

Date: Monday 29 July 2024 at 4.00 pm

Venue: Jim Cooke Conference Suite, Stockton Central Library, Church Road,
Stockton on Tees TS18 1TU

Cllr Barry Woodhouse (Chair)
Cllr Stefan Houghton (Vice-Chair)

Cllr Ross Patterson
Cllr Susan Scott
Cllr Emily Tate
Cllr Katie Weston

Cllr Paul Rowling
Cllr Mick Stoker
Cllr Laura Tunney

AGENDA

- | | | |
|-----------|---|-----------------|
| 1 | Evacuation Procedure | (Pages 7 - 8) |
| 2 | Apologies for Absence | |
| 3 | Declarations of Interest | |
| 4 | Minutes To Follow | |
| | To approve the minutes from the meetings of the Audit & Governance Committee dated 30 th May 2024 & 27 June 2024 | (Pages 9 - 18) |
| 5 | Health & Safety Report | (Pages 19 - 22) |
| 6 | Treasury Management Annual Report | (Pages 23 - 34) |
| 7 | External Audit - Audit Progress Report | (Pages 35 - 56) |
| 8 | New Risk Management Arrangements Report | (Pages 57 - 60) |
| 9 | Risk Register Update and Audit Activity | (Pages 61 - 64) |
| 10 | Work Programme 2024 - 2025 | (Pages 65 - 68) |

Members of the Public - Rights to Attend Meeting

With the exception of any item identified above as containing exempt or confidential information under the Local Government Act 1972 Section 100A(4), members of the public are entitled to attend this meeting and/or have access to the agenda papers.

Persons wishing to obtain any further information on this meeting, including the opportunities available for any member of the public to speak at the meeting; or for details of access to the meeting for disabled people, please

Contact: John Devine, Democratic Services Officer on email john.devine@stockton.gov.uk

KEY - Declarable interests are:-

- Disclosable Pecuniary Interests (DPI's)
- Other Registerable Interests (ORI's)
- Non Registerable Interests (NRI's)

Members – Declaration of Interest Guidance



Table 1 - Disclosable Pecuniary Interests

Subject	Description
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain
Sponsorship	Any payment or provision of any other financial benefit (other than from the council) made to the councillor during the previous 12-month period for expenses incurred by him/her in carrying out his/her duties as a councillor, or towards his/her election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
Contracts	Any contract made between the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners (or a firm in which such person is a partner, or an incorporated body of which such person is a director* or a body that such person has a beneficial interest in the securities of*) and the council — (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged.
Land and property	Any beneficial interest in land which is within the area of the council. 'Land' excludes an easement, servitude, interest or right in or over land which does not give the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/ civil partners (alone or jointly with another) a right to occupy or to receive income.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the council for a month or longer.
Corporate tenancies	Any tenancy where (to the councillor's knowledge)— (a) the landlord is the council; and (b) the tenant is a body that the councillor, or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/ civil partners is a partner of or a director* of or has a beneficial interest in the securities* of.
Securities	Any beneficial interest in securities* of a body where— (a) that body (to the councillor's knowledge) has a place of business or land in the area of the council; and (b) either— (i) the total nominal value of the securities* exceeds £25,000 or one hundredth of the total issued share capital of that body; or (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the councillor, or his/ her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners have a beneficial interest exceeds one hundredth of the total issued share capital of that class.

* 'director' includes a member of the committee of management of an industrial and provident society.

* 'securities' means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

Table 2 – Other Registerable Interest

You must register as an Other Registrable Interest:

- a) any unpaid directorships
- b) any body of which you are a member or are in a position of general control or management and to which you are nominated or appointed by your authority
- c) any body
 - (i) exercising functions of a public nature
 - (ii) directed to charitable purposes or
 - (iii) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union) of which you are a member or in a position of general control or management

This page is intentionally left blank

Conference Rooms, Municipal Buildings

If the fire alarm should sound, please leave by the nearest exit and make your way to the car park at the rear of Municipal Buildings. If the Bomb alarm should sound, which is the same as the fire alarm but intermittent then please leave the conference room, exit Municipal Buildings through the front doors and make your way to the car park at the rear of Splash.

This page is intentionally left blank

AUDIT AND GOVERNANCE COMMITTEE

A meeting of Audit and Governance Committee was held on Thursday 30 May 2024.

Present: , Cllr Stefan Houghton (Vice-Chair), Cllr Paul Rowling, Cllr Susan Scott, Cllr Emily Tate and Cllr Laura Tunney.

Officers: Andy Bryson, Andrew Barber and John Devine.

Also in attendance: Gavin Barker (Mazars)

Apologies: Cllr Barry Woodhouse (Chair), Cllr Ross Patterson, Cllr Mick Stoker and Cllr Katie Weston.

AGC/1/24 Evacuation Procedure

The Evacuation Procedure was noted.

AGC/2/24 Declarations of Interest

There were no Declarations of Interest

AGC/3/24 Minutes

Consideration was given to the minutes from the meeting held on the Monday 26th February 2024 for approval and signature.

RESOLVED that the minutes be approved and signed as a correct Record by the Chair.

AGC/4/24 Health & Safety Report

Officers presented the Health & Safety Report to Members, highlighting the change in format of the report to aid members. Which would be expanded on when the information displayed in the report tables would be broken down by risk areas.

Highlighted in the report by Officers were the 22 audits that had been issued and that there were no concerns to bring to Members attentions.

Also noted was item 4 of the report which showed the main Health & Safety Risks and the training delivered around the various categories.

Members enquired of how the training was presented, and if it was either through face-to-face teaching or virtual learning. Officers explained that any inductions for new officers would be face to face, but that other training was done on a case-by-case basis as some training would be more practically delivered remotely.

AGREED to Note the report.

AGC/5/24 Risk Register Update and Audit Activity

Members were presented with the Corporate Risk Register Update, Assurance and Activity Report. Officers stated that a review would be done on the Councils arrangements on identifying and monitoring risks, with a report on the subject to be brought to a future meeting for members to review.

Parts of the report were highlighted by Officers for Members attention, these were in section three of the report highlighted in red. The sections identified were familiar to members as they had been highlighted in previous meetings but due to ongoing work, they were unable to be moved from red to green.

Officers were asked if the vacancy which the team had notified members of previously had been filled. They were assured that it had, and that the new member of the team was integrating into the team well.

Members AGREED to note the report.

AGC/6/24 Internal Audit Annual Report

Officers presented the Annual Internal Audit Report to members, the introduction of the report stated:

Under the Accounts and Audit Regulations 2015, the Council is required to “undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”. For the purposes of the 2023/24 opinion the standards for proper practices for internal audit are laid down in the CIPFA Local Government Application Note for the United Kingdom Public Sector Internal Audit Standards (PSIAS).

The relevant body must conduct a review, at least once a year, of the effectiveness of its system of internal control and this is reported in the Annual Governance Statement. The opinions given in this report provides independent and objective assurance on the overall adequacy and effectiveness of the Council’s system of internal control and should be used to inform the preparation of the Annual Governance Statement.

Officers highlighted section two of the report which showed that the assurance levels were all over 80%. The Internal Audit Service also supports continuous improvements by making recommendations to improve the controls in place. With the majority of recommendations having either been implemented or in the process of being implemented. This was shown in the recommendation section of the report. Members asked that in the section in this report if an explanation could be provided for each of the recommendations.

Which Officers were happy to expand on those recommendations which were not publicly sensitive.

Members Agreed to note the report.

AGC/7/24 Draft Annual Governance Statement

Members were presented with a report of the Council’s Draft Annual Governance Statement for 2023/24.

The Accounts and Audit Regulations 2015 require all authorities in England to conduct a review at least once a year of the effectiveness of its governance framework and produce an Annual Governance Statement to accompany its Statement of Accounts. The deadline for completion of the draft Statement of Accounts for 2023/24 is 30 September 2024 at which point they are subject to the external audit process.

The final Annual Governance Statement will be presented for approval by this committee alongside the audited Statement of Accounts.

A further requirement of the regulations state that the Statement should be signed by the Managing Director and the leading Member of the Council, following approval by the Committee. A key objective of this signing off process is to secure corporate ownership of the statement's contents.

The Annual Governance Statement includes an acknowledgement of responsibility for ensuring that proper arrangements are in place around the governance of its affairs and an indication of the level of assurance that the system provides. The statement also includes a description of the key elements forming the governance framework, a description of the process applied in reviewing the effectiveness of this framework, including the system of internal control, and an outline of the actions taken or, proposed to be taken, to deal with significant governance issues.

The Council's Annual Governance Statement for 2023/24 was included with the main report. At this time the Council had not identified any significant issues that were not being addressed within the Statement.

Members AGREED to note the report.

AGC/8/24 External Auditors - Audit Certificate, 2021/22 Audit

Mazars presented the Audit Completion Certificate for Stockton On Tees Borough Council for the year ending 31 March 2022. Members were aware of the reasons that the completion certificate had been delayed as Mazars had kept them updated with the national technical issues which had caused the delay.

Members Agreed to note the certificate.

AGC/9/24 External Auditors - Annual Report, DRAFT, 2022/23 Audit

Officers presented the Draft Annual Report for the 2022/23 External Audit to Members. The report was a draft as Mazars had not yet issued their Audit opinion but expected it to be able issue it in May 2024.

In their report Mazars highlighted significant matters which had been discussed with management it was as follows:

Pension fund liability and asset

The opening net pensions liability as of 1 April 2022 was amended in the 2021/22 accounts because of the revised pensions report the Council obtained due to the triennial revaluation exercise. This resulted in a decrease of £38.3m to the Council's net pensions liability from £282.2m to £243.9m. As of 31 March 2023, the Council's net pensions liability had further changed and the actuary notified a surplus. Overall,

there has been a move from a £243.9m deficit to £101.7m surplus; a similar significant change has been noted for the other Teesside local authorities where Mazars are the auditor. This significant change arises from gross pension assets exceeding liabilities due to movements in markets for assets and changes in actuarial assumptions impacting on liabilities. Mazars considered the accounting treatment in respect of the reporting of a net asset position on the LGPS for 2022/23. This included evaluating whether the pension asset needed to be capped at a lower level.

Based on Mazars review and the receipt of an asset ceiling calculation from the actuary, no adjustment was required to the net pension asset included in the draft accounts. Mazars received the letter of assurance from the pension fund auditor on 22 April 2024 and have now completed their work. The Pension Fund auditor reported to them that the asset values submitted to the actuary were overstated by £25.009m. In addition, there was significant doubt about a further £11.85m which may also be overstated. Given the Council's share of the PF assets at the year-end is 19% of the scheme investment assets, this difference would amount to a £7m overstatement of pension assets in the financial statements which is not material to Mazars opinion on Stockton Councils accounts.

