

AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee held on Wednesday 28 January 2026 at 6.00 pm in Council Chamber, Third Floor, Southwater One, Telford, TF3 4JG

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

In Attendance: M Brockway (Director: Finance, People & IDT), T Drummond (Principal Auditor), A Lowe (Director: Policy & Governance), R Montgomery (Head of Governance, Audit & Procurement), E Rushton (Head of Corporate & Capital Finance), P Starkey (Senior Democracy Officer (Scrutiny)) and Wykes (Team Leader - Climate Change & Sustainability).

Apologies: Councillor T Nelson.

AU24 Declarations of Interest

None.

AU25 Minutes of the Previous Meeting

RESOLVED – that the minutes of the meeting held on 19 November 2025 be confirmed and signed by the Chair.

AU26 Becoming Carbon Neutral and Climate Change Adaptation Update

The Team Leader: Climate Change & Sustainability presented an update on the Council's progress towards becoming carbon neutral and the wider work on climate change adaptation. Members were reminded that the Council declared a climate emergency in 2019 and that climate action remains one of five priorities within the Council Plan.

The report summarised the progress made since the last update presented to Committee and set out the Council's performance against net-zero targets and provided an updated on the climate change adaptation plan.

Members heard that, locally, public concern about climate change remained high, with results of a recent resident's survey showing that 63% of residents rated their concern at 7 or above. The Committee was advised that climate actions continued to deliver significant co-benefits, including reduced operational costs, warmer homes, and improvements to health and wellbeing.

Examples included extensive upgrades to leisure facilities, investment in energy-efficient housing through NuPlace, retrofit programmes supporting fuel-poor households, and active travel initiatives linked to the New School Journey project. The refurbishment of Wellington Leisure Centre, supported by £1.1m of external funding, would reduce carbon emissions by 70 tonnes per year, and recent schemes had significantly reduced car use around several schools.

It was reported that the Council had achieved a 63% reduction in carbon emissions against the 2018/19 baseline for 2024/25, including a 33% reduction in streetlighting emissions following LED upgrades and a 40% reduction in gas use. Officers emphasised that while major progress had been made, future reductions would be increasingly challenging, particularly in the absence of national funding and the ongoing constraints posed by limited grid capacity.

During the discussion, Members thanked officers for their continued work and praised the tangible benefits for communities, including improved leisure facilities and enhanced housing quality.

Members raised questions relating to project prioritisation, surveying of buildings, and the need for clearer reporting of financial returns and carbon savings. The Team Leader: Climate Change & Sustainability confirmed that a more data-driven reporting format was being developed and that surveys and business cases were regularly undertaken to support project decision-making.

Members also asked about independent verification of carbon savings and the Committee was informed that the Council uses recognised LGA methodologies, which were auditable, although external audit is not routinely commissioned.

RESOLVED – that the update on Telford and Wrekin Council becoming Carbon Neutral and the additional work the Council has undertaken to develop a corporate climate change risk register which identifies how the Council is seeking to adapt to manage unavoidable risks and impacts of the changing climate be reviewed and noted.

AU27 2025/26 Treasury Management Update Report & 2026/27 Treasury Management Strategy

The Head of Service: Corporate & Capital Finance presented the Treasury Management Update Report 2025/26 and draft Treasury Management Strategy for 2026/27.

The report set out that the Treasury Management position for 2025/26 up to 31 December 2025 and the proposed Strategy for 2026/27 and that the Committee's role was to consider the strategy prior to its submission to Full Council.

Members were advised that the report met all statutory reporting requirements and satisfied the requirements of relevant regulations such as the CIPFA Treasury Management Code and the CIPFA Prudential Code for Capital Finance in Local Authorities.

The Committee heard that the Strategy had remained consistent with previous years, focusing on limiting investment exposure, maintaining liquidity, and minimising borrowing costs. Officers highlighted that the Council continued to operate well within prudential indicators and had a strong track record of responsible borrowing and investment. Temporary borrowing and favourable cash flow movements during the year had contributed to a strong financial position.

Members were informed that the Council's investment portfolio stood at £24.9m, achieving an average return of 4.11% with a strong credit score. Investments made into projects such as NuPlace and the Growth Fund were expected to deliver long-term capital growth and wider financial benefits, including additional council tax and business rates income.

The borrowing strategy adopted by the Council had remained consistent with that in the 2025/26 strategy. Net borrowing stood at £460.4m with an interest charge of 3.8%. During the year, £17.6m of PWLB Loans had matured, with a further £29.9m due before year-end. Temporary loans had been undertaken to meet cash flow requirements, and the authority had taken the opportunity to repay a loan in consultation with treasury advisors. Investments were held mainly in overnight deposits, ensuring funds were readily available and achieved a return.

