

AUDIT COMMITTEE

Wednesday, 25 January 2023

PRESENT – Councillors Lee (Chair), Crudass, Baldwin, McEwan and Mrs H Scott

APOLOGIES – Councillor Paley

OFFICERS IN ATTENDANCE – Peter Carrick (Finance Manager Central/Treasury Management), Lee Downey (Complaints and Information Governance Manager), Andrew Barber (Audit and Risk Manager, Stockton Borough Council), Allison Hill (Democratic Officer), Brett Nielsen (Assistant Director Resources) and Judith Murray (Finance Manager)

A22 DECLARATIONS OF INTEREST

There were no declarations of interest reported at the meeting.

A23 TO APPROVE THE MINUTES OF THE AUDIT COMMITTEE HELD ON 28 SEPTEMBER 2022

Submitted – The Minutes (previously circulated) of the Audit Committee held on 28 September 2022.

RESOLVED – That the Minutes of the Audit Committee held on 28 September 2022 be approved as a correct record.

A24 FINAL ACCOUNTS TIMETABLE FOR THE YEAR ENDED 31 MARCH 2023

The Group Director of Operations submitted a report (previously circulated) to provide Members with the Final Accounts Closedown Timetable for 2022/23.

It was reported that under the regulations it is the responsibility of the Group Director of Operations to sign and certify the unaudited Statement of Accounts (SoA) 2022/23 by no later than 31 May 2023 and it was also the responsibility of the Audit Committee to approve the audited set of accounts on or before 30 September 2023.

The final accounts timetable serves as a tool for monitoring progress against the target dates to ensure compliance with the statutory deadlines will aim to comply with the date of 31 May for the unaudited SoA so that there was less disruption to the normal work schedule of the Council.

The Finance Manager closely monitors the achievement of the dates in the timetable throughout the final accounts period, following up delays and missed deadlines to ensure the overall timetable is achieved.

RESOLVED – That the key dates in the Final Accounts Timetable for 2022/23 be noted.

A25 MID YEAR RISK MANAGEMENT UPDATE REPORT 2022/23

The Chief Executive submitted a report (previously circulated) to update Members on the approach to and outcomes from the Council's Risk Management processes.

It was reported that Risk Management was an essential part of effective and efficient management and planning and it strengthened the ability of the Council to achieve its objectives and enhance the value of the services provided.

It was also reported that positive progress continues to be made within the Authority regarding the management of key strategic risks and with the work undertaken by officers to manage operational risks.

The submitted report outlined these risks which are plotted on to a standard likelihood and impact matrix with reference to management controls in place and working; and detailed progress made on improvement actions for those risks that had been identified as above the 'risk appetite line'. The submitted report also highlighted a number of new risks.

Following a review of the Council's Risk Management Strategy, the risks plotted on the matrices had now been categorised as Strategic Risks and linked to the relevant objective in the Council Plan, where appropriate; and the revised risk matrices were attached to the submitted report.

RESOLVED – That the Mid Year Risk Management report 2022/23 be noted.

A26 AUDIT SERVICES - ACTIVITY REPORT

The Audit and Risk Manager submitted a report (previously circulated) to provide Members with a progress report of activity and proposed activity for the next period.

The submitted report outlined progress to date on audit assignment work, consultancy/contingency activity and highlighted the change in approach from traditional audit assignments to individual control testing and reporting and the different approach in terms of reporting on activity to be developed further in the coming months; and the move away from annual audit planning to quarterly planning to enable the service to respond more effectively to the changing risk environment.

Also previously circulated was detailed feedback on the performance of the service and the position in relation to completion of audit work.

RESOLVED – That the activity and results be noted.

A27 PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT STRATEGY REPORT 2023/24

The Group Director of Operations submitted a report (previously circulated) for Members of this Audit Committee to review and scrutinise the Prudential Indicators and Limits for 2023/24 to 2025/26 relating to capital expenditure and Treasury Management activity; a policy statement relating to the Minimum Revenue Provision; the authorised limit; and the Treasury Management Strategy 2023/24, which includes the Annual Investment Strategy for 2023/24, prior to approval and adoption by Cabinet and Council.

The submitted report outlined the Council's Prudential Indicators for 2023/24- 2025/26 and set out the expected treasury operations for this period and it was reported that the

Council's capital expenditure plans, Treasury Management and Prudential Borrowing activities indicated that they were within the statutory framework and consistent with the relevant codes of practice; prudent, affordable and sustainable; and were an integral part of the Council's Revenue and Capital Medium Term Financial Plans.

The submitted report highlighted a third new prudential indicator for 2023/24, the Liability Benchmark (LB) which the Council is required to estimate and measure the LB for the forthcoming financial year and the following two financial years, as a minimum. The three main components to the LB being existing borrowing (loan debt outstanding); net loans requirement (Forecast Net Loans Debt); and Liability benchmark (or gross loans requirement).

The submitted report also included a mid-year Treasury Management progress report to update members on the capital position, amending prudential indicators as necessary, and whether the treasury function was meeting the strategy or whether any policies required revision.

It was reported that the Treasury Management Strategy for 2023/24 will cover two main areas, Capital Issues and Treasury Management Issues and a summary of the key prudential indicators and limits were also contained within the submitted report; and these elements covered the requirements of the Local Government Act 2003, the CIPFA Prudential Code, Ministry of Housing, Communities and Local Government (MHCLG) Minimum Revenue Provision (MRP) Guidance, the CIPFA Treasury Management Code and the MHCLG Investment Guidance.

It was also highlighted that the CIPFA Prudential code requires the responsible officer to ensure that Members with responsibility for treasury management receive adequate training in treasury management and training was undertaken by a number of Members during two sessions held in September 2021 and further training will be arranged as required.

RESOLVED - That this Audit Committee is satisfied with the Prudential Indicators and Treasury Management Strategy for 2023/24 to 2025/26, the Minimum Revenue Provision statement, the Treasury Management Strategy 2023/24 to 2025/26 and the Annual Investment Strategy 2023/24, as presented in the submitted report, and that the report be forwarded to Cabinet for its onward referral to Council for consideration.