Reinforced Autoclaved Aerated Concrete (RAAC)

Mazars made enquiries of officers in respect of RAAC being present in any Council-owned buildings and obtained assurance that government department procedures were being followed and there was no indication of any material issues impacting on the Council's assets.

Mazars noted in their report to Members that no significant weaknesses had been identified in the Councils arrangements. But that all Local Authorities continued to face difficult circumstances due to national issues, however that being the case the Council was in a relatively better position than others in the local area.

Members AGREED to note the report

AGC/10/24 External Auditors - Audit Completion Report 2022/23 Audit

Mazars presented the Audit Completion Report for 2022/23. They informed members that most of the work on this Audit had been completed the previous year, but due to the technical issues related to pensions which had been discussed at previous meetings the report had been delayed.

Mazars had substantially completed their Audit in respect of the financial statements for the year ended 31st March 2023. At the time of the report Officers stated that no risks had been identified, and no significant weakness had been identified in the Councils arrangements.

Officers anticipated being able to issue an unqualified opinion, without modification on the financial statements. With the proposed audit opinion being included in appendix B of their report.

Mazars had received group instructions from the National Audit Office in respect to their work on the Councils Whole of Government Accounts submission in September 2023, they will be reported on when Mazars issue their audit opinion.

Members thanks Officers for their hard work and extended a special thanks to Gavin Barker, as this would be his last meeting with Stockton On Tees Council.

Members Agreed to note the report.

AGC/11/24 Annual Statement of Accounts 2022/23 - Final

Officers presented to Members the Councils Annual Statement of Accounts for 2022/23. The report states that it was a statutory requirement of the Accounts and Audit Regulations 2015 (as amended) that the audited 2022/23 Statement of Accounts were approved by Members of the Committee and published on the Council's website on or before 30th September 2023. In order to comply with the regulations, the Deputy Chief Executive & Director of Finance, Transformation and Performance and Chair of the Committee are required to sign the Statement of Responsibilities confirming the approval of the accounts and the authorisation to issue these as a public document.

Unfortunately, the conclusion of the audit was delayed due to a number of reasons including;

- Delays in the issuing of the Teesside Pension fund assurance letter;
- Accounting for the net pension asset (the first time there has been a net pension asset). This involved obtaining an actuarial report on the calculation of the asset ceiling to see whether the net asset disclosed needed to be capped at a lower level. The actuarial report has in fact confirmed that the net asset disclosed is less than the asset ceiling and consequently a further adjustment to the 2022/23 financial statements has not been required.
- General backlog in the audit environment and prioritising the completion of the 2021/22 audit.

The recommendation outlined the report was for the Deputy Chief Executive & Director of Finance, Transformation and Performance and Chair of the Committee sign the Statement of Responsibilities confirming the approval of the accounts and the authorisation to issue these as a public document.

Members Agreed the recommendation in the report.

AGC/12/24 Annual Statement of Accounts 2023/24 - Draft Prior to Audit (To Follow)

This Item was deferred until the next meeting with agreement from the Members of the Committee.

AGC/13/24 Forward Plan

The Forward Plan was NOTED

This page is intentionally left blank

AUDIT AND GOVERNANCE COMMITTEE

A meeting of Audit and Governance Committee was held on Thursday 27 June 2024.

Present: Cllr Barry Woodhouse (Chair), Cllr Stefan Houghton (Vice-Chair), Cllr Eileen Johnson, Cllr Paul Rowling, Cllr Susan Scott and Cllr Emily Tate.

Officers: Andy Bryson and Suzanne Lloyd.

Also in attendance:

Apologies: Cllr Ross Patterson, Cllr Mick Stoker and Cllr Katie Weston.

AGC/14/24 Evacuation Procedure

The Evacuation Procedure was noted.

AGC/15/24 Declarations of Interest

There were no declarations of interest.

AGC/16/24 Annual Statement of Accounts 2023/24

Officers presented members with the Council's (and Group) Draft Statement of Accounts 2023/2024 which outlined the following:

The Council was required by law to produce a detailed Statement of Financial Accounts, which provided information to all stakeholders. The Statement explained in detail how the Council used its resources and, the net value of the Council (in terms of its assets, liabilities, and reserves).

The accounts had been completed in accordance with the "Code of Practice on Local Authority Accounting in the United Kingdom 2023/2024" which was prepared under International Financial Reporting Standards.

The Accounts and Audit Regulations (England) 2015 came into effect on 1st April 2015. The regulations changed the arrangements for the approval and publication of the Statement of Accounts and the Annual Governance Statement. The Accounts and Audit (England) Regulations 2015 - Regulation 15, as amended by The Accounts and Audit (Amendment) Regulations 2021 required the council to publish the unaudited Statement of Accounts for the financial year ending 31 March 2024 by 31 May 2024.

The Council were unable to achieve this deadline due to delays in the receipt of pension fund information for the period ending March 2024.

For the Publication of the unaudited statement of accounts, the requirement in the Accounts and Audit Regulations 2015 (as amended) was for the public inspection period to be commenced by 1 June. However, this commencement could only happen at the earliest the first working day after the unaudited accounts (and other specified documents) were published.

If publication was not possible by these dates, then in England the Accounts and Audit Regulations 2015, as amended, would require the following actions:

For the unaudited statement of accounts, as soon as reasonably practicable, publish a notice stating that the authority had not been able to commence the period for the exercise of public rights and the reasons for this. The public inspection period must then be commenced as soon as reasonably practicable. This notice with the relevant explanation for the delay was posted on the Councils website on the 31st May 2024.

Based on the updated regulations it was the intention that following this meeting the period in which electors had the right to examine the accounts, question the auditor and to make objections at audit would be set. This was a period of 30 working days which would commence on 1st July and end on 9th August 2024.

The Accounts and Audit Regulations (Amendment 2022) were laid before Parliament on the 28th June 2022. These amendments changed the deadline for Authorities to publish their statement of accounts and supporting documents (together with any certificate or opinion of the local auditor) from 31st July to 30th September for the financial years beginning in 2022, 2023, 2024, 2025, 2026 and 2027.

The Chief Accountant presented the Statement of Accounts to the Audit and Governance Committee and highlighted the following:

- The challenging time Officers had faced preparing the accounts due to further pension issues impacting figures within the report which resulted in the pension asset being reduced to zero.
- Key Financial figures
- Movement in Reserves Statement
- Comprehensive Income and Expenditure Statement
- Balance Sheet
- Cash Flow Statement
- Notes to the Core Financial Statements
- Collection Fund
- Group Accounts including:
 - Group Movement in Reserves Statement
 - Group Comprehensive Income and Expenditure Statement
 - Group Balance Sheet
 - Group Cash Flow Statement
 - Group Notes

- Statement of Responsibilities/Approval for the Statement of Accounts

Brief discussion was had around the reporting of individual members allowances. Officers confirmed that individual allowances were published onto the Councils website via Democratic Services however the overall figure was reported in the Statement of accounts, and it was highlighted that this was £2000 less than the previous financial year.

Clarity was given in terms of under expenditure relating to the private housing sector.

Discussion was had around the increase in costs associated with Childrens Services.

The Chief Accountant offered Members the opportunity to go through the Councils accounts in a separate session as a group or on an individual basis, and to contact him directly should they wish to do so.

AGREED that:

1) the report be noted and

2) the Committee also note the arrangements for the public inspection and external audit of the Statement of Accounts for 2023/24 (Para 7 contained within the main report).

AGC/17/24 Forward Plan 2024/25

The Forward Plan as noted.

This page is intentionally left blank

Agenda Item 5

AGENDA

REPORT TO
AUDIT & GOVERNANCE
COMMITTEE
29 JULY 2024

REPORT OF DIRECTOR OF
CORPORATE SERVICES

HEALTH AND SAFETY REPORT

SUMMARY

This report provides an update on the health, safety and wellbeing performance of the Council for the period 1 May 2024 – 30 June 2024.

RECOMMENDATION

1. The current position as identified in the report is noted.

DETAIL

1. The service has always reported based on activity, it is important that H&S risks are understood and as such reports moving forward will be more aligned to understanding how well H&S risks are being managed.
2. There is a project underway within the team to align the work being undertaken by the team to these core H&S risks to facilitate an assessment of the risks faced by the Council. This work will take some time as it includes the introduction of a new system of recording and planning H&S audit work and we will have a revised audit programme in place for April 2024. As the revised programme of H&S audit work is completed, we will gain a better understanding of the current status of risks.
3. Reports during this implementation period will continue to develop to include more information and a robust method of assessing risk. During this period the assessment of risks will have some limitations.

Health & Safety Risks

4. Below is a summary of the main H&S Risks:

Risk	Incidents Recorded	Training Delivered	Other Comments
Asbestos Management		15	
Culture			Work is being undertaken to refresh the H&S policy and develop an induction programme specifically for new managers, both tasks will help ensure a H&S culture is embedded.
Construction			
Display Screen Equipment		38	
Electrical Safety			
Equipment, Machinery & Plant		See Comments	Training is delivered via on-site monitoring and "toolbox" talks, numbers currently not recorded.
Fire Safety		34	Revised approach to fire risk management has been proposed.
Open Water and Flooding			
Gas Safety			

Hazardous Substances			
Violence & Aggression	9		Reduction from 28 in the same period in the previous year.
Legionella			
Lone Working			
Noise			
Manual Handling			
Working at Height			
Vibration			
H&S Risk Assessment	17		Generally slips/trips

Current Audit Programme

5. The number of health and safety audits completed within the reporting period was **22**

Individual Overall Audit Opinion			
Opinion	Definition	No of Audit opinions	% of total
Full assurance	A robust system of control exists with evidence of a consistent application of the safety management safeguards, but opportunity for continued improvement may exist in some control areas	10	45
Substantial assurance	A robust system of control exists, but improvement is needed to enhance the safety management safeguards.	12	55
Moderate assurance	Safety management safeguards are being applied but there are weaknesses compromising resilience to risk and consequent harm.		
Partial assurance	There is a limited or inconsistent application of the safety management safeguards, substantially compromising resilience to risk and consequent harm.		
No Assurance	The safety management safeguards are failing and require urgent management action.		
Total No of Audits		22	100%

The current agreed audit programme will continue and will be reported in this format for the remainder of the year. Starting from April 2024 the audit programme will be linked to H&S Risk and will be included in the risk update report shown in Para 4.

FINANCIAL AND LEGAL IMPLICATIONS

Financial - None

Legal - The Health and Safety team enable the Authority to comply with Regulation 7 of the Management of Health and Safety at Work Regulations 1999, to assist in complying with the requirements and prohibitions imposed under relevant statutory provisions.

RISK ASSESSMENT

The activity of the Health and Safety Team in conjunction with Line Manager's support, contribute to the effective identification and mitigation of a broad range of occupational health and safety risks.

