2.What aspects particularly concern you?</li> <li>2.What actions will you take as a result?</li> </ol>
3.	<p>This question is specifically for the Officers of TVCA, Finance and Monitoring.</p> <p>30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 (‘The Amendment Regulations’) came into force. The Amendment Regulations require the Authority to publish its Accountability Statements, which include the financial statements and auditor’s opinion for the year ended 31 March 2022, by 13 December 2024 (‘the backstop date’). Under the section; Basis for disclaimer of opinion in Mazars report, they outline that;</p> <p>The backstop date introduced by the Amendment Regulations has impeded our ability to obtain sufficient appropriate evidence upon which to form an opinion on the financial statements as there has been insufficient time to perform all necessary audit procedures.</p> <p>A backstop date of 13 December 2024 for statements ending 31 March 2022, and Mazars were unable to obtain sufficient and appropriate evidence to form an opinion!</p> <ol style="list-style-type: none"> <li>1. Why?</li> <li>2. Who is responsible for Mazars’ inability to obtain the information they needed? Is it Mazars under/poor performance or is it TVCA/STDC officers obstructing or not facilitating their ability to obtain the information needed?</li> <li>3. The report identifies that Mazars’ fee was £42,606. Having read through the report it appears to me that they have done nothing other than to regurgitate and agree with the findings of the government commissioned independent review (the Tees Valley review), recommend that the corporation implement the resulting action plan and issue a disclaimer. Given a major part of this was about establishing Value For Money, do TVCA/ STDC consider their fees as value for money? Have these costs already been paid, if not do you intend to renegotiate?</li> </ol>
4.	<p>This question is specifically for the TVCA officers, Finance and Monitoring.</p> <p>Under value for money arrangements, Mazars outline that their consideration of the Panel’s findings and the Authority’s response and action plan and in our view, there is sufficient evidence to indicate that for the year ending 31 March 2022, the Authority did not have in place adequate arrangements for:</p> <ol style="list-style-type: none"> <li>1. Financial sustainability - specifically the arrangements to ensure that it identifies all significant financial pressures and liabilities and has arrangements in place to mitigate them.</li> <li>2. Governance – specifically how it monitors and ensures appropriate standards such as meeting statutory requirements, how it monitors and assesses risks, how it gains assurance over the effective operation of internal controls and how it ensures it makes properly informed decisions.</li> <li>3. Improving economy, efficiency and effectiveness – specifically how it delivers its role within significant partnerships, monitors performance against expectations and ensures action is taken where necessary to improve. We recommended that the Authority implement</li> </ol>

	<p>the actions it published in September 2024. These actions were in response to all the recommendations made by the Panel and are designed to address all the findings in the report.</p> <p>For 2022/23 we repeat the findings and recommendations in respect of the significant weaknesses in value for money arrangements</p> <p>1. This is a damning statement, have any officers been held responsible for the significant weaknesses identified and what have been the consequences?</p>
<p>5.</p>	<p>Question specifically for TVCA/ STDC officers; Finance and Monitoring:</p> <p>Mazars outline that;</p> <p>2014 Finance Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Corporation and to consider any objection made to the accounts.</p> <p>They are referring to the Inspection Notice, and for 23/24 the notice has been written by Ernst Young. The inspection notice for 23/24 accounts is quite clear and not in the least ambiguous. It states;</p> <p>These rights may be exercised from 1 October 2024 and 12 November 2024 between the hours of 10.00 am and 4.00pm.</p> <p>From &amp; And are the operative words here. However, that wasn't what was meant. It should have read from &amp; to or between. A member of the public was denied the right after making a request on 13 November to be told the window of opportunity closed on the 12 November. Due to this error by the current auditors the opportunity was missed.</p> <p>1. On TVCA website, where do you inform members of the public, the electors, that they can question the Auditors and inspect the accounts?          2. Is it clear and intuitive for members of the public to navigate through the website to the inspection notice?          3. Will you be communicating to this Ernst Young in order they correct this badly written notice?          4. Due to this error will the opportunity to inspect the accounts &amp; question the auditors be reviewed and offered to the members of the public affected?</p>
