

AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee held on Wednesday 16 July 2025 at 6.00 pm in Council Chamber, Third Floor, Southwater One, Telford, TF3 4JG

Present: Councillors H Morgan (Chair), N A M England, G Luter and T J Nelson

In Attendance: J Clarke (Senior Democracy Officer (Democracy)), T Drummond (Principal Auditor), A Lowe (Director: Policy & Governance), R Montgomery (Audit, Governance & Procurement Lead Manager) and E Rushton (Group Accountant)

Apologies: Councillors C Chikandamina and W L Tomlinson

AU12 Declarations of Interest

None.

AU13 Minutes of the Previous Meeting

RESOLVED – that the minutes of the meeting held on 28 May 2025 be confirmed and signed by the Chair.

AU14 Treasury Management 2024/25 Annual Report and 2025/26 Update

The Group Accountant gave a brief overview of the Treasury Management 2024/25 Annual Report and set out details on the position for 2025/26 up to 31 May 2025.

The Council was required by the Local Government Act 2003 to produce an annual treasury management review of activities and the prudential and treasury indicators for 2024/25. This report met the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).

During 2024/25, the reporting requirements were that the full Council should receive an annual treasury strategy, a mid-year, treasury update report and an annual review.

Members had been invited to attend at three training sessions during 2024/25 with the latest being in January 2025 prior to the Treasury Strategy being presented and the slides from this training had been circulated to Members for their information to provide background context.

In relation to the Annual Report, during 2024/25, the Council complied with its legislative and regulatory requirements.

Capital expenditure was below that set out in the Strategy following in year capital programme rescheduling. Capital Expenditure was funded through a mix government grants, capital receipts, revenue and other external contributions and borrowing.

During 2024/25, an under-borrowed position was maintained. This meant that actual borrowing was lower than the Capital Financing Requirement (CFR). This was a key Treasury Management and Prudential indicator set by CIPFA. The maximum borrowing position fell below the authorised and operational boundaries and it was confirmed that the Council had only borrowed to support capital investments and not for front line services.

The borrowing strategy, on a short-term basis, was to take out loans less than one year to take advantage of the market conditions. Interest rates steadily fell over the medium-term and the Bank of England base rate followed a cut/hold pattern during 2024/25 with a reduction of 0.25% in August, November and February.

During the year, six new Public Works Loan Board (PWLB) loans were taken out totalling £55m and maturities of PWLB loans totalled £47.9m. A further £270m of temporary loans, through the Local-to-Local Market, were raised, renewed or replaced. During the year, one Lender Option Borrower Option (LOBO) Loan was 'called' and the option was taken to repay the loan.

The 2025/26 Borrowing Strategy and Investment Strategy remained consistent with that of the previous year, and the report set out the details in relation to the latest prudential and treasury management projections up to 2026.

On 31 May 2025, £30m of outstanding temporary loans had been repaid on maturity and £14m of new temporary loans had been raised. Two new Public Works Loans Board (PWLB) loans had been raised totalling £15m and £2.9m of loans had been repaid. In total, £40m of PWLB Loans were due to mature during the year.

Surplus cash flows had continued to be invested in H.M Treasury's Debt Management Account Deposit Fund and Money Market Funds. The Municipal Investment Loan would support the climate change agenda.

During the debate, some Members asked in relation to the investment strategy if there had been any instances during the period where the SONIA benchmark had not been achieved and in relation to the overall treasury outturn of £1.084m could this be broken down further in relation to cash flow benefit and the re-profiling of capital expenditure. It was asked if, in relation to compliance with limits, had any limits been close to being breached and, if so, what temporary measures had been taken. Other Members asked in relation to Treasury Management and reducing the CFR where underlying borrowing

needs should not rise indefinitely, what was the definition of indefinitely and what was the forecast percentage of Financing Cost to Net Revenue Stream for 2025/26.

The Group Accountant would look at the benchmarks in relation to over or under performance, but he was not aware that it had dropped below the levels. The surplus against budget cash flow benefits was intertwined and may be difficult to separate but this would be looked into and the Council had effectively authorised its operation limits and these tended to be highest at year end. In relation to the reducing the CFR and the term “indefinitely”, the rise in relation to capital spend was taken into consideration and this had been approved in the budget strategy, but this would be taken away and looked in to. The percentage of the net revenue for 2025/26 was not picked up as part of this report.