COUNCIL PLAN IMPLICATIONS

None

CONSULTATION

N/A

Name of Contact Officer: Andrew Barber,
Assurance Manager
Telephone No: 01642 526176
Email Address: andrew.barber@stockton.gov.uk

Background Papers: Health and Safety Policy 2022

Ward(s) and Ward Councillors: None

Property Implications: None

This page is intentionally left blank

AGENDA ITEM.

REPORT TO AUDIT & GOVERNANCE COMMITTEE

29th JULY 2024

REPORT OF DEPUTY CHIEF EXECUTIVE & DIRECTOR OF FINANCE, PERFORMANCE & TRANSFORMATION

TREASURY MANAGEMENT STRATEGY – ANNUAL REPORT 2023/24

SUMMARY

This report informs Members of the performance against the treasury management and prudential indicators set in the Treasury Management Strategy approved by Council in February 2023.

REASONS FOR PRODUCING THIS REPORT

The Council operates under the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the Council to approve a treasury management annual report after the end of each financial year.

This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

Introduction

The Council's Treasury Management Strategy for 2023/24 was approved at Council on the 22nd February 2023. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council's Treasury Management Strategy.

The 2021 Prudential Code includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The Authority's Capital Strategy, complying with CIPFA's requirement, was approved by full Council on 22nd February 2023.

External Context

The Council's treasury management advisors Arlingclose have provided the following commentary on the external context.

Economic background: UK inflation continued to decline from the 8.7% rate seen at the start of 2023/24. By the last quarter of the financial year headline consumer price inflation (CPI) had fallen to 3.4% in February, but was still above the Bank of England's 2% target at

the end of the period. The core measure of CPI, i.e. excluding food and energy, also slowed in February to 4.5% from 5.1% in January, a rate that had stubbornly persisted for three consecutive months.

The UK economy entered a technical recession in the second half of 2023, as growth rates of -0.1% and -0.3% respectively were recorded for Q3 and Q4. Over the 2023 calendar year GDP growth only expanded by 0.1% compared to 2022. Of the recent monthly data, the Office for National Statistics reported a rebound in activity with economy expanding 0.2% in January 2024. While the economy may somewhat recover in Q1 2024, the data suggests that prior increases in interest rates and higher price levels are depressing growth, which will continue to bear down on inflation throughout 2024.

Labour market data provided a mixed message for policymakers. Employment and vacancies declined, and unemployment rose to 4.3% (3mth/year) in July 2023. The same month saw the highest annual growth rate of 8.5% for total pay (i.e. including bonuses) and 7.8% for regular pay growth (i.e. excluding bonuses). Thereafter, unemployment began to decline, falling to 3.9% (3mth/year) in January and pay growth also edged lower to 5.6% for total pay and 6.1% for regular pay, but remained above the Bank of England's forecast.

Having begun the financial year at 4.25%, the Bank of England's Monetary Policy Committee (MPC) increased Bank Rate to 5.25% in August 2023 with a 3-way split in the Committee's voting as the UK economy appeared resilient in the face of the dual headwinds of higher inflation and interest rates. Bank Rate was maintained at 5.25% through to March 2024. The vote at the March was 8-1 in favour of maintaining rates at this level, with the single dissenter preferring to cut rates immediately by 0.25%. Although financial markets shifted their interest rate expectations downwards with expectations of a cut in June, the MPC's focus remained on assessing how long interest rates would need to be restrictive in order to control inflation over the medium term.

In the Bank's quarterly Monetary Policy Report (MPR) released in August 2023 the near-term projection for services price inflation was revised upwards, goods price inflation widespread across products, indicating stronger domestic inflationary pressure with second-round effects in domestic prices and wages likely taking longer to unwind than they did to emerge. In the February 2024 MPR the Bank's expectations for the UK economy were positive for the first half of 2024, with a recovery from the mild recession in calendar H2 2023 being gradual. Headline CPI was forecast to dip below the 2% target quicker than previously thought due to declining energy prices, these effects would hold inflation slightly above target for much of the forecast horizon.

Following this MPC meeting, Arlingclose, the authority's treasury adviser, maintained its central view that 5.25% remains the peak in Bank Rate and that interest rates will most likely start to be cut later in H2 2024. The risks in the short-term are deemed to be to the downside as a rate cut may come sooner than expected, but then more broadly balanced over the medium term.

Financial markets: Sentiment in financial markets remained uncertain and bond yields continued to be volatile over the year. During the first half of the year, yields rose as interest rates continued to be pushed up in response to rising inflation. From October they started declining again before falling sharply in December as falling inflation and dovish central bank

attitudes caused financial markets to expect cuts in interest rates in 2024. When it emerged in January that inflation was stickier than expected and the BoE and the Federal Reserve were data dependent and not inclined to cut rates soon, yields rose once again, ending the period some 50+ bps higher than when it started.

Over the financial year, the 10-year UK benchmark gilt yield rose from 3.44% to peak at 4.75% in August, before then dropping to 3.44% in late December 2023 and rising again to 3.92% (28th March 2024). The Sterling Overnight Rate (SONIA) averaged 4.96% over the period to 31st March.

Credit review: In response to an improving outlook for credit markets, in January 2024 Arlingclose moved away from its previous temporary stance of a 35-day maximum duration and increased its advised recommended maximum unsecured duration limit on all banks on its counterparty list to 100 days.

In the final quarter of the financial year, Fitch revised the outlook on the UK sovereign rating to stable from negative based on their assessment that the risks to the UK’s public finances had decreased since its previous review in October 2022, the time of the mini- budget.

Credit default swap prices began the financial year at elevated levels following the fallout from Silicon Valley Bank and collapse/takeover of other lenders. From then the general trend was one of falling prices and UK lenders’ CDS ended the period at similar levels to those seen in early 2023.

Heightened market volatility is expected to remain a feature, at least in the near term and, credit default swap levels will be monitored for signs of ongoing credit stress. As ever, the institutions and durations on the Authority’s counterparty list recommended by Arlingclose remain under constant review.

Local Context

On 31st March 2024 the Council had net borrowing of £86.61m arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These factors are summarised in Table 1 below.

Table 1: Balance Sheet Summary

	31.3.23 Actual £m	2023/24 Movement £m	31.3.24 Actual £m
General Fund CFR	184.16	5.83	189.99
Less: Other debt liabilities	(6.79)	1.24	(5.55)
Borrowing CFR	177.37	7.07	184.44
Less: Usable reserves	(115.71)	12.22	(103.49)
Less: Working capital	3.72	1.95	5.67
Net Borrowing / (Investments)	65.38	21.23	86.61

The Authority pursued its strategy of keeping borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk and keep interest costs low.

The treasury management position at 31st March 2024 and the change during the year is shown in Table 2 below.

Table 2: Treasury Management Summary

	31.3.23 Balance £m	2023/24 Movement £m	31.3.24 Balance £m	31.3.24 Rate %
Long-term borrowing	77.43	12.32	89.75	
Short-term borrowing	16.81	1.83	18.64	
Total borrowing	94.24	14.15	108.39	5.40%
Long-term investments	13.56	(0.53)	13.03	
Short-term investments	0.00	0.00	0.00	
Cash and cash equivalents	15.30	(6.55)	8.75	
Total investments	28.86	(7.09)	21.77	
Net Borrowing / (Investments)	65.38	21.23	86.61	

During the year long term loans increased by £12.3m due to the requirement to fund the capital programme. In November 2023 a £10m 7 year loan and a £5m 5 year loan were entered into via the Public Works Loan Board (PWLB).

Table 2a: Long-dated Loans borrowed

Long-dated Loans borrowed	Amount £m	Rate %	Period (Years)
PWLB EIP Loan - Nov 2023	10.0	4.96	7
PWLB Maturity Loan - Nov 2023	5.0	4.87	5
Total borrowing	15.0		

Short term loans increased by £1.83m during the year. After other short term loans matured during the year there was a requirement for cash flow purposes to enter into further loans during the last months of the financial year.

Overall total borrowing increased from £94.24m as at 31st March 2023 to £108.39m as at 31st March 2024.

Total investments decreased during the year reducing £7.09m from £28.86m at the end of 2022-23 to £21.77m at the end of 2023-24. This was due to the authority internally borrowing to fund the capital programme, repayment of government grants and planned use of reserves.

Borrowing Update

CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement, and so may lead to new borrowing, unless directly and primarily related to the functions of the Authority. PWLB loans are no longer available to local authorities planning to buy investment

assets primarily for yield unless these loans are for refinancing purposes.

The Authority has not invested in assets primarily for financial return or that are not primarily related to the functions of the Authority. It has no plans to do so in future.

The Authority currently holds £17.790m in commercial investments (2022-23 £16.558m) that were purchased prior to the change in the CIPFA Prudential Code. The Authority as part of the updated code in the future will need review the options for exiting these investments if there is an economical case to do so.

Borrowing Strategy and Activity

As outlined in the treasury strategy, the Authority's chief objective when borrowing has been to strike an appropriately low risk balance between securing lower interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority's long-term plans change being a secondary objective. The Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.

Interest rates have seen substantial rises over the last two years, although these rises have now begun to plateau. Gilt yields fell in late 2023, reaching April 2023 lows in December 2023 before rebounding to an extent in the first three months of 2024. Gilt yields have remained volatile, seeing upward pressure from perceived sticker inflation at times and downward pressure from falling inflation and a struggling economy at other times.

On 31st December, the PWLB certainty rates for maturity loans were 4.74% for 10-year loans, 5.18% for 20-year loans and 5.01% for 50-year loans. Their equivalents on 31st March 2023 were 4.33%, 4.70% and 4.41% respectively.

The cost of short term borrowing from other local authorities has generally risen with Base Rate over the year. Interest rates peaked at around 7% towards the later part of March 2024 as many authorities required cash at the same time. These rates are expected to fall back to more normal market levels in April 2024.

At 31st March 2024 the Council held £108.39m of loans, an increase of £14.15m from the previous year. The year-end borrowing position and the year-on-year change is shown in Table 3 below.

Table 3: Borrowing Position

	31.3.23 Balance £m	2023/24 Movement £m	31.3.24 Balance £m	Average Rate %	31.3.24 WAM* years
Public Works Loan Board	41.11	14.02	55.13	4.78%	6.0
Banks (LOBO)	37.00	0.00	37.00	4.83%	35.9
Local Authorities	16.13	0.12	16.26	6.60%	0.0
Banks (fixed-term)	0.00	0.00	0.00	0.00%	0.0
Total borrowing	94.24	14.15	108.39	5.40%	15.5

*Weighted average maturity

The Council continues to holds £37m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate as set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. No banks exercised their option during the year.

Treasury Investment Activity

The CIPFA Treasury Management Code now defines treasury management investments as those investments which arise from the Authority’s cash flows or treasury risk management activity that ultimately represents balances that need to be invested until the cash is required for use in the course of business.

