

AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee held on Tuesday, 19 July 2022 at 6.00 pm in The Telford Room, Addenbrooke House, Ironmasters Way, Telford, TF3 4NT

Present: Councillors N A M England (Chair), V J Holt, J E Lavery, C F Smith (Vice-Chair) and B Wennington

In Attendance: J Clarke (Senior Democracy Officer (Democracy)), T Drummond (Principle Auditor), P Harris (Finance Manager - Corporate & Capital Finance), R Montgomery (Audit & Governance Team Leader) and E Rushton (Group Accountant)

Apologies: Councillors W L Tomlinson

AU39 Declarations of Interest

None.

AU40 Minutes of the Previous Meeting

RESOLVED – that the minutes of the meeting held on 26 May 2022 be confirmed and signed by the Chair.

AU41 Treasury Management - 2021/22 Annual Report and 2022/23 Update

The Finance Manager presented the Treasury Management 2021/22 Annual Report and 2022/23 Update.

The Treasury Portfolio at year end was £246.2m which was a reduction on the previous year end of £14.2m. In 2021/22 the borrowing strategy was to use temporary borrowing, taking advantage of low interest rates and look at longer term borrowing when conditions were favourable. The investment strategy was to gain maximum benefit with the security of the capital being the key consideration. In relation to the overall outturn, a net over-achievement of £4.425m had been delivered resulting from a mix of cash flow benefits and the use of short term borrowing and locking into longer term borrowing when conditions were favourable.

The Treasury Portfolio at end of May 2022 reported a net indebtedness of £270.2m, a slight increase on borrowing with a reduction in investments; the strategy for 2022/23, which is in line with that of the previous year, was approved at Full Council on 3 March.

In May 2022 the Council launched a Municipal Investment Loan which was a new source of borrowing and was an alternative to PWLB borrowing which would specifically support the Council's climate change agenda.

The Group Accountant reported on the Annual Treasury Management Review in Appendix 1 and confirmed that the Council had met the requirements of the CIPFA Code of Practice and the Prudential Code.

Key details within the Annual Treasury Management Review 2021/22 included latest information relating to 2022/23 including Prudential and Treasury Indicators. The financial monitoring report presented to Cabinet in July included a projected benefit of £2.5m from treasury management activities in 2022/23.

RESOLVED – that:

- a) the contents of the report be noted;**
- b) the performance against Prudential Indicators be noted; and**
- c) the report be recommended to Full Council.**

AU42 External Auditor's Annual Report

Grant Thornton, External Auditors, gave a brief verbal update on the Annual Report in respect of the conclusion of the Value for Money 20/21 audit.

Reports had been issued which had gone to the Finance Team for initial comment. The S151 Officer was due to give a response the report and had not been circulated to Members at this point. The Child Sexual Exploitation (CSE) Report had been published in the interim and they needed to take some time to review the report and ensure that there was nothing relevant for the 2021 conclusion.

Once the report had been reviewed it would be circulated for comment to Members and it would be brought to the next Audit Committee meeting.

Grant Thornton gave an update on the 2021/22 External Audit. The External Audit was underway and a fieldwork visit would take place in order to reach a conclusion on the 2021/22 financial statements. They were working towards the end of the first phase of audits and were currently collecting samples and undertaking control environment work. It was envisaged that the report would be available for the Autumn Committee and the statutory deadline for completion of the Audit was 30 November 2022.

The External Audit was restricted by the Audit of Shropshire Pension Fund and they were unable to sign off the audit until this was completed. Sign off of the Accounts would be subject to assurance being given.

Members noted the verbal report.

AU43 Publication of Information on Councillors who Traded with the Council during 2021/2022

The Audit & Governance Lead Manager presented the report on the Publication of Information on Councillors who Traded with the Council during 2021/2022.

As part of the annual accounts process, Councillors were asked to disclose any interest they had in a company/companies that received a payment from the Council. This information was shown annually in the Final Accounts presented to the Audit Committee.

In 2021/2022 two Councillors were directors of companies who had received payments from the Council and details could be found within the report.

This information would be published on the Council's website.

Members noted the report.

AU44 Strategic Risk Register Update

The Audit & Governance Lead Manager presented an update on the Strategic Risk Register.

The Register held the key strategic risks the authority faced which were mirrored in the current register and the mitigation actions in order to manage the risk. These risks included the recent hot weather, climate change and business continuity.

Nationally the risk of cyber security had increased due to an increasing number of ransomware and cyber attacks. The Council's controls and measures to manage risks were listed in the register.

The register would be reviewed on an ongoing basis and was formally presented to the Council's Senior Management Team on a regular basis.

During the debate some Members raised whether the Council had any strategy in relation to buying non-ethical products from other countries.

The Audit & Governance Lead Manager confirmed that the Procurement Team had policies in place in relation to modern slavery but that he would make further enquiries with the Climate Control Officers and he would report back outside of the meeting.

The Chair reported that Scrutiny Committees had undertaken work on this subject.

Members noted the report.

AU45 Internal Audit Update Report

The Principal Auditor presented the Internal Audit Update Report which updated Members on the progress made against the 2022/23 Internal Audit

Plan, completion of the 2021/22 Internal Audit Plan and recent work undertaken by Internal Audit.

There had been one limited assurance report, two reasonable reports and two good reports issued during May-June 2022 and improvements had been made on all previous reports.

Appendix 1 to the report gave details of the 2022/23 Audit Plan which was approved by Audit Committee in May 2022. Three audits had been completed and two were currently in progress. Amendments to the Plan had been made due to resource issues and unplanned work which had meant one probity audit and 1 school audit had been deferred to the 23/24 plan (totalling 25 days). There had been one additional unplanned grant audit added to the plan.

Members noted the report.

AU46 PSIAS External Assessment Outcome

The Audit & Governance Lead Manager presented the report on the PSIAS External Assessment Outcome.

The Public Sector Internal Audit Standards (PSIAS) contained a requirement for an external assessment of the Internal Audit function took place every five years and the report presented the summary of its findings from the Council's recent external assessment.

In January 2022 the Audit Committee agreed they would use a hybrid delivery model for the external assessment with the Internal Audit Team completing its own detailed self-assessment. This was then verified by CIPFA who were chosen to undertake the external assessment element.

The Audit & Governance Lead Manager was proud to report that CIPFA's opinion was that the Council's self-assessment was accurate and fully conformed to the requirements of the PSIAS and the CIPFA Local Government Application Note. It was an extremely positive report and was very complimentary, with one area being recommended as a national exemplar and it reflected the good work of the team.

There were six very minor observations which would be implemented fully at the appropriate time.

The Chair congratulated the Team on their achievement.

Members noted the report.

AU47 Exclusion of the Press and Public

It was recommended that the press and public be excluded from the meeting for the remaining item of business on the grounds that it may involve the likely

disclosure of exempt information as defined in paragraph 3 of Part 1 of schedule 12A of the Local Government Act 1972.

AU48 Update on Fraud Prevention work

The Audit & Governance Lead Manager presented a verbal update on Fraud Prevention Work.

Members noted the verbal report.

The meeting ended at 6.33 pm

Chairman:

Date: Wednesday, 23 November 2022