

AUDIT COMMITTEE
Monday, 22 January 2024

PRESENT – Councillors Henderson (Chair), Baker, Durham, Garner, Keir and McGill

APOLOGIES –

ABSENT –

ALSO IN ATTENDANCE – Councillor Porter, Caroline Mulley, Ernst and Young LLB, Gavin Baker and Campbell Dearden, Mazars.

OFFICERS IN ATTENDANCE – Brett Nielsen (Assistant Director Resources), Judith Murray (Finance Manager), Lee Downey (Complaints and Information Governance Manager), Andrew Barber (Audit and Risk Manager, Stockton Borough Council), Shirley Wright (Democratic Manager) and Olivia Hugill (Democratic Officer)

A22 DECLARATIONS OF INTEREST

There were no declarations of interest reported at the meeting.

A23 MINUTES

Submitted – The Minutes (previously circulated) of the Audit Committee held on 27 September 2023

RESOLVED – That the Minutes of the Audit Committee held on 27 September be approved as a correct record.

A24 ANNUAL STATEMENT OF ACCOUNTS 2021/22 AND 2022/23

The representative of Ernst and Young LLP (EY) gave Members an update on the current position in relation to the Annual Statement of Accounts 2021/22 and 2022/23.

As previously reported to this Committee, although the external auditors had not been in a position to deliver the audit by the statutory deadline due to national issue, it was hoped that the accounts would be completed by the end of January 2024 with the Value for Money (VFM) 2022/23 being completed and reported to this Committee as soon as possible

RESOLVED – That the report be noted.

A25 FINAL ACCOUNTS TIMETABLE FOR THE YEAR ENDING 31 MARCH 2024

The Group Director of Operations submitted a report (previously circulated) to provide Members with the Final Accounts Closedown Timetable for 2023/24.

It was reported that under the Accounts and Audit (Amendment) Regulations 2022, it was the responsibility of the Group Director of Operations to sign and certify the unaudited

Statement of Accounts (SoA) 2023/24 by no later than 31 May 2024 and it was also the responsibility of the Audit Committee to approve the audited set of accounts on, or before, 30 September 2024.

The final accounts timetable served as a tool for the effective management and monitoring of the process of closing the Council's accounts.

The Group Director of Operations reported that the timetable was compiled annually by the Finance Team with input from service areas to ensure that deadlines were achievable and would lead to completion of an SoA for signing by the Section 151 Officer by the statutory deadline with less disruption to the normal work schedule of the Council. The achievement of the dates in the timetable throughout the period was closely monitored by the Finance manager to ensure the agreed timetable would be achieved and to identify any improvements which could be made to the process.

RESOLVED – That the key dates in the Final Accounts Timetable for 2023/24 be noted.

A26 HALF YEARLY RISK MANAGEMENT REPORT 2023 2024

The Chief Executive submitted a report (previously circulated) updating 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 an important element in demonstrating continuous improvement as well as being part of the Council's Local Code of Corporate Governance which reflected the requirements of the Chartered Institute of Public Finance and Accountancy/Society of Local Authority Chief Executives and Senior Managers (CIPFA/SOLACE) Framework of Corporate Governance.

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

Members questioned the Officers in relation to a number of the risks highlighted in the Strategic Risk Register and discussion ensued on the continuous process during the year by both Corporate and Departmental Management Teams to review existing and include any emerging or potential risks on the Strategic Risk Register.

RESOLVED – That the Mid Year Risk Management report 2023/24 be noted.

A27 AUDIT SERVICES ACTIVITY REPORT

The Audit and Risk Manager submitted a report (previously circulated) providing 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.

It was reported that the report should be considered in the context of fulfilling the function to monitor the adequacy and effectiveness of the Council's internal control environment and the Internal Audit Service provided.

The submitted report was split into three sections, the first provided Members with feedback on the management of the risks on the corporate risk register, the second gave a breakdown of the audit results against set of key governance process and the third looked at service areas and provided feedback on the audit work undertaken in the previous quarter and a summary of the work planned to be undertaken.

Members asked the Audit and Risk Manager a number of questions in relation to the information provided within the submitted report.

RESOLVED – That the activity and results be noted.

A28 PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT STRATEGY REPORT 2024-25

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 2024/25 to 2026/27 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 2024/25, which includes the Annual Investment Strategy for 2024/25, prior to approval and adoption by Cabinet and Council.

The submitted report outlined the Council's Prudential Indicators for 2024/25- 2026/27 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 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 2024/25 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 a session held in March 2023 with a further session being held in January 2024.

Discussion ensued on the role of Link Group Treasury Solutions, as the Council's external

Treasury Management Advisers and the current situation in relation to the property fund investments, particularly in relation to Lothbury.

It was reported that, in line with previously agreed delegations, the Treasury Management Strategy gave Officers flexibility to manage the day to day operations of the investments, including the property funds to maximise returns for the Council and that Officers would continue to use this delegation to manage its options regarding Lothbury and report back to Members as, and when required.

RESOLVED - That this Audit Committee is satisfied with the Prudential Indicators and Treasury Management Strategy for 2024/25 to 2026/27, the Minimum Revenue Provision statement, the Treasury Management Strategy 2024/25 to 2026/27 and the Annual Investment Strategy 2024/25, as presented in the submitted report, and that the report be forwarded to Cabinet for its onward referral to Council for consideration.