AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee held on Wednesday 15 July 2026 at 6.00 pm in Council Chamber, Third Floor, Southwater One, Telford, TF3 4JG

Present: Councillors H Morgan (Chair), C Chikandamina (Vice-Chair), G Luter, L Parker and W L Tomlinson

In Attendance: M Brockway (Director: Finance, People & IDT), J Clarke (Senior Democracy Officer (Democracy)), T Drummond (Principal Auditor), R Montgomery (Head of Governance, Audit & Procurement), E Rushton (Head of Corporate & Capital Finance) and D Thomas-White (Interim Head of Registrars, Legal & Democracy)

Apologies: Councillors N A M England and T J Nelson

AU12 Declarations of Interest

None.

AU13 Minutes of the Previous Meeting

The minutes of the meeting held on 27 May 2026 were noted.

AU14 Treasury Management - 2025/26 Outturn Report & 2026/27 Update Report

The Head of Corporate & Capital Finance presented the Treasury Management – 2025/26 Annual Report and the 2026/27 Update Report which set out the details on the outcome of the Treasury Management activities and the position up to 31 May 2026.

Under the Local Government Act 2003 the council was required to produce an annual treasury management review of its activities and this report met the requirement of both the CIPFA Code of Practice on Treasury Management and the CIPFA prudential Code for Capital Finance in Local Authorities.

During the reporting period it was a requirement that Full Council should receive a report on the annual treasury strategy, a mid-year treasury update report and an annual review following year end and it asked that the report be recommended to Full Council for review.

There was a requirement on Members to review and scrutinise the treasury management policy and activity and in this regard it complied with the relevant requirements.

The council had procured MUFG as its external Treasury Management Advisor and guidance would be sought from MUFG prior to any investment or long-term borrowing and training would be provided for Members similar to that held in January 2026.

During 2025/26, the council had complied with its regulatory requirements and the key prudential and treasury indicators were set out in the report. Members should note that borrowing could only be undertaken to fund capital investment and this could not support the revenue budget. The Total value of assets held at 31 March 2026 was £688.6m some £195.9m greater than the total debt outstanding.

The borrowing strategy for 2025/26 was to borrow temporarily on a short-term basis and, where appropriate, take advantage of interest rates to lock into medium and long-term borrowing. Capital receipts and borrowing were set out in the report and the council maintained an under-borrowed position during 2025/26. Eleven new PWLB loans were raised across a mix of one to five years and maturities of PWLB loans totalled £40.3m. Temporary loads of less than twelve months through the Local-to-Local Market were raised of £197m and one Lender Option Borrower Option (LOBO) Loan was called and the option was taken to repay the loan.

For 2025/26 the Investment Strategy was primarily to ensure the security of capital but remain liquidity balanced. Investments of surplus cash with HM Treasury's Debt Management Office gave an average return of 4.91%.

Overall, there was a net pressure of £0.27m realised against the budget for the year.

During 2026/27, the borrowing and investment strategy remained consistent with the previous year and the projected external debt did not exceed the projected CFR or the borrowing limits.

Interest rates drops had not materialised due to the uncertainties in the Middle East and the Bank of England interest rate held at 3.75% and the forecast would remain at its current level until mid-2027.

As at 31 May 2026, no new PWLB loans had been raised and £3.2m had been repaid. Temporary loans of £25m had been repaid on maturity and £17.5m of new loans had been raised.

During the debate, some Members commended the officers on being in an under-borrowed position and for the very positive report which set out the benefits of being able to borrow to generate capital and the benefits that brought forward. It was asked if there were any areas of vulnerability regarding investments.

The Head of Corporate & Capital Finance addressed the DMADF Account which was an overnight deposit facility. There was a small balance held in Lloyds each night which had minimal risk.

<u>RESOLVED</u> – 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.**

AU15 Update to Value for Money Risk Assessment

L Gardiner, KPMG the council's External Auditors, set out the Value for Money report for 2025/26.

KPMG were pleased to announce that no key significant risks had been identified in relation to financial sustainability, governance and improving economy, efficiency and effectiveness and no recommendations or performance improvement within the governance arrangements had been raised as a result of the work undertaken.

The council still faced challenges, particularly in relation to children's services and SEND but they had the appropriate management in place and would need to continue to stay alert to new Value for Money risks going forward.

Going forward, External Audit would meet with the Chief Executive and Director: Finance, People and IDT during the summer as well as undertaking a review on the risk assessment. A final Value for Money commentary would be brought to the next meeting of the Committee.

KPMG hoped to get the audit of the accounts completed by November 2026 and a full team was booked during the summer the complete the work.

During the debate, some Members felt it was a very positive report not to have any recommendations and that officers and the external auditors should be congratulated on their hard work during the extremely taxing financial environment, particualry around SEND and adult social care.

Members noted the report.

AU16 Internal Audit Activity Report

The Principal Auditor presented the Internal Audit Activity Report for the period 1 April 2026 to 30 June 2026 and the unplanned work to date.

The report set out the details on progress made against the 2026/27 Internal Audit Plan and provided details of the recent work of Internal Audit with the key focus being the completion of the audits contained on the annual audit plan and fulfilling their commercial contracts.

From the 47 audits shown in the 26/27 audit plan, 4 were in progress with eight reports being issued. This included one red (poor), three amber (limited), three yellow (reasonable) and one green (good) report. Improvement had now been made in these areas.

Work continued on the external contracts with nine academy trusts and two Parish and Town Council contracts.

During the debate, some Members were pleased to see improvements had been made from the previous report, but where improvements had not been made previously the Committee had invited the Service Heads to report on why those improvements were not being brought forward and asked if this could be reintroduced. Other Members felt that although there may be areas that required improvement, it was important to look at processes and make adjustments in order that the council worked to the best of its capacity and channel resources as required and it showed that both internal and external audit were thorough and robust.

Members noted the report.

AU17 **Publication of information on Councillors who traded with the Council during 2025/26**

The Head of Governance, Audit & Procurement presented the report in respect of Councillors who traded with the Council during 2025/26.

As part of the annual account process, Councillors were required to disclose whether they had an interest in a company/companies that received payments from the Council, the details of which were presented to the Audit Committee, as well as being set out in the Final Accounts.

During the 2025/26 financial year, two Councillors received payment from the Council and details were set out in the report.

The information was accessible to the public and demonstrated the Council's co-operative commitment to transparency.

Members noted the report and that the information contained within would be published on the Council's website.

AU18 **Update on the Strategic Risk Register**

The Head of Governance, Audit & Procurement presented an update on the Strategic Risk Register.

Within the Terms of Reference of the Audit Committee, it set out the Committee's responsibility for overseeing the council's governance and financial processes which included risk management.

The Strategic Risk Register detailed the high level risks that may affect the delivery of the council's priorities.

Although climate change and cyber security were a national concern, they were also reflected within the council's local Risk Register.

The Strategic Risk Register set out the risk and the mitigation actions would enabled the risk to be managed and brought down to an acceptable level.

During the debate, some Members considered that the council took on its governance responsibilities very seriously and had robust scrutiny in place both internally and externally giving both critical and positive reviews and continually finding way to improve.

The Chair expressed that the council took the Risk Register very seriously and their was a good level of transparency and robustness which was not necessarily repeated across the country and she was proud that the council had a good reputation.

Members noted the contents of the report.

The meeting ended at 6.26 pm

Chairman: ....

Date: Wednesday 18 November 2026