The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During the year, the Council’s investment balances fluctuated due to timing differences between income and expenditure.

The year-end investment position is shown in Table 4 below.

Table 4: Treasury Investment Position

	31.3.23 Balance	Net Movement	31.3.24 Balance	31.3.24 Income Return
	£m	£m	£m	%
Banks & building societies	0.24	0.16	0.40	3.25
Government (incl. LA's)	0.00	0.00	0.00	0.00
Money Market Funds	15.00	-6.70	8.30	5.26
Pooled Property funds	13.56	-0.53	13.03	4.56
Total investments	28.80	-7.07	21.73	

Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council’s objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

The Authority expects to be a long-term borrower and new treasury investments are therefore primarily made to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different asset classes and boost investment income

Bank Rate increased by 1% over the period, from 4.25% at the beginning of April 2023 to 5.25% by the end March 2024. Short term rates peaked at 5.7% for 3-month rates and 6.7% for 12-month rates during the period, although these rates subsequently began to decline towards the end of the period. Money Market Rates also rose and were between 4.4% and 5.7% by the end of March 2024.

The progression of credit risk and return metrics for the Council’s investments managed in-house are shown in the extracts from Arlingclose’s quarterly investment benchmarking in Table 5 below.

Table 5: Investment Benchmarking – Treasury investments managed in-house

	Credit Score	Credit Rating	Bail-in Exposure	WAM* (days)	Rate of Return
31.03.2023	4.92	A+	100%	1	3.85%
30.06.2023	4.68	A+	79%	4	4.40%
30.09.2023	4.32	AA-	84%	2	4.84%
31.12.2023	5.35	A+	100%	1	5.15%
31.03.2024	4.89	A+	100%	1	5.07%
Similar LA's (31.03.24)	4.95	A+	64%	58	5.13%
All LAs (31.03.24)	4.82	A+	61%	9	5.10%

*Weighted average maturity

Externally Managed Pooled Funds: £13.03m (based on 31.3.24 valuation) of the Council's investments are held in an externally managed strategic pooled property fund where short-term security and liquidity are lesser considerations, and the objectives instead are regular revenue income and long-term price stability. These funds generated a dividend return of £0.683m (4.92%) (£0.587m 2022-23) which is used to support services in year.

The market background for commercial property improved marginally in 2023 and was more stable, in contrast to the very challenging backdrop of 2022. Low transactional volumes were a constraint on valuations and made prospective sellers and buyers more cautious. Although many sectors lacked momentum, there was growing confidence in the longer-term outlook as occupier demand and rental markets held up. Industrial and retail warehousing sectors remained strong, but the retail and offices sectors remained weak, the latter continuing to be hindered by low occupancy from hybrid working practices.

The change in the Authority's funds' capital values and income earned over the 12-month period is shown in Table 4.

Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's medium- to long-term investment objectives are regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years; but with the confidence that over a three- to five-year period total returns will exceed cash interest rates.

Statutory Override: In April 2023 the Department for Levelling Up, Housing and Communities (DLUHC), renamed as the Ministry for Housing, Communities & Local Government (MHCLG) published the full outcome of the consultation on the extension of the statutory override on accounting for gains and losses on pooled investment funds. The override has been extended until 31st March 2025, but no other changes have been made; whether the override will be extended beyond this date is unknown but commentary to the consultation outcome suggests it will not. The Authority will discuss with Arlingclose the implications for the investment strategy and what action may need to be taken.

Non-Treasury Investments

The definition of investments in the Treasury Management Code now covers all the financial assets of the Authority as well as other non-financial assets which the Authority holds primarily for financial return. Investments that do not meet the definition of treasury management investments (i.e. management of surplus cash) are categorised as either for

service purposes (made explicitly to further service objectives) and or for commercial purposes (made primarily for financial return).

Investment Guidance issued by the Department for Levelling Up Housing and Communities (DLUHC) also broadens the definition of investments to include all such assets held partially or wholly for financial return.

The Council also held £18.213m of such investments in;

- directly owned property £17.970m
- loans to local businesses £0.039m
- other £0.204m

These investments generated £0.902m of investment income for the Council after taking account of direct costs in 2023/24 representing a rate of return of 5.02%.

Consultations

In December DLUHC, renamed as the Ministry for Housing, Communities & Local Government (MHCLG), published two consultations: a “final” consultation on proposed changes to regulations and statutory guidance on MRP closing on 16th February and a “call for views” on capital measures to improve sector stability and efficiency closing on 31st January.

Draft regulations and draft statutory guidance are included in the MRP consultation. The proposals remain broadly the same as those in June 2022 – to limit the scope for authorities to (a) make no MRP on parts of the capital financing requirement (CFR) and (b) to use capital receipts in lieu of a revenue charge for MRP.

In its call for views on capital measures, government wishes to engage with councils to identify and develop options for the use of capital resources and borrowing to support and encourage ‘invest-to-save’ activity and to manage budget pressures without seeking exceptional financial support. Whilst Government has identified some options including allowing authorities to capitalise general cost pressures and meet these with capital receipts, there is no commitment to take any of the options forward.

Compliance

The Deputy Chief Executive and Director of Finance, Performance & Transformation reports that all treasury management activities undertaken during the year complied fully with the CIPFA Code of Practice and the Council’s approved Treasury Management Strategy. Compliance with specific investment limits is demonstrated below.

Compliance with the authorised limit and operational boundary for external debt is demonstrated in Table 6 below.

Table 6: Debt Limits

	2023/24 Maximum	31.3.24 Actual	2023/24 Operational Boundary £m	2023/24 Authorised Limit £m	Complied
Borrowing	108.39	108.39	212.90	222.90	✓
PFI & finance leases	5.55	5.55	6.50	6.50	✓
Total debt	113.94	113.94	219.40	229.40	✓

Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure. Total debt was above the operational boundary for 0 days during 2023/24.

Compliance with specific investment limits is demonstrated in Table 7 below.

Table 7: Investment Limits

	2023/24 Maximum	31.3.24 Actual	2023/24 Counterparty Limit	2023/24 Financial Limit	Complied
The UK Government	£29.80	£0m	Unlimited	N/A	✓
Local authorities & other government entities	£0m	£0m	£5m	Unlimited	✓
Secured investments	£0m	£0m	£5m	Unlimited	✓
Banks (unsecured)	£1.72m	£0.40m	£2.5m	Unlimited	✓
Building societies (unsecured)	£0m	£0m	£2.5m	£5m	✓
Registered providers (unsecured)	£0m	£0m	£2.5m	£12.5m	✓
Money market funds	£30m	£8.3m	£5m	Unlimited	✓
Strategic pooled funds	£13.5m	£13.03m	£15m	£25m	✓
Real estate investment trusts	£0m	£0m	£5m	£12.5m	✓
Other investments	£0m	£0m	£2.5m	£5m	✓

** see table 4 above for actual values with individual counterparties as at 31st March 2024.*

Treasury Management Prudential Indicators

The Council measures and manages its exposures to treasury management risks using the following indicators.

Maturity Structure of Borrowing: This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

	31.3.24 Actual	Upper Limit	Lower Limit	Complied
Under 12 months	17%	25%	0%	✓
12 months and within 24 months	3%	40%	0%	✓
24 months and within 5 years	13%	60%	0%	✓
5 years and within 10 years	14%	80%	0%	✓
10 years and above	53%	100%	0%	✓

Principal Sums Invested for Periods Longer than 365 days: The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

	2023/24	2024/25	2025/26
Actual principal invested beyond year end	£15m	£15m	£15m
Limit on principal invested beyond year end	£60m	£50m	£40m
Complied	✓	✓	✓

Prudential Indicators 2023/24

Introduction: The Local Government Act 2003 requires the Council to have regard to the Chartered Institute of Public Finance and Accountancy's Prudential Code for Capital Finance in Local Authorities (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Council has fulfilled these objectives, the 2021 Prudential Code sets out the following indicators that must be set and monitored each year.

This report compares the approved indicators with the outturn position for 2023/24. Actual figures have been taken from or prepared on a basis consistent with, the Council's Statement of Accounts.

Capital Expenditure: The Council's capital expenditure and financing is summarised as follows.

Capital Expenditure and Financing	2023/24 Estimate £m	2023/24 Actual £m	Difference £m
Total Expenditure	101.3	54.6	(46.70)
Capital Receipts	1.80	1.5	(0.30)
Grants & Contributions	63.9	43.1	(20.80)
Revenue	5.1	1.7	(3.40)
Borrowing	30.5	8.3	(22.20)
Total Financing	101.3	54.6	(46.70)

Capital Financing Requirement: The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose.

Capital Financing Requirement	31.03.24 Estimate	31.03.24 Actual	Difference
	£m	£m	£m
General Fund	212.90	189.99	(22.91)
Total CFR	212.90	189.99	(22.91)

There was a difference of £22.91m on the CFR from the original estimate due to a variance against the in year approved spend profile within the capital programme.

Actual Debt: The Council's actual debt at 31st March 2024 was as follows:

Debt	31.03.24 Estimate	31.03.24 Actual	Difference
	£m	£m	£m
Borrowing	169.66	108.39	(61.27)
Finance leases	3.30	2.85	(0.45)
PFI liabilities	3.10	2.70	(0.40)
Total Debt	176.06	113.94	(62.12)

There was a significant reduction in the planned borrowing requirements during 2023/24 due to slippage on the capital programme and use of unapplied capital grants in year. There was also a positive cash movement on the collection fund which meant borrowing could be deferred.

Gross Debt and the Capital Financing Requirement: In order to ensure that over the medium term debt will only be for a capital purpose, the Council should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence. The table below shows the position as at 31st March 2024;

Debt and CFR	31.03.24 Estimate	31.03.24 Actual	Difference
	£m	£m	£m
Total debt	176.06	113.94	(62.12)
Capital financing requirement	212.90	189.99	(22.91)
Headroom / (Under Borrowed)	(36.84)	(76.05)	(39.21)

Total debt during the year remained below the CFR. At the 31st March the Council was under borrowed by £76.05m.

Operational Boundary for External Debt: The operational boundary is based on the Council's estimate of most likely (i.e. prudent but not worst case) scenario for external debt. It links directly to the Council's estimates of capital expenditure, the capital financing requirement and cash flow requirements, and is a key management tool for in-year monitoring. Other long-term liabilities comprise finance lease, Private Finance Initiative and other liabilities that are not borrowing but form part of the Council's debt.

Operational Boundary and Total Debt	31.03.24 Boundary £m	31.03.24 Actual Debt £m	Complied
Borrowing	212.90	108.39	✓
Other long-term liabilities	6.50	5.55	✓
Total Debt	219.40	113.94	✓

Authorised Limit for External Debt: The authorised limit is the affordable borrowing limit determined in compliance with the *Local Government Act 2003*. It's the maximum amount of debt that the Council can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

Authorised Limit and Total Debt	31.03.24 Limit £m	31.03.24 Actual Debt £m	Complied
Borrowing	222.90	108.39	✓
Other long-term liabilities	6.50	5.55	✓
Total Debt	229.40	113.94	✓

Ratio of Financing Costs to Net Revenue Stream: This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income. The table below shows the position as at 31st March 2024.