Section 4.2 of the report set out the 2026/27 Strategy, which aligned with statutory requirements, the Codes of Practice, and the Capital Programme set out within the Medium-Term Financial Strategy. It was anticipated that the Council would need further borrowing during 2026/27 to fund the medium-term capital programme and would adopt a flexible approach to this. Appendix B of the report outlined available borrowing sources, with the Public Works Loan Board remaining the primary option. The Investment Strategy remained focused on minimising investment to reduce counterparty risk and net interest costs. Investment balances would be placed in business reserve instant access and notice accounts, Money Market Funds and short-dated deposits.

The report also included the Minimum Revenue Provision (MRP) statement. Members were informed that under the Local Authorities (Capital Finance) Regulations, where borrowing had been used to finance capital activity, a provision must be made, and recent amendments effective from April 2025 required that no element of the Capital Financing Requirement could be excluded from the calculation.

In line with the Local Government Act 2003, the prudential indicators demonstrated how the authority measured and managed its exposures to treasury risks. These covered capital expenditure and financing plans, the Capital Financing Requirement representing historic and future borrowing

need, and confirmation that total debt remained below the forecast requirement.

Operational boundaries set the expected limits for external debt, alongside controls on maximum borrowing levels and the maturity structure of debt to protect against exposure, especially in uncertain periods. Voluntary measures assessing investment risk were also included. Section 6 of the report contained the Treasury Management Policy Statement, confirming adoption of the Code's key recommendations, arrangements for monitoring treasury practices, interest rate provisions, and the responsibilities of the Section 151 Officer.

Members welcomed the report and expressed appreciation for the high-quality training provided by MUFG. The Committee discussed the importance of ensuring that capital projects continue to deliver social as well as financial benefits and Officers confirmed that most investment activity, such as NuPlace and the Council's solar farms aligned with wider community and environmental objectives. Members also reflected on the strength of the Council's asset base, noting that assets significantly outweigh borrowing, providing financial resilience.

In response to questions regarding national guidance changes relating to subsidiary investments, Officers explained the distinction between equity and capital loan elements and the implications for Minimum Revenue Provision calculations. Members also discussed the national audit environment and recent updates to financial reporting requirements affecting local authorities.

Upon being put to the vote it was:

RESOLVED – that:

- a) the treasury management activities to 31 December 2025 (Appendix A) be noted;
- b) it be recommended to Full Council to approve the Treasury Strategy 2026/27 (Appendix B), including the Annual Investment Strategy, together with the Minimum Revenue Provision Statement (Appendix B para 5.0), which will apply from 2025/26 onwards and Treasury Management Prudential Indicators (Appendix Bii); and
- c) the Treasury Management Policy Statement (Appendix B para 6.0) be noted.

AU28 2024/25 Audited Statement of Accounts

The Head of Service: Corporate & Capital Finance presented an update on the audit of the Councils accounts for 2024/25 and sought approval of the Statement of Accounts together with delegated authority to make final amendments following consultation with the Chair.

Members heard that in accordance with the Accounts and Audit (England) Regulations 2025 and associated Amendment regulations, the accounts had been certified by the Chief Financial Officer in May 2025. The draft statement was presented to the Audit Committee on 28 May 2025 and published for public inspection, in line with statutory requirements.

Following historic challenges in local government audits, last year, the Government introduced statutory backstop dates as part of new regulations. It was noted that the audit opinion for 2023/24 had been issued before the backstop date, and although the audit for 2024/25 remained ongoing, the Council, again, anticipated an unqualified audit opinion.

Officers outlined several key amendments made during the audit process conducted by the Council's external auditors KPMG, including reclassification of assets, application of IFRS 16 to service concession arrangements, corrections to expenditure categorisation, and an updated valuation of the Local Government Pension Scheme liability. None of the changes affected the General Fund outturn position previously reported to Cabinet on 19 June 2025.

Members thanked officers and the external auditors for their work in completing the audit in a challenging national context and welcomed the anticipated unqualified audit opinion.

Upon being put to the vote it was:

RESOLVED – that:

- a) the 2024/25 Statement of Accounts attached at Appendix A be approved;
- b) delegated authority be granted to the Chair to sign the Letter of Representation; and
- c) delegated authority be granted to the Director: Finance, People & IDT, following consultation with the Chair, to make any final changes required to the Statement of Accounts prior to publication.

AU29 Final Year End Report to those Charged with Governance

The Council's External Auditors, KPMG presented the final year-end report for the year ending 31 March 2025.

Members were advised that the audit had been substantially completed in line with expectations, with no material inconsistencies identified and no significant weaknesses reported under the value for money assessment.