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.**

AU15 Publication of information on Councillors who traded with the Council during 2024/25

The Audit, Governance and Procurement Lead Manager presented the Publication of Information on Councillors who traded with the Council during 2024/25.

As part of the annual account process, Councillors disclosed whether they had an interest in a company/companies that received payment from the Council.

To provide better transparency, additional details of any Councillors who had an interest in companies that benefitted from trading with the Council would be taken to Full Council via the Audit Committee as a separate report each year and published on the Council’s website.

In the 2024/25 financial year, two Councillors were associated with companies who had received payments from the Council being, Councillor S Burrell in relation to Peace of Mind Home Care and Councillor Carolyn Healy in respect of Red Kite Ltd.

During the debate, some Members asked whether the value of the figures disclosed had in the latest report increased or decreased in comparison to previous years. Other Members welcomed the report which ensured that there was transparency and reassured members of the public.

The Audit, Governance and Procurement Lead Manager reported that in terms of individuals, two Councillors had been consistent over the last few years but there were some differences in values. The information was not available at the meeting, but this could be provided at a later date.

The Director: Policy & Governance confirmed that the Members had been consistent over the last few years but in relation to the financial information for 2024/25 one was broadly similar, and one had reduced by two thirds.

Members noted the report.

AU16 Internal Audit Activity Report

The Principal Auditor presented the Internal Audit Activity Report, which set out the work of Internal Audit undertaken during the period 1 April 2025 to 30 June 2025, which updated Members on progress of previous reports that had been issued.

Work was ongoing on completion of the Audit Plan, which was approved in May 2025. During the reporting period, five reports had been issued, four green (good) and 1 yellow (reasonable). From a total of forty-eight reports, five were in progress and three had been completed. In relation to previously reported audits, two reports were currently being followed up and four reports were being followed up during August/September 2025. Work continued on the commercial contracts with Academies and Town Councils. There had been no unplanned work to date.

During the debate, some Members asked what issues were found in primary schools and whether these issues were from a change of circumstances or had the issues been there for a long time. A question was asked if there was an opportunity for less policing and hand holding during the audits and they become more guiding instead. Other Members welcomed the report and asked if there were any examples of corporate feedback.

The Principal Auditor informed Members that issues ranged from tightening up on procedures, recording minutes and governance arrangements and areas of improvement being due to a change of circumstances within the schools, lack of experience or staff change. The Audit Team had a good relationship with schools, and they were given practical help and guidance to implement any recommendations. Customer Feedback forms were followed up whether good or bad and questions were raised in relation to the format of the audit, exit meetings and the process. The Team continually reviewed the way work was undertaken, and staff quality checks took place following any feedback.

The Audit Governance & Procurement Lead Manager confirmed that it was likely to be a number of small issues that were found and there were examples of tidying up of audit trails that were not being completed. An example of feedback was the layout of the audit reports which some auditees found were not easy to read. A new template had been devised and tested,

and once positive feedback had been received the new template was implemented.

The Chair added that often when schools had a change of staff, or in particular a high turnover of staff, then information held could be lost where effective handovers had not taken place. In terms of financial management and governance, the DFE regulations changed every year, and it was difficult to keep up to date.

The Director: Policy & Governance set out that the role of the Audit Team, both internally and externally, was that of advice and guidance and to work collaboratively to ensure that the function was not policing but that it was a supportive function undertaken on a day-to-day basis. Reports were followed up with the relevant team to improve audits and where recommendations were made how these could be implemented.

Members noted the report.

AU17 Strategic Risk Register

The Audit, Governance & Procurement Lead Manager presented the Corporate Risk Register and reminded Members that set out within the Terms of Reference was the responsibility of Audit Committee to oversee audit, governance and financial processes, which included risk management.

The Corporate Risk Register set out details of key risks that may have affected delivery of the Council's priorities as part of the Council's services or projects.

National risks affecting councils were climate change and cyber-attacks and the Council had heightened awareness in light of the recent cyber-attacks on M&S and the Coop. A number of mitigation actions had been put in place by the Council in order to mitigate any attacks within the organisation and this included cyber security exercises, training, firewalls and anti-virus protection. Cyber Security was on the Audit Plan and was looked at annually.

Mitigation actions on all risks were contained within the register.

Members were asked to note the report.

The meeting ended at 6.31 pm

Chairman:

Date: Wednesday 19 November 2025