

AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee held on Tuesday 30 April 2024 at 6.45 pm in Council Chamber, Third Floor, Southwater One, Telford TF3 4JG

Present: Councillors A D McClements (Chair), G H Cook (Vice-Chair), S J Reynolds, P Thomas, W L Tomlinson and C R Turley

In Attendance: M Brockway (Interim Director: Finance & Human Resource), A Lowe (Director: Policy & Governance), J Clarke (Senior Democracy Officer (Democracy)), P Harris (Finance Manager - Corporate & Capital Finance) and E Rushton (Group Accountant)

Apologies: Councillors E Davies

AU38 Declarations of Interest

None.

AU39 Minutes of the Previous Meeting

RESOLVED – that the minutes of the meeting held on 31 January 2024 be confirmed and signed by the Chair.

AU40 Draft Statement of Accounts 2022/23

The Finance Manager provided Members with an update on the audit of the Council's accounts for 2022/23 and presented the Statement of Accounts for approval. The External Auditors had substantially completed the audit and delegated authority was sought to make any final changes required prior to publication. The Chief Financial Officer certified the draft statement of accounts in May 2023 in accordance with the Accounts and Audit (England) Regulations 2015 and associated Amendment regulations and had been made available for public inspection and provided to the external auditors.

The 2021/22 audit had been delayed due to a number of factors, including a sector wide technical matter relating to the reporting of infrastructure assets and the requirement to consider post-balance sheet events, such as the impact of the Pension Fund triennial evaluation and Reinforced Autoclaved Aerated Concrete (RAAC). A significant number of local audits in England were outstanding. The government, working with the Financial Reporting Council (FRC) and other system partners, were taking steps to clear the backlog and put the system on a sustainable footing moving forward. The proposed changes to the Accounts and Audit Regulations would require Category 1 authorities, like Telford & Wrekin Council, to publish audited accounts for financial years 2015/16 to 2022/23 by 30 September 2024. While unfortunately delayed, Grant Thornton had now substantially completed the audit for the 2022/23 Statement of Accounts and it was anticipated an

unqualified audit opinion would be received well ahead of the proposed backstop deadline.

A number of changes to the accounts had been identified, which have been discussed and agreed by the External Auditors and were set out in the report. The changes did not affect the outturn position or General Fund Balance which remained as reported to Cabinet on 15 June 2023.

Following approval, and any final changes required, the Statement of Accounts would be published on the Council's web site and a copy circulated to Audit Committee Members.

During the debate, some Members raised the provision for single status and the impact on general reserves and what would be the deadline for the 2023/24 accounts to be finalised.

The Finance Manager and the Interim Director: Finance & Human Resources explained that the Single Status Provision had been reclassified as a reserve due to there being no equal pay claims to date. A provision is usually included where there is certainty over liabilities due which isn't currently the case with Single Status, therefore a reserve is more appropriate. In relation to the 2023/24 Statement of Accounts, the proposed back stop date was early 2025 and the Council was in a good place with progress being discussed with KPMG the Council's new External Auditors.

Upon being put to the vote it was, unanimously:

RESOLVED – that:

- a) the 2022/23 Statement of Accounts be approved;**
- b) authority be granted to the Chair to sign the Letter of Representation; and**
- c) delegated authority be granted to the Interim Director: Finance & Human Resources, following consultation with the Chair, to make any final changes required to the Statement of Accounts prior to publication.**

Grant Thornton, External Auditors, presented the Audit Findings Report on the 2022/23 audit and financial statements.

Key findings were set out at page 3 of the report and included the reclassification of the single status provision and the reclassification of investment properties, together with some other adjustments to the financial statements. A small review of one piece of outstanding evidence was required prior to the letter of representation being signed, which was expected to confirm an unmodified set of accounts. Work had taken place on significant risks such as overriding controls, the valuation of buildings and investment properties, calculation of values and fraudulent expenditure.

Appendix B to the External Audit Findings Report set out an action plan in relation to NNDR and Council Tax debtor and creditor balances. Information regarding the Triennial Pension Liability was also set out in the report. Three recommendations had been made in year which would enable the audit to be more efficient. It was recommended that the Council review the assets in their ownership in relation to depreciation and any disposals of assets that had taken place.

It was noted that the Letter of Representation had been signed by the Chair during the meeting.

Recommendations were currently in progress in relation to the MRP and updated regulations which would come into force from 2024/2025 which the Council would review. At page 5 of the Annual Auditors Report and line with the Audit Office Code of Practice, it was considered that the Council had put in proper arrangements in relation to economy, efficiency and effectiveness and no significant improvements had been identified.

The report had a combined commentary for both the 2021/22 and 2022/23 audits which brought fully up to the date the Council's Audit cycle. There were no significant weaknesses to report.

The External Auditors noted that there was good risk management in place together with effective management. One improvement had been raised against the internal audit plan although this was now achieving a delivery target of 82%. There had been a proactive and robust response to the CSE Inquiry and appropriate steps were being taken to embed the changes into the Council's ways of working. During the reporting period the Council had received an award from the Municipal Journal. The report looked at the financial stability and the Council had demonstrated sound financial stability which included sound financial planning and achieving savings targets and a balanced budget. Appropriate arrangements were in place and no recommendations had been raised.

Challenges for the 2024/25 budget would be the increase in Council Tax to support adult social care and Children's Safeguarding services and pressures across the whole sector. Savings plans needed to be put in place in order not to use an unsustainable level of reserves. Savings of £32.2m would be required up to March 2028. The auditors had not identified any issues with the Council's arrangements for securing financial sustainability.

The Chair was pleased with the feedback and was satisfied that the Council had good sound financial management. She thanked Officers for their hard work and gave her thanks to Grant Thornton, External Auditors.

The meeting ended at 7.26 pm

Chairman:

Date: Wednesday 29 May 2024