The Auditors outlined key areas of focus, including property valuations, pension liability assessments, testing of expenditure and a review of group accounts relating to NuPlace. A small number of amendments had been necessary, which had required rolling back adjustments over the prior three

years relating to the investment property portfolio. This work had now been completed and was reflected appropriately in the balance sheet.

Some technical adjustments relating to the Local Government Pension Scheme had also been required, including applying the correct valuation technique, however auditors were now satisfied the position was fairly stated. As part of the discussion, Members asked questions in relation to the impact of changing interest rate assumptions, pension scheme valuations, and the implications of the national audit backlog. KPMG confirmed that while such assumptions influence long-term planning, there was no immediate financial risk to the Council.

Members welcomed the positive report and the strong working relationship between Council Finance Officers and KPMG and noted KPMG's intention to issue an unqualified opinion on the Council's accounts.

The report was for noting.

AU30 Update on the AGS Action Plan for 2024-25

The Head of Service: Governance, Audit & Procurement presented an update on the Annual Governance Statement (AGS) Action Plan for 2024/25.

Members were reminded that the Accounts and Audit Regulations 2015 requires the Council to produce an Annual Governance Statement each year, setting out how the authority ensures that its governance arrangements remain robust. The AGS Action Plan identifies areas for improvement and is monitored throughout the year by Senior Management and action owners.

The Committee was informed that significant progress had been made in implementing the actions agreed when the AGS was approved in May 2025. Updates reflected activity undertaken since that time, with improvements noted across several governance areas, including financial monitoring arrangements and internal control processes.

Members welcomed the report, noting the importance of strong governance and discussed recent national examples of councils that had encountered difficulties where governance arrangements were not prioritised.

In response to a question on how quickly issues in spending patterns would be identified, Officers explained that areas such as Adult Social Care are monitored very closely, with variances normally spotted within two weeks of month-end, and overall corporate monitoring taking place within three weeks. Formal reporting to the Senior Management Team (SMT) occurs every other month, with escalation to Cabinet or Council as required.

The Committee noted the positive progress made in delivering the AGS action plan and the continued focus on strengthening governance arrangements across the authority.

RESOLVED – that the contents of the Annual Governance Statement (AGS) Action Plan for 2024/25 be noted.

AU31 **Internal Audit Activity & Internal Audit Charter**

The Principal Auditor presented an update on the internal audit activity undertaken between 1 November 2025 and 31 December 2025, summarising progress against the 2025/26 Audit Plan.

Members were informed that audits continued to focus on priority areas, commercial contracts and follow-up of previous recommendations. Of the audits completed during the period, 4 reports had been issued, with 3 receiving an audit grade of amber and 1 receiving an audit grade of yellow.

Section 3.8 of the report detailed the status of previously reported audits, including 3 audits that had been followed up and gradings improved. Since the report was written, the audit for Randlay School had been completed and its grading updated to green and the BIT audit had improved to a grading of yellow.

At the time of the meeting, the Internal Audit Plan, set out in Appendix A of the report comprised a total of 48 audits, with 14 in progress and 12 completed.

Members welcomed the improvements demonstrated in follow-up audits and sought reassurance on team capacity. Officers confirmed that resource levels were kept under close review and benchmarked against comparable authorities, with any concerns to be escalated to the Committee if required.

The Head of Service: Governance, Audit & Procurement updated the Committee on the revised Internal Audit Charter for 2026/27, noting that changes reflected the updated global internal audit standards introduced nationally in April of the previous year. The Charter continued to define the purpose, authority and responsibilities of internal audit, consistent with GIAS requirements.

Following the discussion, it was:

RESOLVED – that:

- a) the information contained in this report in respect to the Internal Audit planned work undertaken between 1 November 2025 and 31 December 2025 and unplanned work to date be noted; and
- b) the updated Internal Audit Charter for 2026/27 be approved.

AU32 **Updated Strategic Risk Register and Risk Strategy**

The Head of Service: Audit, Governance & Procurement presented the updated Strategic Risk Register and accompanying Risk Strategy.

Members were advised that there had been minimal movement in risk scores since the previous update presented to Committee, but mitigation actions continued to be refined. The updated Risk Strategy included additional clarity around zero-tolerance risk areas, such as safeguarding, cyber security, and the protection of life.

Members noted the Council's strong governance culture and the importance of robust risk management across all service areas. As part of the discussion, Members queried the incorporation of emerging Artificial Intelligence (AI) risks, and Officers confirmed that AI-related risks were expected to feature more prominently in future iterations of the register.

The Committee welcomed the update and commended the organisation's proactive approach to risk oversight.

Upon being put to the vote it was:

RESOLVED – that:

- a) the information in respect to the updated Strategic Risk Register be noted; and**
- b) the updated Risk Management Strategy be approved.**

The meeting ended at 7.17 pm

Chairman:

Date: Wednesday 27 May 2026