Ratio of Financing Costs to Net Revenue Stream	31.03.24 Estimate %	31.03.24 Actual %	Difference %
General Fund	3.4%	1.3%	-2.1%

Name of Contact Officer: Andy Bryson
Post Title: Chief Accountant
Telephone No.: 01642 528850
Email Address: andy.bryson@stockton.gov.uk



Audit Progress Report

Stockton-on-Tees Borough Council 2023-24

July 2024

Contents

Page 36

- 01** Audit Progress
- 02** National Publications
- 03** Forvis Mazars Public Sector Insights

Audit progress

01

Purpose of this report

To provide an update on progress of the Council's 2023-24 audit. The scope of our engagement is set out in the Statement of Responsibilities of Auditors and Audited Bodies, issued by Public Sector Audit Appointments Ltd (PSAA) available from the PSAA website: www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies. Our responsibilities are principally derived from the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (NAO).

Update on the 2023/24 Financial Statements Audit

From the beginning of the 2023/24 audit, James Collins has taken on the role as the new Engagement Lead from Gavin Barker. Nora Natova will be the Audit Manager, replacing Cath Andrew. David Hurworth will continue to be the Team Lead for the audit.

We have started our preliminary planning for the 2023/24 audit. On page 6, we have set out a broad timetable for your 2023/24 audit.

We will present our Audit Strategy Memorandum 2023/24 to the next meeting of the Audit and Governance Committee in September 2024. At this stage, we do not anticipate significant changes to the overall risk profile, or audit approach since the 2022/23, based on initial inquiries of management.

We are working towards completing most of our work, except for pensions, and produce an Audit Completion Report for the November 2024 Audit and Governance Committee. A follow-up letter will be issued to report on any findings subsequently to this, due to the required assurances needed from the Pension Fund auditor which are not expected to come through in time for audit completion in November 2024. We anticipate that the receipt of those will come through into the new year (January/ February 2025) at which point we will be able to conclude the audit.

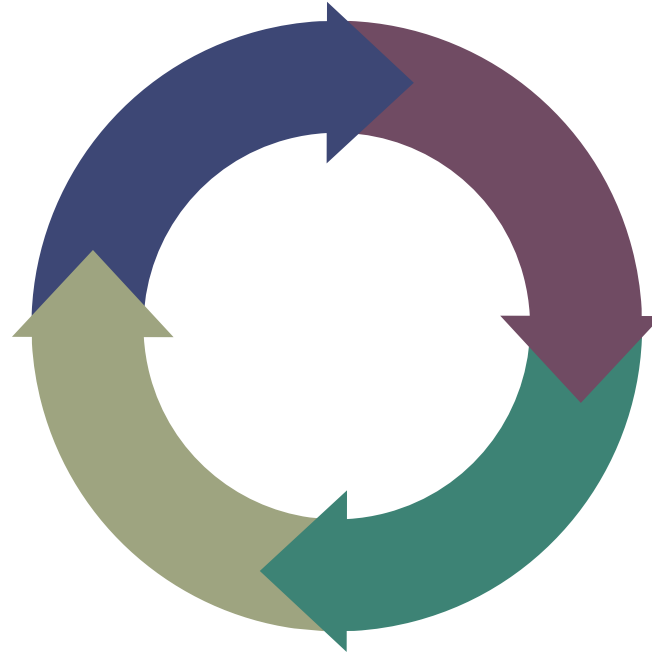
Audit timeline

Our audit will be planned and performed to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view.

The timeline for the 2023/24 audit is set out below. We will update the Audit and Governance Committee if these timescales change over the course of the audit.

Planning and Risk Assessment (July- August 2024)

- Planning visit and developing our understanding of the Council
- Considering proposed accounting treatments and accounting policies
- Developing the audit strategy and planning the audit work to be performed
- Agreeing timetable and deadlines
- Risk assessment analytical procedures
- Determination of materiality
- Documenting systems and controls
- Performing walkthroughs
- Initial assessment of VFM arrangements



Fieldwork (August- November 2024)

- Reassessment of audit plan and revision if necessary
- Reviewing draft financial statements
- Delivering our audit strategy starting with significant risks and high-risk areas including detailed testing of transactions, account balances and disclosures
- Communicating progress and issues
- Ongoing review of VFM arrangements
- Clearance meeting

Completion (November 2024/ January-February 2025)*

- Final review and disclosure checklist of financial statements
- Final engagement lead review and internal quality reviews
- Agreeing content of letter of representation
- Reporting to the Audit and Governance Committee
- Reviewing subsequent events
- Issuing the Auditor's Annual Report
- Signing the independent auditor's report

* Expected timing for the receipt of Pension Fund auditor assurance

National Publications

02

National Publications

	Publication/update	Key points
National Audit Office		
1	Overcoming challenges to managing risks in government, December 2023	The NAO has published a guide Overcoming challenges to managing risks in government aimed at senior leaders and risk practitioners across government.
2	Good practice in annual reporting, February 2024	The NAO has published a good practice guide on annual reporting which sets out principles of annual reporting. The guide showcases real-world examples of good practice for annual reporting from organisations from the public, private and charity sectors, who are leading the way.
3	Whistleblowing in the civil service, February 2024	The NAO has published a guide for people who deal with whistleblowers, investigate concerns or manage whistleblowing processes in government organisations.
4	Whole of Government Accounts 2021-22, March 2024	The NAO has completed its audit of the Whole of Government Accounts 2021-22.
5	NAO report: Use of artificial intelligence in government, March 2024	The NAO has published a report considering how effectively the government has set itself up to maximise the opportunities and mitigate the risks of Artificial Intelligence (AI) in providing public services.
Department for Levelling Up Homes and Communities (DLUHC)		
6	Capital finance: guidance on minimum revenue provision, April 2024	Statutory guidance on the Minimum Revenue Provision.

National Publications

	Publication/update	Key points
CIPFA		
7	Code of Practice on Local Authority Accounting in the UK 2024/25, May 2024	Code of Practice for 2024/25 financial statements.
8	IFRS16 Leases: A Guide for Local Authority Practitioners 2023 Edition, May 2023	Guidance for Local Authorities in implementing IFRS16, lease accounting.
Other		
9	HM Treasury consultation: Non-investment Asset Valuation – Exposure Draft, December 2023	Draft proposals for changes that will affect Financial Reporting Manual (FRM) adaptations and interpretations of International Accounting Standard 16 Property Plant and Equipment (IAS 16) and adaptations of International Accounting Standard 38 Intangibles (IAS 38), in respect of the measurement of assets.
10	Office for Local Government (Oflog): consultation on draft Corporate Plan 2024 to 2027, February 2024	Consultation on corporate plan for the new Office for Local Government.
11	FRC report on the quality of major local audits, December 2023	Annual report from FRC inspections of local audits.

1. NAO Insight: Overcoming challenges to managing risks in government, December 2023

The NAO has published a guide Overcoming challenges to managing risks in government aimed at senior leaders and risk practitioners across government.

The guide outlines 10 approaches to overcome these challenges and each approach is supported by an outline of why this is a priority for government; case studies and quotes; and practical tips.

The guide has been drawn from insights from NAO's reports and insight teams, as well as the thoughts of a range of leaders and practitioners from NAO audited bodies and external organisations across industry and academia.

<https://www.nao.org.uk/insights/overcoming-challenges-to-managing-risks-in-government/>

2. NAO insight: Good practice in annual reporting, February 2024

The NAO has published a good practice guide on annual reporting which sets out principles of annual reporting grouped into four areas:

- Supporting accountability
- Transparency
- Accessibility
- Understandability

The guide showcases real-world examples of good practice for annual reporting from organisations from the public, private and charity sectors, who are leading the way. [Good practice in annual reporting -](#)

[National Audit Office \(NAO\) insight](#)

3. NAO insight: Whistleblowing in the civil service 2022-23, February 2024

The NAO has published a guide for people who deal with whistleblowers, investigate concerns or manage whistleblowing processes in government organisations for example those who might:

- work in HR policy
- work in a team that oversees progress with whistleblowing cases
- design whistleblowing processes
- be the first point of contact for whistleblowers who raise concerns by email or phone
- investigate concerns raised by whistleblowers
- be a nominated officer or senior member of staff that people can raise concerns with

Every organisation is different, so there is no single approach to follow for improving whistleblowing. This guide is not a comprehensive list of everything but it does set out areas to be mindful of and what other organisations find helps them.

[Whistleblowing in the civil service - NAO insight](#)

4. Whole of Government Accounts 2021-22, March 2024

The NAO has completed its audit of the 2021-22 Whole of Government Accounts. The Whole of Government Accounts consolidates the accounts of central and local government and public corporations such as the Bank of England, to provide a picture of the UK's public finances.

<https://www.nao.org.uk/reports/whole-of-government-accounts-2021-22/>

5. NAO report: Use of artificial intelligence in government

The NAO has published a report considering how effectively the government has set itself up to maximise the opportunities and mitigate the risks of Artificial Intelligence (AI) in providing public services. The primary focus for this report is the role of the Cabinet Office and DSIT in supporting the adoption of AI in the public sector. Specifically, the report looks at:

- the government's strategy and governance for AI use in public services (Part One).
- how government bodies are using AI and how government understands the opportunities (Part Two).
- central government's plans for supporting the testing, piloting and scaling of AI; and progress in addressing barriers to AI adoption (Part Three).

<https://www.nao.org.uk/reports/use-of-artificial-intelligence-in-government/>

6. Capital finance: guidance on minimum revenue provision, April 2024

Following its consultation, DLUHC has published its response to the consultation, and a revised, 5th edition of its guidance for local authorities on determining a prudent level of minimum revenue provision when investing in their capital assets. This 5th edition of the guidance applies for accounting periods starting on or after 1 April 2025, with the exception of paragraphs 74 to 77 of the guidance which apply from 7 May 2024. The guidance is issued under section 21(1A) of the Local Government Act 2003. Under that section local authorities are required to “have regard” to this guidance.

<https://www.gov.uk/government/consultations/changes-to-the-capital-framework-minimum-revenue-provision/outcome/government-response-to-the-consultation-on-changes-to-statutory-guidance-and-regulations-minimum-revenue-provision>

<https://www.gov.uk/government/publications/capital-finance-guidance-on-minimum-revenue-provision-third-edition/capital-finance-guidance-on-minimum-revenue-provision-5th-edition>

7. Code of Practice on Local Authority Accounting in the UK 2024/25, May 2024

CIPFA has published its 2024/25 Code of Practice. This 2024/25 edition of the Code has been developed by CIPFA/LASAAC and has effect for financial years commencing on or after 1 April 2024.

