

# NON-CONFIDENTIAL



**Borough of Tamworth**

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## **AUDIT AND GOVERNANCE COMMITTEE**

17 October 2023

Dear Councillor

A meeting of the Audit and Governance Committee will be held in **Town Hall, Market Street, Tamworth on Wednesday, 25th October, 2023 at 6.00 pm**. Members of the Committee are requested to attend.

Yours faithfully

A handwritten signature in black ink, consisting of a stylized 'A' followed by a long horizontal line that tapers to a point on the right.

**CHIEF EXECUTIVE**

**A G E N D A**

**NON CONFIDENTIAL**

- 1 Apologies for Absence**
- 2 Minutes of the Previous Meeting (Pages 5 - 8)**
- 3 Declarations of Interest**

*To receive any declarations of Members' interests (pecuniary and non-pecuniary) in any matters which are to be considered at this meeting.*

*When Members are declaring a pecuniary or non-pecuniary interest in respect of which they have dispensation, they should specify the nature of such interest. Members should leave the room if they have a pecuniary or non-pecuniary interest in respect of which they do not have a dispensation.*

**4 Update from External Auditors**

*(To receive an update from the External Auditors, Grant Thornton)*

**5 Internal Audit Quarter 2 Progress Report & External Quality Assessment Action Plan (Pages 9 - 42)**

*(Report of the Audit Manager)*

**6 Review of the Annual Report on the Treasury Management Service and Actual Prudential Indicators 2022/3 (Pages 43 - 64)**

*(Report of the Interim Executive Director Finance)*

**7 Audit and Governance Committee Timetable (Pages 65 - 70)**

*(Discussion Item)*

**8 Exclusion of the Press and Public**

To consider excluding the Press and Public from the meeting by passing the following resolution:-

*“That in accordance with the provisions of the Local Authorities (Executive Arrangements) (Meeting and Access to Information) (England) Regulations 2012, and Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting during the consideration of the following business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public”*

At the time this agenda is published no representations have been received that this part of the meeting should be open to the public.

**9 FHSF Risk October 23 (Pages 71 - 86)**

*(Report of the Assistant Director, Growth and Regeneration)*

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### **Access arrangements**

*If you have any particular access requirements when attending the meeting, please contact Democratic Services on 01827 709267 or e-mail [democratic-services@tamworth.gov.uk](mailto:democratic-services@tamworth.gov.uk). We can then endeavour to ensure that any particular requirements you may have are catered for.*

### **Filming of Meetings**

*The public part of this meeting may be filmed and broadcast. Please refer to the Council's Protocol on Filming, Videoing, Photography and Audio Recording at Council meetings which can be found [here](#) for further information.*

*If a member of the public is particularly concerned about being filmed, please contact a member of Democratic Services before selecting a seat*

### **FAQs**

*For further information about the Council's Committee arrangements please see the FAQ page [here](#)*

To Councillors: D Maycock, B Clarke, S Daniels, S Doyle, B Price, R Pritchard and  
P Thurgood

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## **MINUTES OF A MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE HELD ON 27th SEPTEMBER 2023**

**PRESENT:** Councillor D Maycock (Chair), Councillors B Clarke, S Daniels, S Doyle, R Pritchard and P Thurgood

**Officers** Joanne Goodfellow (Assistant Director Finance), Joanne Sands (Assistant Director Partnerships), Nicola Hesketh (Monitoring Officer), Tracey Pointon (Legal Admin & Democratic Services Manager) and Leanne Costello (Democratic and Executive Support Officer)

**Visitors** Will Guest (Grant Thornton External Auditors)

### **20 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor B Price

### **21 MINUTES OF THE PREVIOUS MEETING**

The minutes of the meeting held on 23<sup>rd</sup> August 2023 were approved and signed as a correct record.

*(Moved by Councillor B Clarke and seconded by Councillor S Daniels)*

### **22 DECLARATIONS OF INTEREST**

There were no declarations of Interest.

### **23 AUDIT FINDINGS REPORT AND MANAGEMENT REPRESENTATION LETTER**

The Audit Findings Report and Management Representation Letter were presented by Will Guest from the External Auditors.

- The auditor discussed key points:
- Pg 4 set out items that were outstanding at the time of writing the report.

- Debtors, creditors and operating expenditure testing is now completed and management have provided responses to the business rates appeals provision
- Financial instruments disclosure is completed subject to final reviews.
- Anticipate to sign non modified opinion by the end of October once reassurances have been received from the Pension Fund Board Auditor
- Anticipating issue auditors Annual Report in relation to the value for money work by the end of January 2024 a letter is included at the end of the report to the chair setting out the reasons for this.
- A finding against the significant risk identified in the audit plan set out in page 8. In relation to management overriding control the journals work is complete subject to final review. We have not identified any issues at this stage and in relation to the estimates I will cover separately.
- In relation to fraudulence revenue and expenditure recognition identified relating invoices received after the year end and relates to an equans invoice. Whilst there isn't accrual in the financial statement, management couldn't prove that the invoice we selected was within that accrual. Looked at what we think the impact could be and isolated on Equans invoices as there were no issues elsewhere, recorded in appendix C the impact wasn't material and below the performance materiality.
- Work still to be completed on the valuation of council dwellings or land and buildings, awaiting response regarding one matter on council dwellings from the valuer.
- Land and buildings identified an area with regard to the valuations being incorrectly marked as the land element of the building and vice versa which had an impact on the revaluation reserves. Whilst the figures on the balance sheet was correct the re-evaluation reserved was incorrect because of the valuation being marked to the wrong asset. The secondary relates to the valuation of garages which were over stated by 565k and this produced double counting of the land value, management are not proposing to adjust for that as set out in appendix C
- Identified that rental income in relation of land and buildings have been miscoded to investment property and the impact is 68k and just affects where it sits on the CIES

Members sought clarity on the following

In terms of that example to that mistake what lessons have been learnt and what steps are being taken to make sure it doesn't happen again. It just comes down to management taking a step back and reviewing the valuation report again and looking at movements to see if anything jumps out.

**Resolved:** That the Committee

approved the Audit Findings Report and approved the Management Representation Letter.

*(Moved by Councillor D Maycock and seconded by Councillor B Clarke)*

Report of the interim Executive Director Finance to approve the Statement of Accounts (the Statement) for the financial year ended 31st March 2023 following completion of the external audit.

**Resolved** That the Committee

1. approved the Annual Statement of Accounts 2022/23;
2. delegated authority to the Chair of the Audit and Governance Committee to approve any changes and re-sign the accounts, if necessary, once the audit is concluded by the external auditors

*(Moved by Councillor B Clarke and Seconded by Councillor S Doyle)*

## **25 RISK MANAGEMENT QUARTERLY UPDATE QT1 2023/24**

Report of the Assistant Director Finance to report on the Risk Management process and progress for Quarter 1 of the 2023/24 financial year.

**RESOLVED** That the Committee

1. endorsed the Corporate Risk Register.

*(Moved by Councillor D Maycock and seconded by Councillor B Clarke)*

## **26 REGULATION OF INVESTIGATORY POWERS ACT 2000**

Report of the Assistant Director - Partnerships to consider the annual report to demonstrate compliance with the Council's Code of Practice for carrying out surveillance under the Regulation of Investigatory Powers Act 2000 (RIPA)

**Resolved** That the Committee

1. Endorsed the RIPA monitoring report for 22/23 and Policy review;
2. Considered and endorsed the recent audit findings of the Investigatory Powers Commissioner's Office (IPCO)

*(Moved by Councillor D Maycock and seconded by Councillor B Clarke)*

## **27 MODERN SLAVERY STATEMENT 2022/23**

Report of the Assistant Director - Partnerships to endorse the Council's Modern Slavery and Human Trafficking Statement 2022/23

**Resolved** That the Committee

1. endorsed the Modern Slavery and Human Trafficking Statement 2022/23 for publication on the Council website in accordance with the Modern Slavery Act 2015

*(Moved by Councillor D Maycock and seconded by Councillor P Thurgood)*

**28 LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN ANNUAL REVIEW 2022/23**

The report of the Assistant Director - People to advise the committee of the contents of the Local Government and Social Care Ombudsman's Annual Review letter for the year ended 31st March 2023 in relation to complaints against Tamworth Borough Council.

**Resolved** That the Committee

1. endorsed the contents of the 2022/23 Ombudsman Annual Review Letter and the summary of complaints, decisions and compliance contained within it.

*(Moved by Councillor D Maycock and seconded by Councillor P Thurgood)*

**29 AUDIT AND GOVERNANCE COMMITTEE TIMETABLE**

The Committee reviewed the timetable and agreed the following changes:

Risk Management Quarterly Update move from October to November  
Introduce Azet's the Auditors to the Committee in November.

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Chair



**Wednesday, 25 October 2023**

**Report of the Audit Manager**

**Internal Audit Quarter 2 Progress Report & External Quality Assessment Action Plan**

**Exempt Information**

None.

**Purpose**

To provide Audit & Governance Committee with internal audit's progress report for the period to 30<sup>th</sup> September 2023. In addition to provide an update on internal audit's progress in implementing the External Quality Assessment Action Plan for 2023/24.

**Recommendations**

It is recommended that the Committee notes the following reports:

- Internal Audit's Quarterly Report (**Appendix 1**); and
- External Quality Assessment Action Plan (**Appendix 2**).

**Executive Summary**

The Accounts and Audit Regulations 2015 require councils to undertake an effective internal audit to evaluate effectiveness of their risk management, control and governance processes, taking into account the Public Sector Internal Audit Standards and guidance.

Progress during Quarter 2 of 2023/24 is contained and detailed in **Appendix 1** to this report. The profiled audit plan completion was expected to be 50% of the audit plan by 30<sup>th</sup> September 2023. During Quarter 2 of 2023/24 we have completed 25% of the overall audit plan i.e., 4 out of the 16 planned audits. It should be noted that the 3 reviews deferred from 2022/23 have also been fully completed and final reports issued. All work allocated has been briefed and scoped. In addition, start dates have been agreed with management and these are included within the Appendix.