<p>6.</p>	<p>This question is specifically for members of the Audit &amp; Governance Committee:</p> <p>1. Were you aware that after publication of the Tees Valley review in January 2024, discussions took place with the corporation (as confirmed by Mazars) after which it was agreed that they would delay completing their considerations until the response to the 28 recommendations was submitted, which was, as you know 27 September 2024?          2. Were you a party to these discussions or involved in agreeing this delay?          3. We're the implications of this decision explained to you?          4. At any point between 27 September 2024 and receiving Mazars report were you made aware that they were having difficulties obtaining the evidence they needed to complete their considerations?          5. At any point, before receiving their report were you made aware that they would issue a disclaimer?</p> <p>Question specifically for TVCA/STDC monitoring officers. Financial and Monitoring</p> <p>1. Is there a record of the discussions with Mazars which led to the agreement that they would delay completing their considerations until after the response to the Tees Valley review was submitted?          2. Who ultimately agreed this?          3. The backstop date of 13 December 2024 was issued on 30 September 2024. That's a three month window from responding to the recommendations on 27 September to the</p>

	<p>backstop. Was it not considered by the Finance officer that this would be insufficient time to obtain the evidence to issue their considerations resulting in a disclaimer?</p> <p>4. Were the implications of this disclaimer i.e. that recommendation 28 of the Tees Valley review could never be complete, as no proper external assessment of value for money was properly undertaken, considered?</p> <p>5. Did the Finance Director and/or Monitoring officer alert the board to this sequelae?</p> <p>6. What actions are you putting in place to ensure that recommendation 28 will be implemented and a full and proper external Value For Money assessment is carried out?</p>
7.	<p>1. Given the amount of time passed since the end of the financial year, how is it possible that the external auditor has not had the required time to fully assess the authority?</p> <p>2. How do you propose that assurance will be provided for Fiscal Year 2022/2023 and beyond? What actions are in place to address this item specifically?</p>
8.	<p>1. Appendix 1 outlines the responsibilities of the Chief Financial Officer (CFO), in this case the Group Director of Finance and Resources, including but not limited to financial statements "give a full and fair view". With no assurance provided by the external auditor, they have failed. What action has been taken against the CFO?</p> <p>2. Additionally appendix 1 states the CFO is responsible for the internal controls of the authority, as there are significant weaknesses in these (an inability to accurately collect evidence) what action has been taken to a) address these and b) taken against the CFO?</p>
9.	<p>Recommendation 28 of the Tees Valley Review in January 2024 was that the Director of Finance and Resources work with the external auditor to support the completion of their value for money arrangements work for 2021/22.</p> <p>1. One year on from the Tees Valley Review, why has the CFO disregarded this recommendation?</p>
10.	<p>1. Page 18 of Mazars' update states the STDC has outsourced its internal audit team, who provides this service?</p> <p>2. Have the internal auditors previously advised on any of the areas picked up on any of the actual and potential areas of significant weaknesses identified by the external auditors? If so, when, to whom, were they implemented and monitored?</p> <p>3. If these areas were not identified by the internal auditor, what action has since taken place? Eg. Service discussions, potential redress, switching provider?</p>
11.	<p>1. Will the STDC be adopting all recommendations received from the external auditor? If so, what is the timeline for adoption and implementation? Who is accountable for delivery of each and how will progress be monitored and reported?</p> <p>2. Overall there appears to have been a failure on a number of levels. From the internal auditors, the CFO and his team not developing adequate controls, the board not demanding comprehensive reporting, and the audit and governance committee not holding the board to account. What corrective action is being taken to change the culture within the corporation and authority?</p>
12.	<p>On 27 September, in response to the Tees Valley review recommendations, TVCA reported:</p> <p>'External Auditor meetings had taken place and the Director of Finance and Resources was doing everything he can to ensure that the audit work is finalised. Responses have been provided to the External Auditor questions following the review and External Auditor fieldwork for 2021/22 activity is largely complete. We are awaiting completion work from External Auditors following the above activity for 2021/22 accounts.'</p> <p>How could the auditor have largely completed its work, when 3 months later it reported it had been unable to obtain all the evidence it needed?</p> <p>1. When did the officers first become aware that the auditors were having difficulty obtaining appropriate sufficient information to complete their considerations?</p> <p>2. When did the officers become aware that the auditors would be disclaiming?</p> <p>3. Did the officers alert any boards or committee's to the fact that the auditors were having difficulties and would potentially be issuing a disclaimer?</p>