The Code specifies the principles and practices of accounting required to prepare financial statements which give a true and fair view of the financial position and transactions of a local authority. The Code applies to local government organisations across the UK including local authorities, police bodies, fire services and other local public service bodies.

This edition of the Code introduces mandatory adoption of IFRS 16 Leases. Other amendments include:

- a suggestion that narrative reporting could reflect on the risk that a Section 114 notice might be issued
- recent changes to the IFRS treatment of sale and leaseback arrangements
- specifying the treatment on initial application of IFRS 16 where service concession arrangements provide for variable payments that depend on an index or rate.

<https://www.cipfa.org/policy-and-guidance/publications/c/code-of-practice-on-local-authority-accounting-in-the-united-kingdom-202425-online>

8. IFRS16 Leases: A Guide for Local Authority Practitioners 2023 Edition, May 2023

This publication provides guidance on IFRS 16 Leases for 2022/23, which is applicable to those authorities deciding to voluntarily implement the requirements of Appendix F of the Code (which includes the specifications applicable to those entities implementing IFRS 16 as of 1 April 2022). It will also be of interest to those intending to apply as of 1 April 2023 and those mandatorily implementing as of 1 April 2024.

This guidance on IFRS 16 provides comprehensive coverage of the proposed requirements for lessees. Although there have not been significant changes to the requirements for lessors, the guidance also includes extensive commentary on this area.

<https://www.cipfa.org/policy-and-guidance/publications/i/ifrs-16-leases-a-guide-for-local-authority-practitioners-2023-edition>

9. HM Treasury consultation: Non-investment Asset Valuation – Exposure Draft (ED) 23/01 Treasury consultation: Non-investment Asset Valuation

HM Treasury has published its consultation on proposals for changes that will affect its Financial Reporting Manual (FRoM) adaptations and interpretations of International Accounting Standard 16 Property Plant and Equipment (IAS 16) and adaptations of International Accounting Standard 38 Intangibles (IAS 38), in respect of the measurement of assets. The changes flow from HM Treasury's thematic review of non-investment asset valuations and the exposure draft covers the whole UK public sector, which is the boundary for the Whole of Government Accounts.

The document contains HM Treasury's proposed changes to the valuation of non-investment assets as discussed and agreed by the Financial Reporting Advisory Board. Its publication forms part of due processes for any such changes. It is a technical document that sets out the rationale for HM Treasury's conclusions, and the detail of proposed changes to the FRoM. The ED does not recommend a transition to historic (deemed) cost model for non-investment assets. The proposals include:

- Introducing a new asset class, Assets held for their operational capacity, to replace the present categories of specialised assets and non-specialised assets.
- Maintaining the Existing Use Value (EUv) measurement basis.
- Maintaining the Depreciated Replacement Cost (DRC) of a Modern Equivalent Asset (MEA) measurement basis.
- Removing the requirement to consider alternative sites in determining the DRC measurement.
- Changing the measurement basis of Intangible Assets to be at historical (deemed) cost on transition and historic cost thereafter.

[Non-investment Asset Valuation - Exposure Draft 23 \(01\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/non-investment-asset-valuation-exposure-draft-23-01)

10. Office for Local Government (Oflog): consultation on draft Corporate Plan 2024 to 2027, February 2024

Oflog consulted on its draft Corporate Plan 2024-2027. The consultation ran from 15 February 2024 to 14 March 2024. The Corporate Plan proposes how Oflog will deliver its strategic objectives set out in the remit letter from the Secretary of State for Levelling Up, Housing and Communities. Oflog will publish its final Corporate Plan later this year.

<https://www.gov.uk/government/consultations/office-for-local-government-oflog-consultation-on-draft-corporate-plan-2024-to-2027>

Other Publications Continued

11. FRC report on the quality of major local audits, December 2023

The Financial Reporting Council (FRC) has published its report on the quality of major local audits which summarises the FRC's regulatory approach for financial years up to and including the year ended 31 March 2023 and sets out the findings from the 2022-23 inspections cycle.

There were six health and four local government audits selected for inspection in the 2022-23 cycle. The audits inspected had year-ends in March (or in one case May) 2021 (local government) and March 2022 (health). For local government audits, inspections were selected from those finished in the 2022 calendar year (regardless of the financial year the audit related to) due to the challenges brought on by the backlog.

Therefore, more audits were inspected from the health sector and as a result, the findings in the report are more indicative of audit quality in the health sector. All financial statement audits were assessed as good or limited improvements required. Areas requiring limited improvements included:

- Audit procedures regarding completeness and accuracy of expenditure.
- On the audit of one NHS Trust, the inspection concluded that audit procedures were not sufficiently tailored to address the impact of backlog maintenance.

In terms of value for money (VfM) inspections, six related to health and three local government bodies. This is less than the number of financial statement audits inspected because the auditor's work on VfM arrangements was not complete on one audit that was inspected. All VfM inspections were assessed as good or limited improvements required. Areas requiring limited improvements included:

- Risk assessment procedures not being performed in a timely manner.
- Not considering the arrangements in place at the body to manage, monitor and oversee its subsidiaries.
- The audit team not updating their initial risk assessment or reporting to consider how the body had achieved its outturn financial position.

[FRC publishes report on the quality of major local audits amid delays in local government](#)

Forvis Mazars Public Sector Insights

03



Forvis Mazars in numbers

Our specialist public and social sector team provides distinctive audit and advisory services across six sectors:

- Local government
- Central government
- Health (NHS)
- Education
- Social housing
- Charities

The team is one of the largest and most successful in the market, working with over 1000 public services clients nationally. We help these organisations to navigate their specific challenges and find better ways of working – whether it be through assurance, governance and risk, cyber security, sustainability, forensics, investigations, consulting or outsourcing.

108

Appointments to English Local Authorities

2023/24 PSAA Contract

8

Centres of excellence across England and Scotland

Public services is a key strategic market for Forvis Mazars and effective local audit is a fundamental part of the local accountability framework. We recognise the responsibilities and value we provide to our clients, local taxpayers and the general public.

140+

Public Sector External Audit Specialists

12

Key Audit Partners

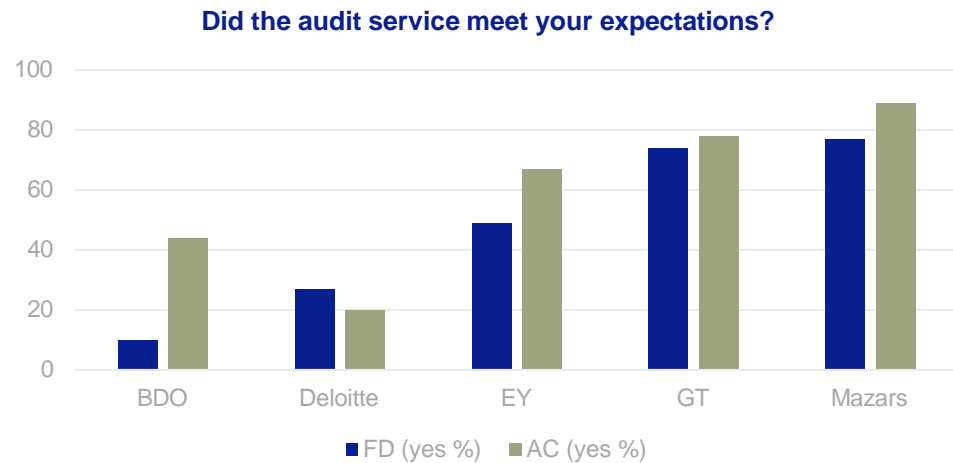
PSAA quality of audit services feedback survey

In August 2023 Public Sector Auditor Appointments Ltd (PSAA) published its fourth annual report on feedback from Finance Directors and Audit Committee Chairs of local authorities on their satisfaction with the audit services provided by local auditors.

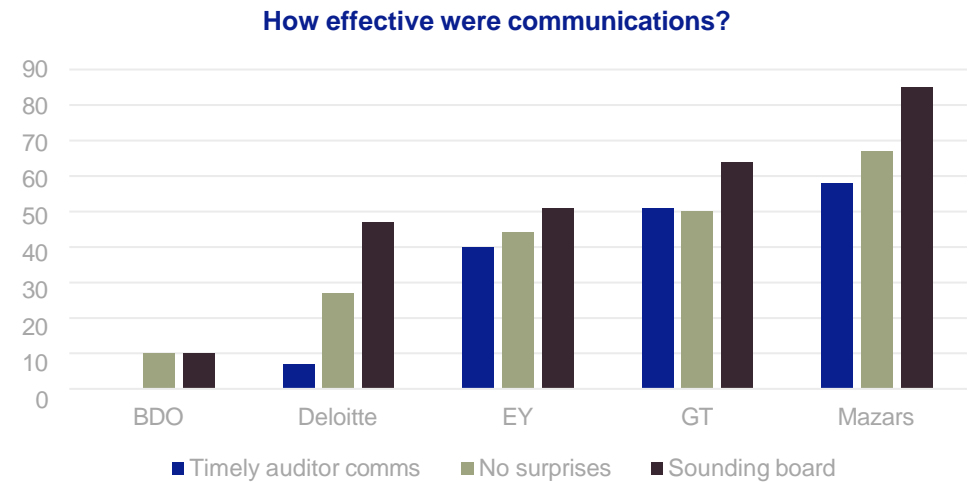
You can view the full PSAA report at [PSAA-Quality-of-Audit-Services-2021-22-feedback-survey.pdf](https://www.psaa.gov.uk/psaa-quality-of-audit-services-2021-22-feedback-survey.pdf)

We include on the next slides 4 key focus areas from the report.

Focus area 1 - To what extent did the audit service meet your expectations?

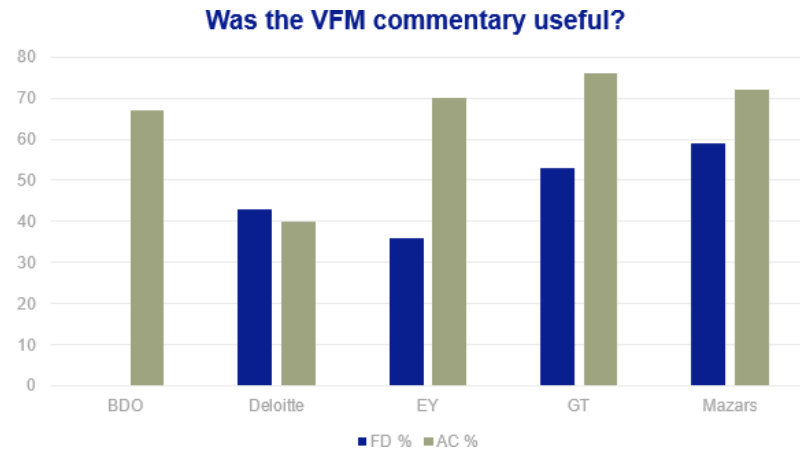


Focus area 2 - To what extent did your auditor provide effective and timely communications? Were the communications timely, with no surprises and was the auditor approachable as a sounding board?