Committee requested at its meeting on 23<sup>rd</sup> August 2023 that further detail and information be provided in respect of currently outstanding audit recommendations. This is contained in **Appendix 1** of this report. As at 30<sup>th</sup> September 2023 there are currently 38 outstanding recommendations (11 high priority, 17 medium priority and 10 low priority), this is an overall reduction from 64 at the end of quarter 1 for 2023/24. In all categories (high, medium and low) there has been a reduction in the numbers outstanding. The individual high priority recommendations are shown as a table in **Appendix 1** of my report and includes current progress and comments from management.

Internal Audit is required to comply with the Public Sector Internal Audit Standards and part of this requirement is for an external quality assessment to be undertaken. As outlined and agreed previously the committee required regularly quarterly updates in the implementation of the Assessments Action Plan. The updated Action Plan is contained and detailed in

**Appendix 2** of this report. Analysis of implementation of all recommendations and suggested improvement are shown in the tables below.

**External Quality Assessment Recommendations**

Priority	No. raised	No. implemented	% completion
Review	7	4	57%
Consider	5	4	80%
	12	8	67%

Ongoing progress has been made in respect of the findings from the External Quality Assessment and two-thirds of these recommendations have now been implemented. It should be noted of the remaining recommendations these will complete towards the end of the year once the suggested improvements have been fully developed and implemented.

**External Quality Assessment – Suggested Improvements**

No. raised	No. implemented	% completion
6	5	83%

The review also identified a number of suggested service improvements and these were fully agreed at the conclusion of the review. Overall we have one suggested improvement to be implemented, this will be completed by the end of the financial year.

**Audit Opinion**

In giving an opinion, contained in **Appendix 1**, it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the Council is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes.

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

In arriving at an opinion, the following matters have been taken into account:

- The outcomes of all audit activity undertaken during the period.
- The effects of any material changes in the organisation’s objectives or activities.
- Whether or not any limitations have been placed on the scope of internalaudit.
- Whether there have been any resource constraints imposed upon us which may have impinged on our ability to meet the full internal audit needs of the organisation.
- What proportion of the organisation’s internal audit needs have been covered to date.

**Options Considered**

Not Applicable.

**Resource Implications**

Not Applicable.

**Legal/Risk Implications Background**

Failure to report would lead to non-compliance with the requirements of the Annual Governance Statement and the Public Sector Internal Audit Standards.

**Equalities Implications**

None.

**Environment and Sustainability Implications (including climate change)**

None.

**Background Information**

None.

**Report Author**

Andrew Wood – Audit Manager

**List of Background Papers**

**Appendices**

**Appendix 1 – Quarterly Internal Audit Progress Report including progress to 30 September 2023.**

**Appendix 2 – External Quality Assessment Action Plan.**

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Internal Audit Progress Report (Quarter 2)  
October 2023



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- 03 Opinion**
- 04 Follow Up**
- 05 Performance of Internal Audit**

### Appendices

- 01 Summary of Internal Audit Work Undertaken**
- 02 Assurance and Recommendation Classifications**

In the event of any questions arising from this report please contact Andrew Wood, Audit Manager [andrew-wood@tamworth.gov.uk](mailto:andrew-wood@tamworth.gov.uk)

The matters raised in this report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. This report was produced solely for the use and benefit of Tamworth Borough Council. The Council accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification.

## 01 INTRODUCTION

### BACKGROUND

This report summarises internal audit activity and performance for the period to 30 September 2023.

### SCOPE AND PURPOSE OF INTERNAL AUDIT

The Accounts and Audit Regulations require councils to undertake an effective internal audit to evaluate the effectiveness of their risk management, control and governance processes, taking into account Public Sector Internal Auditing Standards or guidance.

This progress report and opinion forms part of the framework of assurances that is received by the Council and is used to help inform the annual governance statement. Internal audit also has an independent and objective consultancy role to help managers improve risk management, governance and control.

Internal Audit's professional responsibilities as auditors are set out within Public Sector Internal Audit Standards (PSIAS) produced by the Internal Audit Standards Advisory Board produced by the Internal Audit Standards Advisory Board.

### ACKNOWLEDGEMENTS

Internal audit is grateful to the directors, heads of service, service managers and other staff throughout the council for their help during the period.

### 02 INTERNAL AUDIT WORK UNDERTAKEN

The internal audit plan for 2023/24 approved by the Audit & Governance Committee at its meeting in March 2023. The plan was for a total of 16 audits. To the end of quarter 2 2023/2024 and taking into account the exceptional circumstances previously reported to committee we have 25% of the audit plan. In addition we have fully completed the 3 audits rolled forward from 2022/23. Work has been ongoing on all audits contained within the plan in respect of scoping and briefing and agreeing with management the start dates for the reviews, this is outlined in the attached **Appendix 1** and provides the position as at 30<sup>th</sup> September 2023. An analysis of audit plan completion and indicatively planned audits is shown in the table below;

	Q1	Q2	Q3	Q4
Number of audits allocated per quarter	4	4	6	2
% of plan	25	25	37	13
Cumulative 2023/24 audit plan % completed	0	25		
Completed and finalised 2022/23 audits	2	3		
Audits drafted and awaiting management agreement 2022/23	1	0		

Planned work initially envisaged that by 30 September 2023 we would have completed 50% of the Audit Plan, actual out turn figures show that we have due to exceptional circumstances that we have completed 25% of the expected plan. The work undertaken and the progress on each audit is shown in summary and progress made this year is included at **Appendix 01**.

### 03 OPINION

#### SCOPE OF THE OPINION

In giving an opinion, it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the Council is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes.

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

In arriving at an opinion, the following matters have been taken into account:

- The outcomes of all audit activity undertaken during the period.
- The effects of any material changes in the organisation's objectives or activities.
- Whether or not any limitations have been placed on the scope of internal audit.
- Whether there have been any resource constraints imposed upon us which may have impinged on our ability to meet the full internal audit needs of the organisation.
- What proportion of the organisation's internal audit needs have been covered to date.

## INTERNAL AUDIT OPINION

On the basis of audit work completed, the Audit Manager's opinion on the council's framework of governance, risk management and internal control is reasonable in its overall design and effectiveness. Certain weaknesses and exceptions were highlighted by audit work. These matters have been discussed with management, to whom recommendations have been made. All of these have been, or are in the process of being addressed.

### Specific Issues

No specific issues have been highlighted through the work undertaken by internal audit during the period.

### Fraud & Irregularity

No matters of fraud or irregularity have been reported during the period. Also see the fraud update on this Committee's agenda.

### Consultancy & Advice

The audit team may be requested by managers to undertake consultancy and advice on governance, risk management and internal control matters from time to time. During the period to 30 September 2023 no additional work was requested.

## 04 Follow Up

As previously agreed by the Committee, all high priority actions and those arising from no and limited overall assurance reports are followed up by audit, managers confirmation applies to the rest.

The total outstanding actions at the end of Quarter 2 are 38 (11 high, 17 medium, 10 low). During 2023/24 the Audit Manager will continue to hold quarterly meetings with all Assistant Directors to review all outstanding recommendations. This has shown a specific improvement in the implementation and the number of recommendations, over time, has been shown within **Appendix 3**. This shows in tabular graph form the progress regarding the number of outstanding audit recommendations over time.

Priority of Recs	Number of O/S recs – 30 June 2023	Number of recs closed during the period June 23 – Sept 23	Number of additional recs made during Q2	Number of current O/S recs as at 30 Sept 2023	Overall movement of rec numbers during the quarter 2
High	13	3	1	11	-2
Medium	33	23	7	17	-16
Low	18	15	7	10	-8

As at 30 September 2023 there were 11 high priority recommendations outstanding however of these 3 were overdue and these have been followed up with Assistant Directors. All current outstanding high priority recommendations are contained within **Appendix 3** of this report.



**Compliance with professional standards**

We employ a risk-based approach in planning and conducting our audit assignments. Internal audit work has been performed in accordance with PSIAS.

**Conflicts of interest**

There have been no instances during the year which have impacted on internal audit's independence that have led to any declarations of interest.

**Performance of Internal Audit**

**Internal audit quality assurance**

To ensure the quality of the work internal audit performs, there is a programme of quality measures which includes:


- Supervision of staff conducting audit work.
- Review of files of working papers and reports by managers.
- Regular meetings of our networking groups, which issue technical and sector updates.

**Performance Measures**


- Complete 90% of the audit plan - 25% relates to assurance work completed.
- 100% Draft reports issued within 6 weeks of start date – 75%
- 100% Closure meetings conducted within 5 days of completion of audit work – 75%
- 100% draft reports to be issued within 10 working days of closure meeting – 100%
- 100% of all high priority actions are implemented at follow up – N/A
- All no and limited assurance reports have a revised assurance rating of substantial or reasonable on follow up – Not applicable
- Achieve an average customer satisfaction score of 4 or more – not applicable

## Appendix 01: Summary of Internal Audit Work Undertaken

Assurance	Audit/Corporate Risk	Scope	Indicative Planned Quarter	Assurance Summary	Assurance Opinion
Core Financial Systems	Creditors CR1,CR6	Risk based review covering the adequacy and effectiveness of controls around the maintenance of creditors systems.	Q2	Audit briefed issued and finalised with management, start date agreed 6 November 2023.	
	Procurement CR1, CR6	Risk based review of Procurement systems to ensure controls in place for the adherence to procurement legislative requirements.	Q1	Fieldwork fully completed and closure meeting held with management to agree recommendations.	
Strategic & Operational Risks	Business Continuity CR1, CR2, CR3, CR6	Risk based review of the council's arrangements for business continuity.	Q2	Audit briefed issued and finalised with management, start date agreed 13 November 2023.	
	Corporate Policy Management CR1, CR3, CR4, CR5, CR6	Risk based review of the council's arrangements for policy development, update and change. Incorporating reporting and approval requirements.	Q3	Audit briefed issued and finalised with management, start date agreed 20 November 2023.	
	Taxi Licences CR3, CR4, CR6	Risk based review of the council's management arrangements for taxi licensing across the Borough, ensuring all checks both individual and vehicle are carried out and completed.	Q3	Audit briefed issued and finalised with management, start date to be agreed but proposed date in February 2024.	


Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
	Community Safety CR3, CR4, CR6	Risk based review of Community Safety arrangements at the Council.	Q3	Allocated to BDO. Audit brief and scope to be agreed with management.	
	Training & Development CR2, CR6	Risk based review looking at the Council's arrangements for training and development.	Q1	Fieldwork fully completed and closure meeting held with management to agree recommendations.	
	Safeguarding CR3, CR4, CR5, CR6	Risk based review of the Council's controls around the safeguarding to ensure all legislative requirements are met and being consistently applied.	Q4	Audit scoped and agreed with management, fieldwork started.	
	Insurance CR1	Risk based review to ensure that all insurable risks are identified and appropriately managed.	Q3	To be allocated.	
	Time recording & absence management CR2	Risk based review to ensure that time recording system is appropriately managed and that a consistent approach is maintained in respect of absence management.	Q1	<p>The Council have Reasonable controls in place to support the management of time recording and absence management processes for staff.</p> <p>Staff policies for absence management were clear and in line with our expectations, however, procedure notes on how to record time on Tensor could be improved.</p> <p>The automatic workflows set in Tensor notifies line managers for approval of absences after being completed by staff which enables these requests to be authorised in a timely manner. This was noted through our sample testing of absences.</p> <p>However, there was significant non-compliance by staff in clocking out of Tensor during their lunch break, resulting in a default 20-minute lunch break being applied. This could distort records for staff breaks or could be symptomatic of staff not taking a lunch break which could have longer term impacts on well-being. Furthermore, our analysis of Tensor data for three weeks (between March and May 2023) identified that while most staff do clock-in during usual</p>	 <p>H-0 M-3 L-0</p> <p>Reasonable Assurance</p>

			<p>business hours, there were some customer-facing departments where there were higher levels of staff starting and finishing early. We understand that this has been raised internally by the Council at Executive Leadership Team and is being monitored to ensure there is sufficient capacity during business hours to meet customer needs.</p> <p>It is important to note that this report sets out control improvement areas in relation to time recording per the risks identified in the scope. However in addition to this, it is important for senior leadership at the Council to discuss and agree the purpose of why time recording is required and what they aim to achieve from having such systems in place. This includes agreeing the culture they aim to achieve, the purpose of monitoring time, how time is monitored, actions taken as a result of this analysis and how this will be communicated to the organisation. Without setting this tone from the top, there is a risk that any control improvements will not achieve the desired change.</p>	
Shared Services CR1, CR3, CR5	Risk based review looking at key aspects of the council's shared services arrangements.	Q2	Audit briefed issued and finalised with management, start date agreed 13 November 2023.	



Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
	Housing Voids CR1	Risk based review looking at Housing Void arrangements to ensure properties are appropriately managed and void periods minimised.	Q1	Audit scoped and briefed all fieldwork completed, at draft report stage.	
	Events Management Defer to 23/24	Risk based review looking at key aspects of the council's operations in relation to the management of events, to include; bidding for external events, management of internal events.	Q3	Deferred through to 2023/24.	
ICT	Remote Working	ICT review of the development of remote working solutions.	Q1-Q4	<p>There are generally good IT management and technical controls over remote working, although we have identified some risks that need to be addressed. Remote working is covered in a number of documented corporate IT policies, including Mobile Computing Policy, Acceptable Use Policy, Acceptable Use Guidance and the SMART Working Policy, which is a HR policy. Collectively the policies cover the main areas relevant to remote working, with the exception of remote access security and details on corporately approved collaboration tools. IT policies are published via Astute, a policy management system, which logs confirmation from users that policies have been read and understood. The plan was to re-issue the IT policies annually and get user confirmation, however, we found they have not been issued since they were approved in 2020.</p> <p>All remote access is subject to multi-factor authentication in accordance with good practice. We have identified some technical security weaknesses with the remote access system that provides VPN (Virtual Private Network) access to a small number of users. IT Services are aware of the issues but have no plans to address them as the system is being replaced in the next four/five months. This is accepted.</p> <p>The password policy used for authenticating remote users is the same as the one used on the internal network. A review of the policy found the minimum password length and requirement for password complexity and expiry do not comply with current good practice standards. Remote access logs are available but are not retained for a</p>	 <p>H-1 M-4 L-7</p> <p>Reasonable Assurance</p>

				<p>sufficient period of time as defined by PSN (Public Sector Network) requirements.</p> <p>Personally owned computers are allowed to connect remotely to the network but only via a virtual desktop, thus minimising security risks.</p> <p>There is an inventory of all computer equipment, including laptops, desktops and other mobile devices. A review of the inventory details found that a small number of laptops and some mobile devices do not have a designated owner assigned and hence it is not possible to confirm who they are issued to.</p> <p>All laptop computers are encrypted and a security policy is applied to mobile devices. We have identified a high risk relating to users copying data onto removable USB storage devices, such as memory sticks/flash drives. This access should be blocked to prevent personal data being copied onto insecure devices, which if lost or stolen, could result in a data breach. The password policy for personally owned mobile devices should also be strengthened and all users of personal devices should sign the Bring Your Own Device agreement.</p> <p>There are some configurations on Microsoft Teams that should be changed to further strengthen security over meetings and file sharing.</p>	
	Network Infrastructure	ICT review of the council's network infrastructure to ensure that it is maximised and 'downtime' minimised with the resolution of issues in a prompt manner by third party suppliers.	Q1-Q4	Allocated to E-Tec Business Services, to brief and scope reviews.	
Governance Fraud & Other Assurance	Disabled Facilities Grant	Assurance Statement	Q3	Assurance work required for certification sign off	
	Municipal Charities	Preparation of municipal charities accounts	Q3	2022 accounts fully completed and submitted to management.	No assurance required.
	Counter Fraud	Work to support the mitigation of fraud risk, the provision of fraud awareness training, pro-active fraud exercises and reactive investigations.	Q1-Q4	On-going	

	Annual Governance Statement	Production of the AGS	Q1-Q2	AGS fully completed and reported to Audit & Governance Committee for 2022/23.	
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Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
	Annual Audit Opinion	Production of the Annual Audit Opinion	Q1-Q2	Complete	
	Management and Planning	Management, planning and assurance reporting to CMT and Audit & Governance Committee	Q1-Q4	On-going	
	Ad-hoc / Consultancy / Contingency	Contingency allocation to be utilised upon agreement of the Chief Finance Officer	Q1-Q4	On-going	
	IA QAIP and PSIAS	Review of PSIAS standards and review	Q3	Ongoing	
22/23 Planned Audits finalised	Agency Staff	Risk based review of the arrangements for appointment and monitoring of Agency Staff.		<p>The system has some good controls in place to mitigate against key risks.</p> <p>A business case is completed and approved. These were seen for all the agency staff tested. The recruitment for temporary agency staff form was completed for all staff. Agency staff personal details are obtained, and staff had undertaken an induction which included reference to the Council's code of conduct and corporate training of policies/ procedures. Training was provided either in person or through Astute. Performance was monitored by the Manager who agrees workload and hours worked prior to approval for the payment of the invoices.</p> <p>Some weaknesses were identified which included the recruitment of temporary agency staff form not being fully completed, particularly the clearance checks required to be completed by the agency. A DBS check had not been evidenced by the agency for any of the sample tested. Declaration of interest/ secondary employment forms are referred to in the code of conduct which staff are made aware of at induction. Two induction forms did not provide evidence that the code of conduct had been discussed. In addition, two booking forms/ contract for agency staff could not be located. Implementation of the recommendations in the action plan will enhance arrangements and address these risks.</p>	 <p>H-1 M-3 L-0</p> <p>Substantial Assurance</p>



Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
	Recovery and Reset	Programme assurance based review of Recovery and Reset programme. Programme assurance includes programme planning, governance structure and controls, delivery, change management, RAIDD management (Risk, Action, Issue, Decision, Dependency), testing and reporting.		<p>The Council have Substantial controls in place to support the management of the Recovery and Reset Programme. As this was a key corporate programme, we would expect robust governance to support oversight and monitoring of projects.</p> <p>Support for the Recovery and Reset Programme was provided by Trueman Change, who maintained effective oversight of risks, performance and the delivery of the programme. They also developed clear reports on the progress of the Programme and individual projects to the ELT and the Corporate Scrutiny Committee.</p> <p>Financial savings and project costs were monitored regularly and escalated through the governance structures where required. Furthermore, project initiation documentation identified the project objectives, providing tangible measures to assess the success of the Programme.</p> <p>Overall, this was a well-managed programme with robust oversight and documentation. Programme templates supported consistency for project proposals, reporting and post-implementation evaluations of projects.</p>	 <p>H-0 M-0 L-0</p> <p>Substantial Assurance</p>
	Income Management	Risk based review of the Council's controls around the management of income throughout the Council is ensure that this collected in a robust manner that accounts for monies received.		<p>We have reached the overall opinion that the Council's controls for income management, collection and reporting were Substantial.</p> <p>The Council's Financial Guidance establishes clear policies and procedures for cash handling and banking, and income collection from non-cash transactions. Our review of three departments where cash is regularly collected identified that there was compliance with these procedures, maintaining security of cash and prompt banking.</p> <p>The Finance Team perform monthly reconciliations between E-Fins (the general ledger system) and Academy (the revenues system) to ensure that council tax and NNDR payments, which are a high proportion of the Council's income, to ensure that transactions are coded correctly. Similarly, the suspense account was cleared regularly and our review of 15 suspense account transactions identified</p>	 <p>H-0 M-0 L-0</p> <p>Substantial Assurance</p>

			<p>that these were supported by sufficient backing documentation.</p> <p>The Revenues and Benefits Team produce monthly reporting on income collection and management, focused on council tax, NNDR and sundry debts. These were robust and provided comparisons to the target collection rates and the previous year.</p>	
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## Appendix 02: Assurance and Recommendation Classifications

Overall Assurance Opinion	Definition
<b>Substantial</b>	There is a sound system of internal control designed to achieve the organisation's objectives. The control processes tested are being consistently applied.
<b>Reasonable</b>	While there is a basically sound system of internal control, there are some weaknesses which may put the organisation's objectives in this area at risk. There is a low level of non-compliance with some of the control processes applied.
<b>Limited</b>	Weaknesses in the system of internal controls are such as to put the organisation's objectives in this area at risk. There is a moderate level of non-compliance with some of the control processes applied.
<b>No</b>	Significant weakness in the design and application of controls mean that no assurance can be given that the organisation will meet its objectives in this area.

