

AUDIT COMMITTEE
Monday, 20 January 2025

PRESENT – Councillors McGill, Baker and Garner

APOLOGIES – Councillors Durham, Henderson, Keir and Gavin Barker (Mazars)

ALSO IN ATTENDANCE – Councillor Porter

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

A29 DECLARATIONS OF INTEREST

There were no declarations of interest reported at the meeting.

A30 VICE-CHAIR

RESOLVED – That Councillor Baker be appointed as Vice-Chair of this Committee.

A31 TO APPROVE THE MINUTES OF THIS AUDIT COMMITTEE HELD ON 4 NOVEMBER 2024

Submitted – The Minutes (previously circulated) of the Audit Committee held on 4 November 2024.

RESOLVED – That the Minutes of the Audit Committee held on 4 November 2024 be approved as a correct record.

- (i) Submitted – The Minutes (previously circulated) of the Audit Committee held on 25 November 2024.

RESOLVED – That the Minutes of the Audit Committee held on 25 November 2025 be approved as a correct record.

A32 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.

Conversation ensued around what percentage of the training was mandatory, how the percentage of completed training could be raised and what would happen if the percentage was not met.

RESOLVED – That the activity and results be noted.

A33 FINAL ACCOUNTS TIMETABLE FOR THE YEAR ENDED 31 MARCH 2025

The Executive Director of Resources and Governance submitted a report (previously circulated) to provide Members with the Final Accounts Closedown Timetable for 2024/25. The timetable detailed the target dates for key actions in order to complete the Statement of Accounts (SoA) in line with statutory deadlines.

The report stated that under the regulations it was the responsibility of the Group Director to sign and certify the unaudited SoA 2024/25 by no later than 30 June 2025 and that it would also be the responsibility of the Audit Committee to approve the 2024/25 audited set of accounts on or before the 27 February 2026.

It also detailed that the final accounts timetable served as a tool for monitoring progress against the target dates to ensure compliance with the statutory deadlines. The enclosed timetable will aimed to comply with the date of 30 June for the unaudited SoA so that there is less disruption to the normal work schedule for the council.

Members asked for more information on the new and amended processes which were considered for the impact on the achievement dates.

RESOLVED – That the report be noted.

A34 HALF YEARLY RISK MANAGEMENT REPORT 2024 2025

The Chief Executive submitted a report (previously circulated) advising Members on the approach to and the outcomes of the Council's Risk Management process.

It was reported that Risk Management was an essential part of the effective and efficient management and planning which strengthened the ability of the Council to achieve its objective and enhance the value of services provided, and that positive progress continued to be made within the Authority regarding the management of the key strategic risks and with the work undertaken by Officers to manage operational risk.

Members opened discussion to the Risk Management Report, SR27 of the report detailed the risk of failure to respond appropriately to safeguard vulnerable children, in line with national legislation and safeguarding children, thresholds and procedures, Members asked for more detail on why there had been no movement in that period.

Members discussed the increased demand for Adult Services impacts negatively on plans for

budget efficiencies (SR20) and how this risk is covered. Questions were raised regarding the risk of the Council not existing and whether this should be part of the Risk Management Report.

RESOLVED – That the report be noted.

A35 PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT STRATEGY REPORT 2025-26

The Executive Director of Resources and Governance submitted a report (previously circulated) for Members of this Audit Committee to review and scrutinise the Prudential Indicators and Limits for 2025/26 to 2027/28 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 2025/26, which includes the Annual Investment Strategy for 2025/26, prior to approval and adoption by Cabinet and Council.

The submitted report outlined the Council's Prudential Indicators for 2025/26- 2027/28 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 January 2024 and further sessions would be arranged as required.

The report stated under the MRP Policy Statement for 2025/26 that for the IFRS 16 Right Use of Assets the MRP would be measured as being equal to the element of the rent/charge for the asset, Members sought further clarification what this would mean for the Council.

RESOLVED - That this Audit Committee is satisfied with the Prudential Indicators and Treasury Management Strategy for 2025/26 to 2027/28, the Minimum Revenue Provision statement, the Treasury Management Strategy 2025/26 to 2027/28 and the Annual Investment Strategy 2025/26, as presented in the submitted report, and that the report be forwarded to Cabinet for its onward referral to Council for consideration.