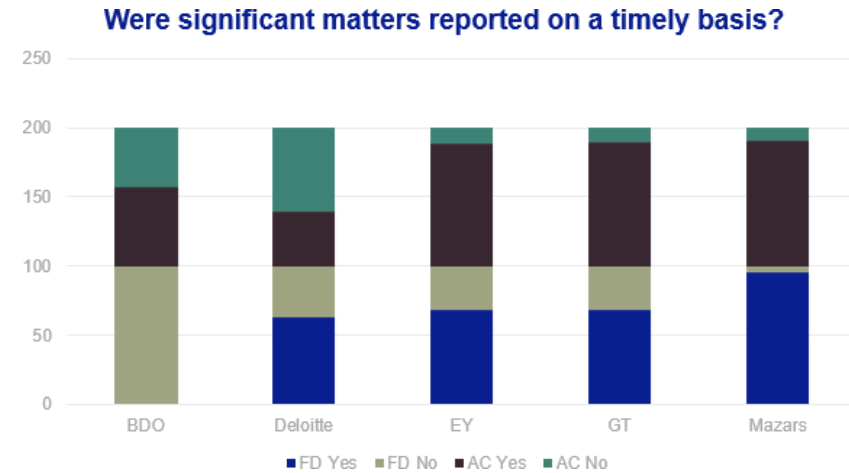


PSAA quality of audit services feedback survey continued

Focus area 3 - How useful did you find the auditor's VFM Commentary (fairly and very useful responses)?



Focus area 4 - Where significant concerns and weaknesses were identified, were these reported on a timely basis - yes or no?



Public Sector Insights

Click [here](#) to find and subscribe to our public and social sector articles. Or copy and paste this link: [Mazars - Public and social sector articles of interest - Forvis Mazars - United Kingdom](#):



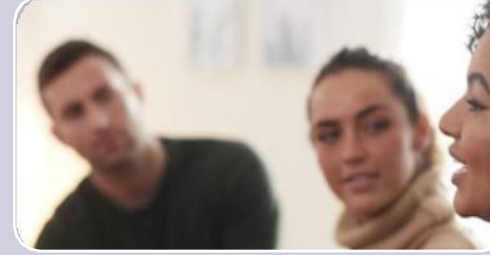
Recruitment crisis in the public sector

Insights from over 170 individuals across the UK public and social sector highlighted that the UK is on the cusp of a recruitment and retention crisis. Amid ongoing social and economic instability, how can we improve efforts to support our public sector workforce and effectively attract new talent?



Fiscal Pressure and inflation challenges

Over 300 individuals from across the UK public and social sector told us that the UK is at a critical juncture. Amid ongoing social and economic turmoil, decisive action is needed now to support those most in need.



Supporting vulnerable communities

Against a backdrop of political uncertainty, unprecedented strike action and the prevailing cost of living crisis – itself a consequence of the conflict in Ukraine among other factors – many of the UK's most vulnerable communities are at risk of becoming more marginalised and face more hardship.



A global public and social sector study (2023)

The public and social sector is in a time of transformation. Expectations of organisations in the sector are higher than ever while financial constraints and regulatory burdens are increasing.

To understand some of the challenges leaders in this sector face and the steps they are taking to tackle them, we surveyed more than 100 public sector executives in five countries.

Forvis Mazars

James Collins

Audit Director

Tel: + 44 (0) 191 383 6331

James.collins@mazars.com

The contents of this document are confidential and not for distribution to anyone other than the recipients.

Disclosure to third parties cannot be made without the prior written consent of Forvis Mazars LLP.

Forvis Mazars LLP is the UK firm of Forvis Mazars Global, a leading global professional services network. Forvis Mazars LLP is a limited liability partnership registered in England and Wales with registered number OC308299 and with its registered office at 30 Old Bailey, London, EC4M 7AU. Registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at www.auditregister.org.uk under reference number C001139861. VAT number: GB 839 8356 73

© Forvis Mazars 2024. All rights reserved.

This page is intentionally left blank

AGENDA ITEM

REPORT TO AUDIT & GOVERNANCE COMMITTEE 29 JULY 2024

REPORT OF DIRECTOR OF CORPORATE SERVICES

RISK MANAGEMENT UPDATE REPORT

SUMMARY

The purpose of this report is to inform members of the progress made in revising the Council's approach to the management of risk.

RECOMMENDATIONS

It is recommended that:-

1. Members note the progress made in revising the approach to Risk Management.

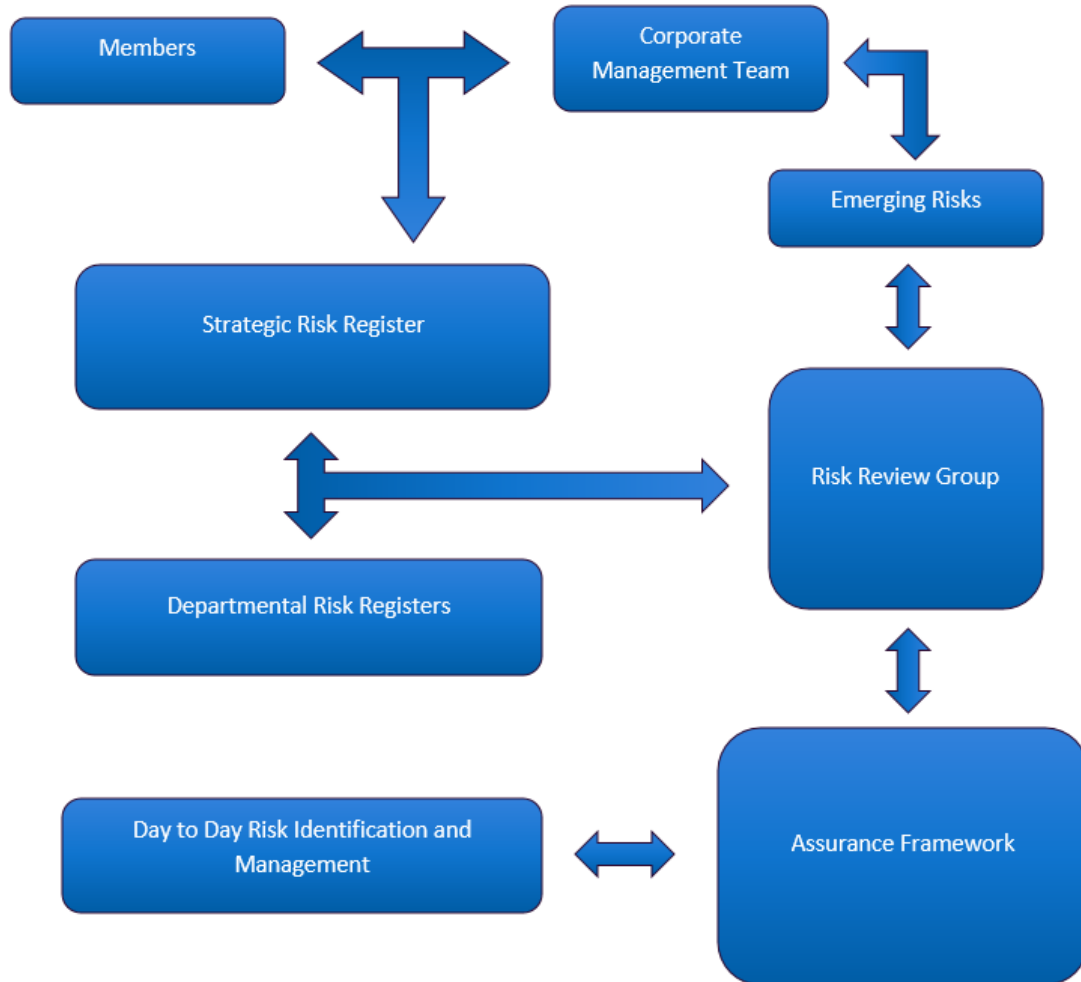
DETAIL

1. The current strategic risk register is primarily linked to the objectives in the current Council Plan. Assessment of the risks has relied heavily on the results of Internal Audit's work.
2. The revised approach has seen a new set of strategic risks developed, the wording of these risks is still being finalised, however the focus of the risks is not expected to change materially. The revised strategic risks are:
 - Risk of failure to support children who need help and protection
 - Risk of failure to support children in our care to achieve appropriate outcomes in care
 - Risk of failure to deliver effective strategies that support care leavers to achieve appropriate outcomes
 - Risk of failure to support children maximise their potential in education
 - Risk of failure to support children with disabilities and special educational needs to maximise their potential and understand future demands
 - Risk of failure to establish and maintain safe systems of care for adults
 - Risk of failure to manage and deliver good quality, sustainable care, treatment and support to vulnerable adults
 - Risk of failure to improve outcomes that support people to live healthy lives and reduce their future needs for care and support
 - Risk of failure of people to find suitable accommodation
 - Risk of failure to support people to feel safe in their communities

- Risk of failure to enable a growing economy to maximise business growth, employment and to generate Business Rates and Council Tax
 - Risk of failure to enable effective highways and transport infrastructure
 - Risk of failure to deliver transformation projects
 - Risk of failure to provide robust and resilient ICT infrastructure and systems, making effective use of new/emerging technologies
 - Risk of failure to effectively support our workforce to enable them to meet the challenges faced by the council and our residents
 - Risk of failure to maximise the use of Council owned land and property assets
 - Risk of failure to effectively deliver services within the agreed budget and to maintain a balanced MTFP
 - Risk of failure to operate good corporate governance
 - Risk of failure to maximise the use of Council owned vehicles and transport assets
 - Risk of failure to reduce carbon emissions and contribute to reducing the impact of global warming
 - Risk of failure to deliver a waste service which reduces the amount of waste to Energy From Waste whilst increasing levels of recycling.
 - Risk of failure to plan and deliver large scale capital projects
 - Risk of failure of residents to cope with the cost of living and to reduce poverty
 - Risk of failure to communicate effectively with residents, communities and partners
 - Risk of failure to plan and deliver large scale capital projects - CSEC Strand
 - Risk of failure to plan and deliver large scale capital projects - Adult's & Children's Strand
 - Failure to plan and deliver large scale capital projects - Regeneration Strand
3. Risk assessment has been strengthened, the risks are assessed by an independent Risk Review Group supported by an assurance framework. The assurance framework brings together evidence from a number of sources to establish the current status of the risk:
- Performance Information
 - Finance
 - Workforce
 - Contracts/Partnerships
 - Governance
 - Independent Feedback (Incorporating Internal Audit and other external sources such as Ofsted & CQC)
4. The Risk Review Group is made up of senior officers from each of these areas who have a detailed knowledge of the issues in their area and how these relate to the risks in the risk register.
5. Another key feature the revised approach is a simplification of the way in which the current risk status is assessed. Risks will be rated using a RAG rating:
- Red - Immediate concerns, actions must be developed to mitigate some of those immediate concerns in the short-term
 - Amber - Concerns identified, actions required but these can be planned over the medium term
 - Green - No current concerns

Note: Red/Amber risks may be tolerated, the concerns will still exist but it may be decided not to take any action depending on resources/priorities, this needs to be recorded.