Recommendation Priority	Definition
<b>High</b>	High priority recommendation representing a fundamental control weakness which exposes the organisation to a high degree of unnecessary risk.
<b>Medium</b>	Medium priority recommendation representing a significant control weakness which exposes the organisation to a moderate degree of unnecessary risk.
<b>Low (Housekeeping)</b>	Low priority (housekeeping) recommendation highlighted opportunities to implement a good or better practice, to add value, improve efficiency of further reduce the organisation's exposure to risk.

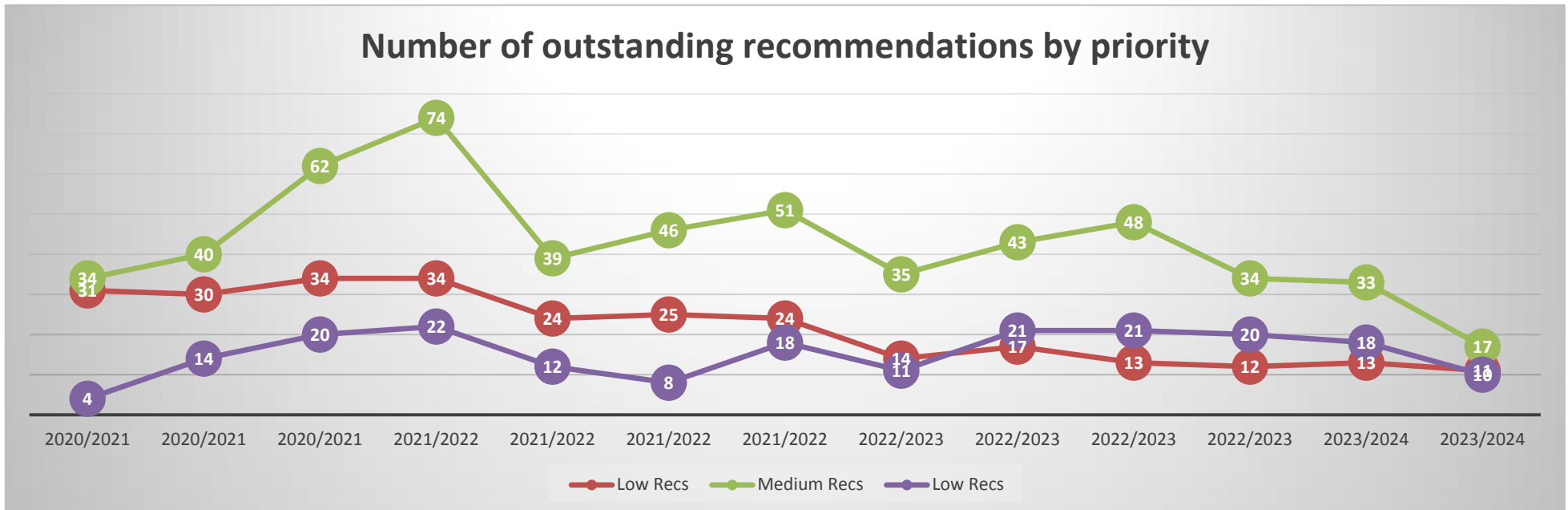
### Appendix 03: Outstanding Audit Recommendations

The graph below shows the number of outstanding audit recommendations over time.



To inform the process I have included a table below outlining the number of outstanding actions whether High, Medium or Low Priority.

Below is a table showing the number of recommendations in each assurance level.



Financial Year	Quarter	No of Outstanding Recommendations	No of High Recs	No of Medium Recs	No of Low recs
2020/2021	Q1				
	Q2	69	31	34	4
	Q3	84	30	40	14
	Q4	116	34	62	20
2021/2022	Q1	130	34	74	22
	Q2	75	24	39	12
	Q3	79	25	46	8
	Q4	93	24	51	18
2022/2023	Q1	60	14	35	11
	Q2	81	17	43	21
	Q3	82	13	48	21
	Q4	66	12	34	20
2023/2024	Q1	64	13	33	18
	Q2	38	11	17	10

Analysis of current high priority outstanding audit recommendations.

Title	Recommendation	Status	Due Date	Assistant Director Responsible	Comments
Housing Repairs Policy	The policy is reviewed, updated and relevantly approved.	Overdue	30-Apr-23	Paul Weston	Awaiting confirmation of agreement of the new Schedule of Rates and Price per Property arrangements, once agreed this recommendation will be completed.
Pentana Training & Procedures	<p>a) Detailed procedures notes are developed for the use of the contract register on Pentana and made available to staff.</p> <p>b) Detailed training is provided to staff on the requirements of contract monitoring and management, how to use and update the contract register in Pentana to ensure staff are fully aware of their responsibilities and how to appropriately manage their contracts.</p>	In Progress	30-Nov-23	Joanne Goodfellow	Work is ongoing streamlining and updating data on Pentana. Draft procedures have been produced on the operation of the system and how to include contracts on the system.
Asset Management Policy/Strategy	An Asset Management Policy and Strategy covering planned maintenance should be produced, approved and communicated with stakeholders. This should also include the frequency of the stock condition survey.	Overdue	30-Nov-22	Paul Weston	Awaiting confirmation and approval by Cabinet, once received this recommendation will be completed.
PCI DSS Compliance	The PCI DSS Policy and Procedure should be reviewed and finalised. The policy should clearly define all key roles and responsibilities, including the corporate lead for PCI compliance.	In Progress	31-Dec-23	Joanne Goodfellow/Zoe Wolicki	Action Plan agreed with ICT for implementation by due date.
PCI DSS Compliance	The scope of the PCI environment should be explicitly defined, covering people, processes and technology. This should include a list of all service providers. Data flow maps may help define the PCI scope.	In Progress	31-Dec-23	Joanne Goodfellow/Zoe Wolicki	<p>Action Plan agreed with ICT for implementation by due date.</p> <p>PCI scope document mostly complete, some 3rd party info/hardware/process to be confirmed.</p>

Title	Recommendation	Status	Due Date	Assistant Director Responsible	Comments
PCI DSS Compliance	The relevant SAQ's should be identified and completed on an annual basis.	In Progress	31-Dec-23	Joanne Goodfellow/Zoe Wolicki	Action Plan agreed with ICT for implementation by due date.  SAQ to be confirmed following completion of scoping.
Climate Change	Management should develop an action plan for climate change which should be approved and endorsed at a senior level. This should identify short, medium and long-term actions that have been costed. Progress against the action plan should be monitored by senior management and by members periodically. Areas that the Council may wish to consider include in its action plan are; <ul style="list-style-type: none"> <li>• Council housing stock and waste management</li> <li>• Transport/fleet management</li> <li>• Internal Council operations</li> </ul>	In Progress	31-Dec-23	Anna Miller	Financial waiver currently being to sort to progress this further. This will potential use the same consultants who undertook the initial work for the Council. ISAG completion date by end of December 2024.
Climate Change	Following the development of the action plan, management should establish a set of KPI's to monitor performance. These should be reported to management and Committees, as appropriate, to maintain effective oversight of the performance. The KPIs should be aligned to the actions agreed by Cabinet in the action plan.	In Progress	31-Dec-23	Anna Miller	Requires delivery of the action plan.
Climate Change	As part of the action plan, the Council should establish a cross department working group to meet at least monthly to monitor the action plan and oversee joint arrangements for reducing carbon emissions.	In Progress	31-Dec-23	Anna Miller	Unable to resource this area despite a recruitment campaign to employ into the Climate Change role.

Title	Recommendation	Status	Due Date	Assistant Director Responsible	Comments
Climate Change	The Council should review the financial and staff resource available for climate change to assess whether it is sufficient. Based on the lack of activity around developing an action plan and KPI's, it should consider increasing resources to support the delivery of its carbon reduction targets.	In Progress	31-Dec-23	Anna Miller	Assistant Director looking at other recruitment avenues.
GDPR	A ROPA should be developed and maintained.	Overdue	30-Jun-23	Nicola Hesketh; Robert Smith	Ongoing development required for implementation. Awaiting final information from service areas.



## External Quality Assessment Action Plan

	Priority	Issue Identified	Recommended Action	Management response	Officer responsible/ timescale	Status
1.	Review	<p><b>Internal Audit Charter (IAC)</b> The IAC is comprehensive regarding engagement reports however does not contain details of the requirement for the Chief Audit Executive (CAE) to deliver an Annual Report including an opinion in relation to risk management, governance and control.</p>	<p>Include an appropriate statement in the Internal Charter with regard to the provision of an Annual Report and align this with regard to the benefit of aligning the internal audit planning process with a continuous assessment of the risk environment faced by each client, in order to support the provision of the annual opinion regarding risk management, governance and control.</p> <p><b>PSIAS 1000</b></p>	<p>Agreed.</p> <p>To be implemented via a review of Internal Audit Charters for 2023/24.</p> <p>This will improve wider outcomes in the Council so that the audit plan is more focussed on ensuring strategic/operational risks are mitigated to provide assurance.</p>	<p>Audit Manager</p> <p>May 2023</p>	Completed as part of the Internal Audit Charter update for 2023/24
2.	Review	<p><b>Performance appraisal</b> The self-assessment identified that the CAE's appraisal which is undertaken by the Chief Executive at Tamworth Borough Council (TBC) has not taken place. A new appraisal process is to be introduced at Lichfield District Council (LDC).</p>	<p>Ensure that a robust performance appraisal process is in place within the Internal Audit Team With regard to the Audit Manager consider Inviting observations from both Chairs of Audit Committee in advance of the performance appraisal, as this would provide valuable client feedback and reflect best practice.</p> <p><b>PSIAS 1110</b></p>	<p>Agreed.</p> <p>Ongoing review of Audit Manager performance maintained by Chief Executive at Tamworth BC and both Section 151 Officers. Discussions to agree further approach.</p>	<p>Audit Manager</p> <p>March 2024</p>	Ongoing inclusion of PDR being developed currently at Tamworth Borough Council.

3.	Consider	<p><b>Declarations of interest</b> Each Council has adopted different practices regarding the protocol for declarations or conflicts of interest. Due to the independent nature of internal audit work it would be beneficial for internal audit staff and any contractors to confirm the position on an annual basis.</p>	<p>The CAE should obtain confirmation regarding potential conflicts of interest on 1 April each year and on appointment of any further staff or contractors undertaking internal audit engagements at the Councils.</p> <p><b>PSIAS 1100</b></p>	<p>Agreed</p> <p>Previous declarations of interest have been recorded but only updated if changes have occurred. However to comply with best practice will implemented annual reviews.</p>	<p>Audit Manager</p> <p>April 2023</p>	<p>Completed</p> <p>Confirmation received from external contractors of compliance with standards.</p> <p>Staff members completed declarations of interest for 2023/24.</p>
4.	Review	<p><b>Audit Universe</b> The current internal audit planning model reflects use of a “standard audit universe’ to which a cyclical approach to reviewing areas of activity is applied in consultation with management. This is provided for in circumstances where the client risk management system cannot be relied upon. Internal Audits of risk management have provided positive opinions in relation to their application and as a result it would be beneficial therefore to increasing align the focus of strategic and engagement planning with each clients risk environment as this would enhance internal audits’ ability to demonstrate a</p>	<p>The development of a comprehensive internal audit plan that reflects the significant risks that are recorded within each Councils risk management system represents an essential feature of both strategic and operational internal audit planning as it acts as a basis for both ensuring attention on significant risks on a priority basis as well as providing an indication of the resources required to provide continuous independent assurance. Internal Audit works with each client manager at the time of an engagement to identify significant risks; it would be opportune to increasingly recognise and promote the value of ‘Control Risk’ at an operational level and transparently integrate this within the planning</p>	<p>Agreed</p> <p>Review of current audit universes at both Tamworth and Lichfield.</p> <p>Change of current working practices to develop the auditing of control risks and linking into strategic and operational risk registers are both authorities. To be supported by the current reviews of Strategic Risk Registers which looks at mitigating controls. Additionally, this will improve wider</p>	<p>Audit Manager</p> <p>March 2024</p>	<p>Completed</p> <p>Ongoing progress started with 2023/24 Audit Plan and will be developed moving forward during the financial year to be fully implemented and included in plan for 2024/25</p>

		<p>commitment to helping each Council achieve its objectives. It may be beneficial to consider the content of each clients risk management process as the Audit Universe in future.</p>	<p>process, identifying sources of assurance as a matter of routine. It would be beneficial therefore to increasingly align development of the internal audit planning system with each Councils risk management processes in order to ensure that resources are consistently focused on areas where assurance is required regarding the operation of policies, procedures and controls that mitigate the significant risks to which the Council is exposed at an inherent level.</p> <p>It may be that such an approach would also help embed effective risk management within each clients governance processes.</p> <p><b>PSIAS 2000/2010</b></p>	<p>outcomes in the Council so that the audit plan is more focussed on ensuring strategic/operational risks are mitigated to provide assurance.</p>		
5.	Consider	<p><b>Purpose of the system subject to review</b></p> <p>Audit Planning Memorandum currently contains a statement which reflects the 'Management Objective' of the area subject to review. Whilst the terminology is correct statements tend to focus on a generic statement regarding the internal control environment rather than focusing on what management are aiming to achieve, in accordance with Public Sector</p>	<p>The inclusion of a Management Objective is regarded as good practice however it may be beneficial to increasingly capture the specific aims of management in each review to which can be aligned the significant risks being faced within the area under review .</p> <p>This will assist with the discussions with client managers and specifically the identification of the significant risks which may impact upon achievement of the established objectives and upon which the assurance opinion should be based.</p>	<p>Agreed</p> <p>Audit Planning and pre-meetings will incorporate aims of management in the Audit Brief.</p>	<p>Audit Manager</p> <p>April 2023</p>	<p>Complete - Audit Planning and pre-meetings to include aims of the service in the planning document.</p>

		Internal Audit Standards (PSIAS) requirements, which recognise the value of focusing on operational management objectives.	The significant risks may be all or some of those identified with the risk management process as well as others recognised at the time of audit.  <b>PSIAS 2201</b>			
6.	Consider	<b>Recognition of identified key controls</b> The current risk management methodologies require identification of the primary controls which exist as well as the further mitigating controls which are to be developed. These are likely to represent the key controls upon which the audit should be based, as they represent 'Control Risk' and the implications should a failure of controls occur.	It would be beneficial to increasingly focus on what is regarded as a 'significant risk' within each Councils risk management processes and the associated primary controls as this would increase efficiency through allocating appropriate resources to those areas of most concern. There is limited feedback from the client survey which indicates that the Shared Service might provide increased focus on significant risk and introducing advice best practice within the audit approach and these may be areas where increased understanding of risk throughout the process may produce results which are regarded as adding value by clients.  <b>PSIAS 2010</b>	Agreed.  To be developed over 2023/24 towards full implementation.  This will improve wider outcomes in the Council so that the audit plan is more focussed on ensuring strategic/operational risks are mitigated to provide assurance.	Audit Manager  March 2024	Complete  Ongoing work in this area to link into the strategic and operational risks of the council started with SRR and Risk linkages in 2023/24 Audit Plans for both authorities.
7.	Review	<b>Consideration of Fraud</b> The Team maintain a Fraud Risk Register demonstrating compliance with the standards regarding the recognition of potential fraud, however this is	Ensure that the areas reviewed within an engagement include those where potentially significant fraud risks exist.  <b>PSIAS 2030</b>	Agreed.  As part of annual review of Fraud Risks and reported to respective	Audit Manager  October 2023	Complete  Ongoing to be developed and included following

		not directly considered when scoping engagements.		Committees at Tamworth and Lichfield.		review of fraud risks as part of the council reporting arrangements.
8.	Review	<p><b>Quality Improvement Assurance Policy</b></p> <p>The service has introduced a Quality Improvement Assurance Policy (QIAP) in accordance with the requirements of the standards. The policy focuses on consistent internal review of engagements, an annual assessment against the standards and the External Quality Assessment (EQA) review on a five year cycle. The Head of Internal Audit's Annual report confirms that aspects of the policy have been completed in a diagrammatic presentation. Industry best practice now reflects an extension of the quality review process to include consideration of wider performance in the form of KPI's, resources, skills and training requirements.</p>	<p>It would be beneficial to update the policy in line with best practice and as required confirm annually that all measures have operated during the year as well as summarise any outcomes influencing future development of the service within the Head of Internal audit's Annual Report.</p> <p><b>PSIAS 1300</b></p>	<p>Agreed.</p> <p>QIAP to be reviewed at both Councils and implemented. Changes to be incorporated into the QAIP for 2023/2024.</p>	<p>Audit Manager</p> <p>July 2023</p>	<p>Complete QAIP updated in accordance with standards and presented as part of updated QAIP for 2023/24.</p>
9.	Review	<p><b>Governance</b></p> <p>The standards require the CAE to provide an annual opinion</p>	<p>In Local Government, each Council establishes a Code of Governance in accordance with CIPFA SOLACE – it would be beneficial to map internal</p>	<p>Agreed.</p> <p>To be implemented as part of AGS for</p>	<p>Audit Manager</p> <p>March 2024</p>	<p>Ongoing progress in this area, assurance</p>

		regarding the effectiveness of governance arrangements. Current planning includes various aspects of the governance process including Ethics, Conflicts of Interests and Members expenses.	audit activity to the content of the Code in order to provide assurance at a level which contributes directly to the Annual Governance Statement through the Head of Internal Audit Annual Report.  <b>PSIAS 2110</b>	2022/2023 and ongoing development. To be linked with Monitoring Officer at LDC and internally within TBC.		mapping to be completed.
10.	Review	<b>Risk Management</b> Internal Audit last reviewed risk management as an assignment in TBC (March 2021) and LDC (March 2022) providing a 'Reasonable' assurance opinion.	The standards require an annual opinion to be made in the Head of Internal Audit's Annual Report regarding the adequacy and effectiveness of each Councils risk management processes. It would therefore be beneficial to support the opinion with evidence of how this has been reached through a combination of the assurances gained at both a strategic level and at an operational level within engagements. It would be beneficial to document in this approach how any potential conflict of interest with regard to the Audit Manager and Principal Auditor's roles relating to risk management is managed.  <b>PSIAS 2120</b>	Agreed  To be implemented as part of Annual Internal Audit Reports submitted to each Council Audit Committees.	Audit Manager  April 2023	Ongoing, review of Risk Management to be completed at TBC in 2023/24.
11.	Consider	<b>Head of Internal Audit Annual Opinion</b> The current statement is largely based upon the work completed in the current financial year.	In practice, the opinion is actually based upon the continuous thread or trend of assurance work completed in recent years as a result of the focus of internal audit plans, the wider knowledge of significant risks and the	Agreed.  Updating of audit opinion for new financial year 2023/24	Audit Manager.  April 2023	Complete to be included in Annual Report to be presented to A&G

		<p>Best practice reflects using a wider basis for the opinion reflecting the full knowledge of the CAE including significant risks which each client is facing and information from other assurance sources.</p>	<p>various sources of assurance that exist, including the risk management processes. Future opinions should state the full basis upon which the opinion has been reached.</p> <p><b>PSIAS 2450</b></p>			Committee in June 2023.
12.	Consider	<p><b>Internal Audit Risk Based Strategy</b> The teams approach to assessment of the perceived risk at inherent and residual levels within an engagement is reflected in the grading of recommendations and opinions which are then used in reporting. Audit Engagement Plans and Reports contain an explanation of how the Internal Audit Team relate the level of risk evaluation to the conduct of the audit. It would be beneficial to ensure that the wording used is consistent with risk management terminology used by each client. PSIAS guidance emphasises that the focus of internal audit should be on 'significant' risk.</p>	<p>Consider reviewing the wording of definitions that support the grading of recommendations and opinions to better reflect risk appetite of each client. Particular attention should be given to the use of wording such as Fundamental and Significant. Within engagement reports this would then link to alignment of assurance opinions where fundamental or a series of significant recommendations automatically generated a 'Limited Assurance' opinion. Consider whether maintained a fourth level of assurance (being no assurance) is necessary.</p> <p><b>PSIAS 2420</b></p>	<p>Agreed.</p> <p>In conjunction with further reviews of wording and audit opinion, to be carried out in conjunction with these reviews.</p>	<p>Audit Manager</p> <p>December 2023</p>	<p>Ongoing development and practice to be brought into place for 2023/24.</p>