6. The framework for managing risks can be summarized as follows:



7. A revised Risk Management Strategy will be presented to members and future reports to this committee will be structured around the revised strategic risk register as a separate report.

FINANCIAL AND LEGAL IMPLICATIONS

None directly

RISK ASSESSMENT

This is a summary of the Council's risk environment.

COUNCIL PLAN IMPLICATIONS

None

CONSULTATION

N/A

Name of Contact Officer: Andrew Barber, Audit & Risk Manager

Telephone No: 01642 526176

Email Address: a.barber@stockton.gov.uk

AGENDA ITEM

**REPORT TO AUDIT &
GOVERNANCE COMMITTEE
29 JULY 2024**

**REPORT OF DIRECTOR OF
CORPORATE SERVICES**

CORPORATE RISK REGISTER UPDATE REPORT AND INTERNAL AUDIT ACTIVITY REPORT

SUMMARY

The Committee is reminded that quarterly reports on the Corporate Risk Register are presented for the purpose of reviewing the key risks that have been identified as having the potential to deflect services from achieving their objectives over the next 12 months and beyond. They also set out the actions being taken to ensure that the risks, and possible adverse outcomes, are minimised.

As a reminder, risks are scored on a scale of one to five for both 'impact' and 'likelihood'.

To inform members of the progress of audit testing to date and present a forward plan of testing and the resources available to meet the plan to support the assessment of risk.

RECOMMENDATIONS

It is recommended that:-

1. The current risk position as identified in the attached update report is noted.
2. The results of audit activity is noted and agree that the work for the next quarter be prioritised using the audit risk assessment methodology as outlined in the Audit Charter.

DETAIL

1. Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. To support this, audit work is aligned to the strategic risk register and activity is structured around the strategic risks of the organisation.
2. The overall summary shows a summary of audit results against each risk area. The audit assurance is an indicator of how well controls to manage risks are operating, however this is an indicator of internal controls and there may be

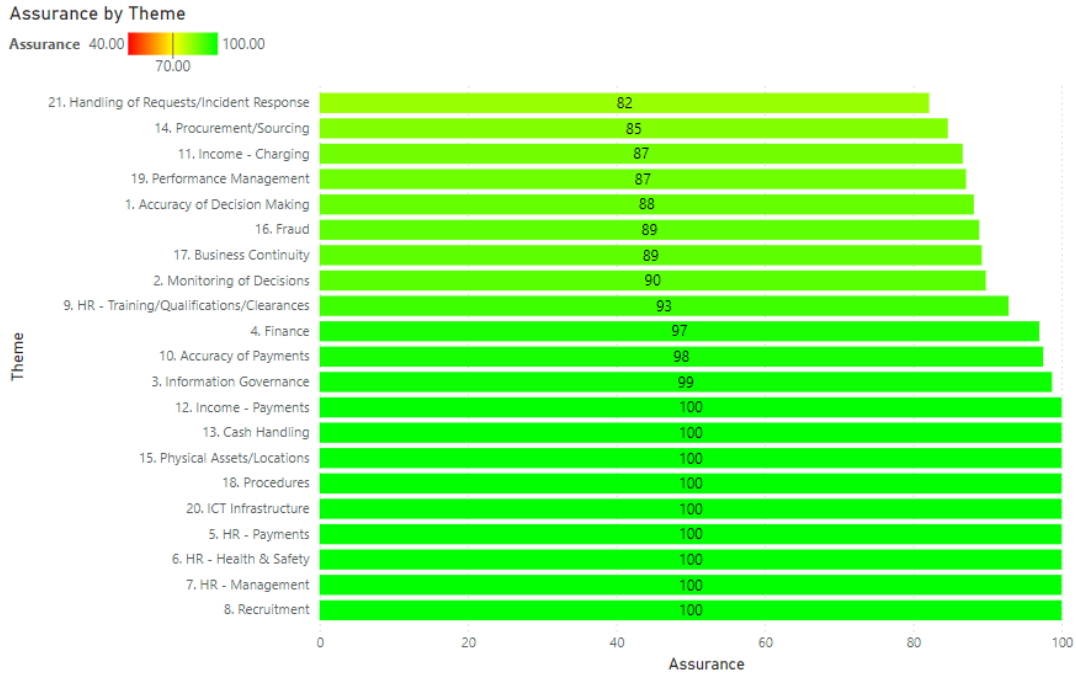
external factors that remain outside of the council's control which may need to be reflected in a higher risk score.

Risk	Red	Amber	Green	Total	Assurance
A growing economy		1	9	10	93.02
Clean and green spaces			7	7	100.00
Cohesive and safe communities			18	18	100.00
Dedicated and resourceful employees			24	24	100.00
Education and skills development		1	24	25	98.08
Financially sustainable and value for money		8	77	85	94.61
Great places to live and visit	1	6	29	36	88.14
Job creation and increased employment			3	3	100.00
People are supported and protected from harm	1	9	64	74	92.17
People live healthy lives	1	1	13	15	89.44
Rich cultural experiences			10	10	100.00
Strong leadership and governance	2	15	95	112	90.67
Total	5	41	373	419	93.04

- Audit testing results breaks down work undertaken in the previous period to provide members with an update on where audit resources have been employed and the results of that work. This will highlight any concerns raised in the period. There have been 3 Red controls identified in the period. The first relates to the achievement of recycling targets, this has previously been reported as red with a project in place to review arrangements, the second relates to the completion of the Public Health Research Assessment, a working group has now been established to progress this, the third relates to a requirement to produce a Business Continuity Plan for Adoption Tees Valley and the final control relates to management oversight of unregulated placements, whilst arrangements are in place there remains significant pressures on placements.

Risk	Red	Amber	Green	Total
			4	4
Clean and green spaces			2	2
Cohesive and safe communities			2	2
Dedicated and resourceful employees			3	3
Education and skills development		1	3	4
Financially sustainable and value for money		3	10	13
Great places to live and visit	1	2	2	5
Job creation and increased employment			2	2
People are supported and protected from harm	1	6	21	28
People live healthy lives	1		7	8
Rich cultural experiences			3	3
Strong leadership and governance	1	3	22	26
Total	4	15	81	100

- The next section is a graph against key governance themes, this is for all testing undertaken not just in the period. With all areas showing as 80% or higher there are no issues to bring to members attention.



5. Planned work identifies the areas to be examined in the next period as required by the Public Sector Internal Audit Standards. Members are reminded that each control is risk assessed to determine the frequency of testing, audit work is planned and undertaken a rolling programme which prioritises controls with the highest risk rating in accordance with this methodology. I am required to report any concerns I may have that would impact on the independence of the audit service or the adequacy of resources, I can confirm that I have no concerns in either regard.

6. Quality Assurance and Improvement shows a balanced scorecard for the delivery of the audit service. The majority of indicators will be reported annually but the ones shown provide an update on progress against agreed work to date. The level of adequate resources is calculated after staff time is adjusted to allow for Annual Leave, Bank Holidays and a reasonable amount of Admin Time. We are aware that we are expecting one of the auditors to start Maternity Leave in October, we are looking to see how best to cover this.

Quality, Assurance & Improvement Process

Period Covered	February 2024	to	April 2024
----------------	---------------	----	------------

Stewardship (Coverage)		
Measure	Target	Performance
Adequate Resources (Next 3 Months)	15	16
Portfolio Coverage (Period)	83	100
Presentation of Annual Report (Annual)	June	*

Stakeholders		
Measure	Target	Performance
Reports Issued	Qtrly	*
Fraud Strategy Review	31/03/2022	*
Client Satisfaction	TBC	*

Presentation of Activity Report	Qtrly	*
---------------------------------	-------	---

Recommendation Implementation	TBC	*
-------------------------------	-----	---

Process		
Measure	Target	Performance
Self assessment against standards (Annual)	March	*
External Assessment (Every 5 Years)	March 2023	*
Staff Meetings Held (Period)	8	10
Up to Date Audit Manual	March 2023	*

People		
Measure	Target	Performance
Productivity (Period)	75%	75%
Training (Per Financial Year)	20	*
Code of Conduct (Annual)	100%	*
Appraisals (Annual)	100%	*

* - To be reported as part of annual report

- NFI Progress – 91% of matches have been checked. No fraud and have been identified and only 2 errors identified. This provides another source of assurance that our controls are operating effectively.

REPORT THEME	Sum of MATCHES	Sum of PROCESSED	
Blue Badges	507	444	88%
Concessionary Travel	511	510	
Council Tax Reduction Scheme	356	81	
Creditors	2641	2641	
Housing Benefits	29	4	
Payroll	54	32	
Procurement	59	59	
Residents Parking	6	5	
Grand Total	4163	3776	91%

FINANCIAL AND LEGAL IMPLICATIONS

None directly

RISK ASSESSMENT

This is a summary of the Council's risk environment.

COUNCIL PLAN IMPLICATIONS

None

CONSULTATION

N/A

Name of Contact Officer: Andrew Barber, Audit & Risk Manager

Telephone No: 01642 526176

Email Address: a.barber@stockton.gov.uk

Diary of Meetings & V

Date

29-Jul-24

30-Sep-24

25-Nov-24

24-Feb-25

Audit Committee Programme 2024/2025

Work Programme

Work Programme

Treasury Management Annual Report
Health and Safety report
External Audit - Audit Progress Report
New Risk Management Arrangements Report
Risk Register Update and Audit Activity
Work Programme 2024 - 2025

Health and Safety report
Annual Financial Statements - Approval after Audit
Annual Governance Statement approval
Treasury Management Annual Report
External Audit - Audit Completion Report 2023/24
Risk Register Update and Audit Activity
Work Programme 2024 - 2025

External Audit - Audit Completion Report 2023/24
External Audit - Auditor's Annual Report
Anti-Fraud and Corruption Strategy
Treasury Management Mid Term Review
Annual Report of the Audit Committee (For Discussion)
Health and Safety report
Risk Register Update and Audit Activity
Work Programme 2024 - 2025

Annual Report of the Audit Committee (Final)
Constitutional Update if required
External Audit - Audit Progress Report
Risk Register Update and Audit Activity
Internal Audit Charter
Work Programme 2024 - 2025

This page is intentionally left blank