## Suggested Enhancements for consideration

	Issue Identified	Recommended Action	Management response	Officer responsible/ timescale	Status
1.	<p><b>Job descriptions</b> Current job descriptions are in a consistent form abut are not routinely reviewed as part of the PDR process..</p>	<p>Best practice reflects regular update of job descriptions, it may be beneficial to review all job descriptions at the same time to ensure that any inter-dependencies are fully reflected, particularly as the two currently vacant posts are advertised</p> <p><b>PSIAS 1210</b></p>	<p>Agreed</p> <p>Review of job Descriptions to be undertaken.</p>	<p>Audit Manager.</p> <p>April 2023</p>	Complete
2.	<p><b>Client surveys</b> Progress has been made in obtaining feedback from auditees following each audit through discussions with client managers and within the annual planning process. Current completion reflects 66% TBC and 82% LDC. This provides informal confirmation from clients regarding the Teams ability to deliver upon its responsibilities and particularly add value.</p>	<p>Internal Audit may find it useful to utilise Survey Monkey or similar technology for collecting feedback and capture similar feedback in relation to each contractors performance, as this can prove to be an efficient means of gathering an early response. Feedback should be included as part of the QAIP process.</p> <p><b>PSIAS 2000</b></p>	<p>Agreed.</p> <p>Will review the possibility and functionality of Survey Monkey and determine a way forward.</p>	<p>Audit Manager</p> <p>April 2023</p>	<p>Ongoing review to ascertain best systems going forward.</p> <p>Completed and determined that current paper based questionnaire was retained.</p>



3.	<p><b>Contract support</b> A contract is in place with each contractor which states that delivery of services should comply with the PSIAS.</p>	<p>In order to evidence that the Shared Service is compliant in overall terms it would be helpful if each contractor were requested to provide evidence that their work had been independently assessed in accordance with the PSIAS.</p> <p><b>PSIAS 1312</b></p>	Agreed	Audit Manager	Complete
4.	<p><b>Key Performance Indicators</b> Completion of the Internal Audit Plan is regarded as the current focus of performance monitoring, although other indicators based on recommendations and opinions made in the year are recorded in the Head of Internal Audit's Annual Report. Good practice elsewhere utilises a range of quantitative and qualitative measures to demonstrate performance against the Internal Audit Charter.</p>	<p>Consideration could be given to devising a more comprehensive list of indicators and a summary of client feedback received. This may include:</p> <ul style="list-style-type: none"> <li>• Reports issued to agreed timescales</li> <li>• Recommendations accepted/not accepted by risk rating</li> <li>• Recommendations acted upon in a timely manner</li> <li>• Client satisfaction</li> <li>• Staffing levels and qualifications</li> <li>• Planned training completed</li> </ul> <p><b>PSIAS 1310</b></p>	<p>Agreed</p> <p>Will review current KPI's and in conjunction with client managers determine a suite of KPI's for Internal Audit.</p>	<p>Audit Manager</p> <p>March 2024</p>	Ongoing, to be reviewed and considered for 2024/25
5.	<p><b>Training</b> The Internal Audit Team has developed a comprehensive training and skills matrix which includes reference to mandatory requirements although this has not been maintained. As the internal audit planning process devises a forward looking three year plan it would</p>	<p>Consider the benefits of using the priorities included in internal audit plans to identify potential courses or seminars which may provide increased understanding of the risk environment that will be reviewed. Ensure that training records are maintained and used to inform the QAIP.</p> <p><b>PSIAS 1210</b></p>	<p>Agreed</p> <p>Review training and implement as determined by the knowledge and experience of auditors.</p>	<p>Audit Manager</p> <p>March 2024</p>	Ongoing CPD requirements and training opportunities in place. Maintenance of training records to be updated.

	be beneficial to consider the future training needs of internal audit staff and include these in future resource planning.				Training records now documented and retained.  Complete.
6.	<b>Internal Audit Manual</b> The Team has compiled an Internal Audit Manual which was last reviewed in December 2022.	Following completion of the EQA, consider revising the Manual to fully reflect current practice rather than generic example as this will assist when training new staff. It may be useful to include the Internal Audit Protocol document within the Manual as this represents an excellent way of explaining the internal audit process to all stakeholder  <b>PSIAS 2030</b>	Agreed.  Implement changes as suggested.	Audit Manager  March 2023	Complete  Ongoing review of manual to bring into line with best practice.

## **AUDIT & GOVERNANCE COMMITTEE**

**25<sup>th</sup> October 2023**

### **Report of the Interim Executive Director Finance**

#### **REVIEW OF THE ANNUAL REPORT ON THE TREASURY MANAGEMENT SERVICE AND ACTUAL PRUDENTIAL INDICATORS 2022/23**

##### **Purpose**

To review the Annual Report on the Treasury Management Service and Actual Prudential Indicators 2022/23 following Council on 19th September 2023.

##### **Recommendation**

That Members consider the Annual Report on the Treasury Management Service and Actual Prudential Indicators 2022/23, as detailed at Annex 1, and highlight any proposed changes for recommendation to Cabinet.

##### **Executive Summary**

At its meeting on 23rd February 2010, the Council approved the Treasury Management Strategy and Prudential Indicators including, as required by the Code, that the Audit & Governance Committee be given the opportunity to scrutinise the strategy and policies, as well as receiving regular monitoring reports.

With regard to the appointment of a Committee to be responsible for ensuring effective scrutiny of the Treasury Management Strategy and Policies, the code suggests:

- This involves reviewing the Treasury Management policy and procedures and making recommendations to the responsible body;
- Public Service Organisations have a responsibility to ensure that those charged with governance have access to the skills and knowledge they require to carry out this role effectively;
- Those charged with Governance also have a personal responsibility to ensure they have the appropriate skills and training in their role;
- The procedures for monitoring Treasury Management activities through audit, scrutiny and inspection should be sound and rigorously applied, with an openness of access to information and well-defined arrangements for the review and implementation of recommendations for change; and
- This includes the provision of monitoring information and regular review by Councillors in both executive and Scrutiny functions.

In compliance with the above, a copy of the Annual Report on the Treasury Management Service and Actual Prudential Indicators for 2022/23 is attached at Annex 1.

### **Equalities implications**

There are no equalities implications arising from the report.

### **Legal implications**

Approval of Prudential Indicators and an Annual Investment Strategy is a legal requirement of the Local Government Act 2003. Members are required under the CIPFA Code of Practice to have ownership and understanding when making decisions on Treasury Management matters.

### **Resource and Value for Money implications**

All financial resource implications are detailed in the body of this report which links to the Council's Medium Term Financial Strategy.

### **Risk implications**

Risk is inherent in Treasury Management and as such a risk based approach has been adopted throughout the report with regard to Treasury Management processes.

### **Report Author**

Please contact Omotayo Lawal, Head of Finance on ext 246 or Jo Goodfellow, Interim Executive Director Finance on ext 241.

### **Background Papers**

Corporate Vision, Priorities Plan, Budget & Medium Term Financial Strategy 2022/23 including Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Statement 2022/23, Council 22<sup>nd</sup> February 2022.

Treasury Management Strategy Statement and Annual Investment Strategy Mid-year Review Report 2022/23 Council 13<sup>th</sup> December 2022.

## COUNCIL

TUESDAY 19<sup>th</sup> SEPTEMBER 2023

**REPORT OF THE PORTFOLIO HOLDER FOR OPERATIONS AND FINANCE  
ANNUAL REPORT ON THE TREASURY MANAGEMENT SERVICE AND ACTUAL  
PRUDENTIAL INDICATORS 2022/23**

**EXEMPT INFORMATION**

None

**PURPOSE**

The Annual Treasury report is a requirement of the Council's reporting procedures. It covers the Treasury activity for 2022/23, and the actual Prudential Indicators for 2022/23.

The report meets the requirements of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities. The Council is required to comply with both Codes in accordance with Regulations issued under the Local Government Act 2003. It also provides an opportunity to review the approved Treasury Management Strategy for the current year and enables Members to consider and approve any issues identified that require amendment.

**RECOMMENDATIONS**

**That Council ;**

- 1. Approve the actual 2022/23 Prudential and Treasury Indicators within the report and shown at Appendix 1; and**
- 2. Accept the Annual Treasury Management Report for 2022/23**

**EXECUTIVE SUMMARY**

This report covers Treasury operations for the year ended 31<sup>st</sup> March 2023 and summarises:

- the Council's Treasury position as at 31<sup>st</sup> March 2023; and
- Performance Measurement

The key points raised for 2022/23 are:

1. The Council's Capital Expenditure and Financing 2022/23
2. The Council's Overall Borrowing Need
3. Treasury Position as at 31<sup>st</sup> March 2023
4. The Strategy for 2022/23
5. Borrowing Outturn for 2022/23

6. Investment Outturn for 2022/23
7. Performance Measurement
8. The Economy and Interest Rates
9. Property Funds
10. Other Issues

The Treasury Function has achieved the following favourable results:

- The Council has complied with the professional codes, statutes and guidance;
- There are no issues to report regarding non-compliance with the approved prudential indicators;
- The Council maintained an average investment balance externally invested of £75.8m and achieved an average return of 2.16% (budgeted at £37.3m and an average return of 0.25%).
- The closing weighted average internal rate on borrowing is 4.05% (4.05% for 2021/22);
- The Treasury Management Function has achieved an outturn investment income of £1.6m compared to an original budget of £121k. Investment balances were higher than budgeted throughout the year, and the average interest rates rose significantly.
- We also received £458k in dividends from our property fund investments (£269k in 2021/22), compared to a budget of £420k. However, the net value of the investments has fallen by £1.12m as at 31<sup>st</sup> March 2023.

During 2022/23 the Council complied with its legislative and regulatory requirements.

The Executive Director Finance confirms that there was no overall increase in borrowing within the year and the Authorised Limit was not breached.

At 31<sup>st</sup> March 2023, the Council's external debt was £63.060m (£63.060m at 31<sup>st</sup> March 2022) and its external investments, excluding property funds and bank account, totalled £60.610m (£68.299m at 31<sup>st</sup> March 2022).

## **RESOURCE IMPLICATIONS**

There are no financial implications or staffing implications arising directly from the report.

## **LEGAL/RISK IMPLICATIONS BACKGROUND**

The Council is aware of the risks of passive management of the Treasury Portfolio and with the support of Link Asset Services, the Council's current Treasury advisers, has proactively managed its debt and investments during the year.

## **EQUALITIES IMPLICATIONS**

None

## **SUSTAINABILITY IMPLICATIONS**

None

## **REPORT AUTHOR**

If Members would like further information or clarification prior to the meeting please contact Joanne Goodfellow, telephone 01827 709241 or email [joanne-goodfellow@tamworth.gov.uk](mailto:joanne-goodfellow@tamworth.gov.uk)

## **LIST OF BACKGROUND PAPERS**

- Local Government Act 2003;
- Statutory Instruments: 2003 No 3146 & 2007 No 573;
- CIPFA Code of Practice on Treasury Management in Public Services;
- Treasury Management Strategy 2022/23 (Council 22nd February 2022);
- Treasury Management Mid-Year Review 2022/23 (Council 13th December 2022);
- Treasury Outturn Report 2021/22 (Council 27th September 2022).

## **APPENDICES**

**Appendix 1 – Prudential and Treasury Indicators**

**Appendix 2 – Borrowing and Investment Rates**

## Annual Treasury Management Review 2022/23

This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2022/23. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

During 2022/23 the minimum reporting requirements were complied with:

- an annual treasury strategy in advance of the year (Council 22nd February 2022)
- a mid-year (minimum) treasury update report (Council 13th December 2022)
- an annual review following the end of the year describing the activity compared to the strategy (this report).

In addition, Cabinet has received quarterly Treasury management updates as part of the Financial Healthcheck Reports.

The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members. This Council confirms that it has complied with the requirement under the Code to provide scrutiny of all of the above Treasury Management Reports to the Audit and Governance Committee. Member training on Treasury Management issues was provided in February 2023 and further training is planned during 2023/24.

During 2022/23, the Council complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows.

Prudential & Treasury Indicators	2021/22 Actual £m	2022/23 Estimate £m	2022/23 Actual £m
Capital Expenditure			
Non HRA	7.823	28.483	<b>4.889</b>
HRA	9.993	20.887	<b>13.876</b>
<b>Total</b>	17.816	49.370	<b>18.765</b>
Capital Financing Requirement			
Non HRA	3.937	5.029	<b>3.785</b>
HRA	69.893	70.590	<b>69.982</b>
<b>Total</b>	73.830	75.619	<b>73.767</b>
Gross Borrowing			
External Debt	63.060	63.060	<b>63.060</b>
Investments			
Longer than 1 year	13.095	-	<b>10.842</b>
Less than 1 year	67.215	15.829	<b>60.490</b>
<b>Total</b>	80.310	15.829	<b>71.332</b>
<b>Net Borrowing</b>	-17.250	47.231	<b>-8.272</b>



It should be noted that **£29m** of Capital scheme spend has been re-profiled into 2023/24 (also including re-profiling from previous years) which has increased investment balances.

Other prudential and treasury indicators are to be found further in this report. The Executive Director Finance confirms that there was no overall increase in borrowing in year and the statutory borrowing limit (the authorised limit) was not breached.

## 1. The Council's Capital Expenditure and Financing 2022/23

The Council undertakes capital expenditure on long-term assets. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need; or
- If insufficient financing is available, or a decision is taken not to apply internal funds, the capital expenditure would give rise to a borrowing need.

The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed.

General Fund	2021/22 Actual £m	2022/23 Estimate £m	2022/23 Actual £m
Capital Expenditure	7.823	28.483	<b>4.889</b>
Financed in year	7.340	27.920	<b>4.837</b>
<b>Unfinanced capital expenditure</b>	0.483	0.563	<b>0.052</b>
HRA	2021/22 Actual £m	2022/23 Estimate £m	2022/23 Actual £m
Capital Expenditure	9.993	20.887	<b>13.876</b>
Financed in year	9.993	19.699	<b>13.788</b>
<b>Unfinanced capital expenditure</b>	-	1.188	<b>0.088</b>

## 2. The Council's Overall Borrowing Need

The Council's underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the 2022/23 unfinanced capital expenditure (see above table), and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies (such as the Government, through the Public Works Loan Board [PWLb] or the money markets), or utilising temporary cash resources within the Council.

**Reducing the CFR** – the Council's (non HRA) underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital

assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision (MRP), to reduce the CFR. This is effectively a repayment of the non-Housing Revenue Account (HRA) borrowing need (there is no statutory requirement to reduce the HRA CFR). This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.

The total CFR can also be reduced by:

- the application of additional capital financing resources (such as unapplied capital receipts); or
- charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).

The Council’s 2022/23 MRP Policy (as required by DLUHC Guidance) was approved as part of the Treasury Management Strategy Report for 2022/23 on 22nd February 2022.

The Council’s CFR for General Fund and the HRA for the year are shown below, and represent a key prudential indicator.

CFR: General Fund	31st March 2022 Actual £m	31st March 2023 Budget £m	31st March 2023 Actual £m
Opening balance	3.612	4.096	<b>3.937</b>
Add unfinanced capital expenditure (as above)	0.483	0.563	<b>0.052</b>
Less MRP/VRP	(0.158)	(0.217)	<b>(0.204)</b>
Less PFI & finance lease repayments	-	-	-
<b>Closing balance</b>	<b>3.937</b>	<b>4.441</b>	<b>3.785</b>

CFR: HRA	31st March 2022 Actual £m	31st March 2023 Budget £m	31st March 2023 Actual £m
Opening balance	69.893	69.990	<b>69.893</b>
Add unfinanced capital expenditure (as above)	-	1.188	<b>0.088</b>
Less MRP/VRP	-	-	-
Less PFI & finance lease repayments	-	-	-
<b>Closing balance</b>	<b>69.893</b>	<b>71.178</b>	<b>69.981</b>

Borrowing activity is constrained by prudential indicators for gross borrowing and the CFR, and by the authorised limit.

**Gross borrowing and the CFR** - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2022/23) plus the estimates of

any additional capital financing requirement for the current (2023/24) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allowed the Council some flexibility to borrow in advance of its immediate capital needs in 2022/23. The table below highlights the Council's gross borrowing position against the CFR. The Council has complied with this prudential indicator.

Gross borrowing and the CFR	31st March 2022 Actual £m	31st March 2023 Budget £m	31st March 2023 Actual £m
Gross borrowing position	63.060	63.060	63.060
CFR	73.831	75.619	73.767
Under / Over funding of CFR	-10.771	-12.559	-10.707

The lower than estimated CFR reflects re-profiling of spend within the capital programme to 2023/24 and lower than forecast borrowing.

**The Authorised Limit** - the authorised limit is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during 2022/23 the Council has maintained gross borrowing within its authorised limit.

**The Operational Boundary** – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached.

**Actual Financing Costs as a Proportion of Net Revenue Stream** - this indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

Borrowing Limits	GF £m	HRA £m	Total £m
Authorised limit	8.029	79.407	87.436
Maximum gross borrowing position	-	63.060	63.060
Operational boundary	-	63.060	63.060
Average gross borrowing position	-	63.060	63.060
Budgeted financing costs as a proportion of net revenue stream %	(0.17)	28.09	27.91
Actual financing costs as a proportion of net revenue stream %	(26.85)	29.60	2.74

### 3. Treasury Position as at 31<sup>st</sup> March 2023

The Council's debt and investment position is organised by the treasury management service in order to ensure adequate liquidity for revenue and capital activities, security for

investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through member reporting detailed in the summary, and through officer activity detailed in the Council's Treasury Management Practices. At the beginning and the end of 2022/23 the Council's treasury (excluding borrowing by finance leases) position was as follows:

General Fund	31st March 2022 Principal £m	Rate/Return %	Average Life yrs	31st March 2023 Principal £m	Rate/Return %	Average Life yrs
<b>Total debt</b>	-	-	-	-	-	-
<b>CFR</b>	<b>3.937</b>	-	-	<b>3.785</b>	-	-
<b>Over / (under) borrowing</b>	<b>(3.937)</b>	-	-	<b>(3.785)</b>	-	-
Investments:						
- in house	45.761	0.54	-	44.108	2.16	-
<b>Total investments</b>	<b>45.761</b>	<b>0.54</b>	-	<b>44.108</b>	<b>2.16</b>	-

HRA	31st March 2022 Principal £m	Rate/Return %	Average Life yrs	31st March 2023 Principal £m	Rate/Return %	Average Life yrs
Fixed rate funding:						
-PWLB	63.060	4.05	32.73	63.060	4.05	33.73
<b>Total debt</b>	<b>63.060</b>	<b>4.05</b>	<b>32.73</b>	<b>63.060</b>	<b>4.05</b>	<b>33.73</b>
<b>CFR</b>	<b>69.893</b>	-	-	<b>69.982</b>	-	-
<b>Over / (under) borrowing</b>	<b>(6.833)</b>	-	-	<b>(6.922)</b>	-	-
Investments:						
- in house	21.454	0.54	-	16.382	2.16	-
<b>Total investments</b>	<b>21.454</b>	<b>0.68</b>	-	<b>16.382</b>	<b>2.16</b>	-

## Maturity Structures

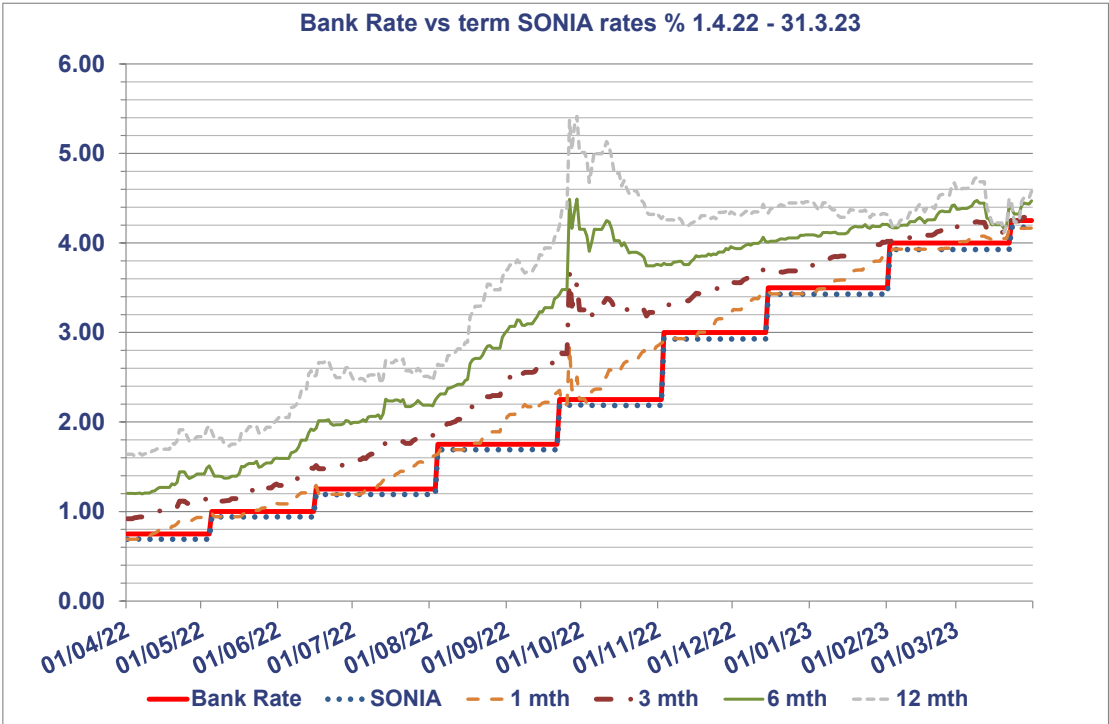
The maturity structure of the debt portfolio was as follows:

Duration	31st March 2022 Actual £m	2022/23 original limits %	31st March 2023 Actual £m
Under 12 months	-	20	-
12 months and within 24 months	-	20	-
24 months and within 5 years	-	25	-
5 years and within 10 years	1	75	<b>1</b>
10 years and within 15 years	4	100	<b>4</b>
15 years and within 50 years	58	100	<b>58</b>

All investments held by the Council were invested for up to one year, with the exception of £11.962m invested in property funds, which are held for the longer-term, 5 – 10 years.

**4. The Strategy for 2022/23**

**4.1 Investment strategy and control of interest rate risk**



FINANCIAL YEAR TO QUARTER ENDED 31/3/2023						
	Bank Rate	SONIA	1 mth	3 mth	6 mth	12 mth
<b>High</b>	4.25	4.18	4.17	4.30	4.49	5.41
<b>High Date</b>	23/03/2023	31/03/2023	31/03/2023	31/03/2023	29/09/2022	29/09/2022
<b>Low</b>	0.75	0.69	0.69	0.92	1.20	1.62
<b>Low Date</b>	01/04/2022	28/04/2022	01/04/2022	01/04/2022	07/04/2022	04/04/2022
<b>Average</b>	2.30	2.24	2.41	2.72	3.11	3.53
<b>Spread</b>	3.50	3.49	3.48	3.38	3.29	3.79

Investment returns picked up throughout the course of 2022/23 as central banks, including the Bank of England, realised that inflationary pressures were not transitory, and that tighter monetary policy was called for.

Starting April at 0.75%, Bank Rate moved up in stepped increases of either 0.25% or 0.5%, reaching 4.25% by the end of the financial year, with the potential for a further one or two increases in 2023/24.

The sea-change in investment rates meant local authorities were faced with the challenge of pro-active investment of surplus cash for the first time in over a decade, and this emphasised the need for a detailed working knowledge of cashflow projections so that the appropriate balance between maintaining cash for liquidity purposes, and “laddering” deposits on a rolling basis to lock in the increase in investment rates as duration was extended, became an on-going feature of the investment landscape.

With bond markets selling off, equity valuations struggling to make progress and, latterly, property funds enduring a wretched Q4 2022, the more traditional investment

options, such as specified investments (simple to understand, and less than a year in duration) became more actively used.

Meantime, through the autumn, and then in March 2023, the Bank of England maintained various monetary policy easing measures as required to ensure specific markets, the banking system and the economy had appropriate levels of liquidity at times of stress.

Nonetheless, while the Council has taken a cautious approach to investing, it is also fully appreciative of changes to regulatory requirements for financial institutions in terms of additional capital and liquidity that came about in the aftermath of the Great Financial Crisis of 2008/9. These requirements have provided a far stronger basis for financial institutions, with annual stress tests by regulators evidencing how institutions are now far more able to cope with extreme stressed market and economic conditions.

#### **4.2 Borrowing strategy and control of interest rate risk**

During 2022/23, the Council maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as investment returns were initially low and minimising counterparty risk on placing investments also needed to be considered.

A cost of carry generally remained in place during the year on any new long-term borrowing that was not immediately used to finance capital expenditure, as it would have caused a temporary increase in cash balances; this would have incurred a revenue cost – the difference between (higher) borrowing costs and (lower) investment returns. As the cost of carry dissipated, the Council sought to avoid taking on long-term borrowing at elevated levels (>4%) and has focused on a policy of internal and temporary borrowing, supplemented by short-dated borrowing (<3 years) as appropriate.

The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this has been kept under review to avoid incurring higher borrowing costs in the future when this Authority may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.

Against this background and the risks within the economic forecast, caution was adopted with the treasury operations. The Executive Director Finance therefore monitored interest rates in financial markets and adopted a pragmatic strategy based upon the following principles to manage interest rate risks

- if it had been felt that there was a significant risk of a sharp FALL in long and short term rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings would have been postponed, and potential rescheduling from fixed rate funding into short term borrowing would have been considered.
- if it had been felt that there was a significant risk of a much sharper RISE in long and short-term rates than initially expected, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position would have been re-appraised. Most

likely, fixed rate funding would have been drawn whilst interest rates were lower than they were projected to be in the next few years.

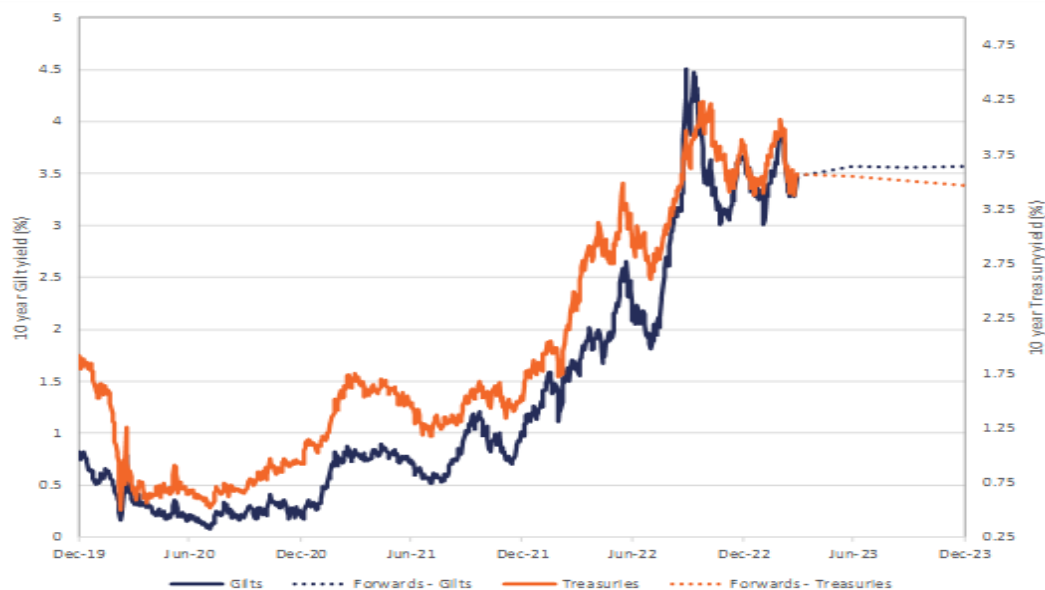
Interest rate forecasts were initially suggesting only gradual rises in short, medium and longer-term fixed borrowing rates during 2022/23 but by August it had become clear that inflation was moving up towards 40-year highs, and the Bank of England engaged in monetary policy tightening at every Monetary Policy Committee meeting during 2022, and into 2023, either by increasing Bank Rate by 0.25% or 0.5% each time. Currently the CPI measure of inflation is still above 10% in the UK but is expected to fall back towards 4% by year end. Nonetheless, there remain significant risks to that central forecast.

## PWLB Borrowing Rates

PWLB rates are based on, and are determined by, gilt (UK Government bonds) yields through H.M.Treasury determining a specified margin to add to gilt yields. The main influences on gilt yields are Bank Rate, inflation expectations and movements in US treasury yields. Inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation and the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. This has pulled down the overall level of interest rates and bond yields in financial markets over the last 30 years. We have seen over the last two years, many bond yields up to 10 years in the Eurozone turn negative on expectations that the EU would struggle to get growth rates and inflation up from low levels. In addition, there has, at times, been an inversion of bond yields in the US whereby 10 year yields have fallen below shorter term yields. In the past, this has been a precursor of a recession.

However, since early 2022, yields have risen dramatically in all the major developed economies, first as economies opened post-Covid; then because of the inflationary impact of the war in Ukraine in respect of the supply side of many goods. In particular, rising cost pressures emanating from shortages of energy and some food categories have been central to inflation rising rapidly. Furthermore, at present the FOMC, ECB and Bank of England are all being challenged by persistent inflation that is exacerbated by very tight labour markets and high wage increases relative to what central banks believe to be sustainable.

## Graph of UK gilt yields v. US treasury yields



Gilt yields have been on a continual rise since the start of 2021, peaking in the autumn of 2022. Currently, yields are broadly range bound between 3% and 4.25%.

At the close of the day on 31 March 2023, all gilt yields from 1 to 5 years were between 3.64% – 4.18%, with the 1 year being the highest and 6-7.5 years being the lowest yield.

Regarding PWLB borrowing rates, the various margins attributed to their pricing are as follows: -

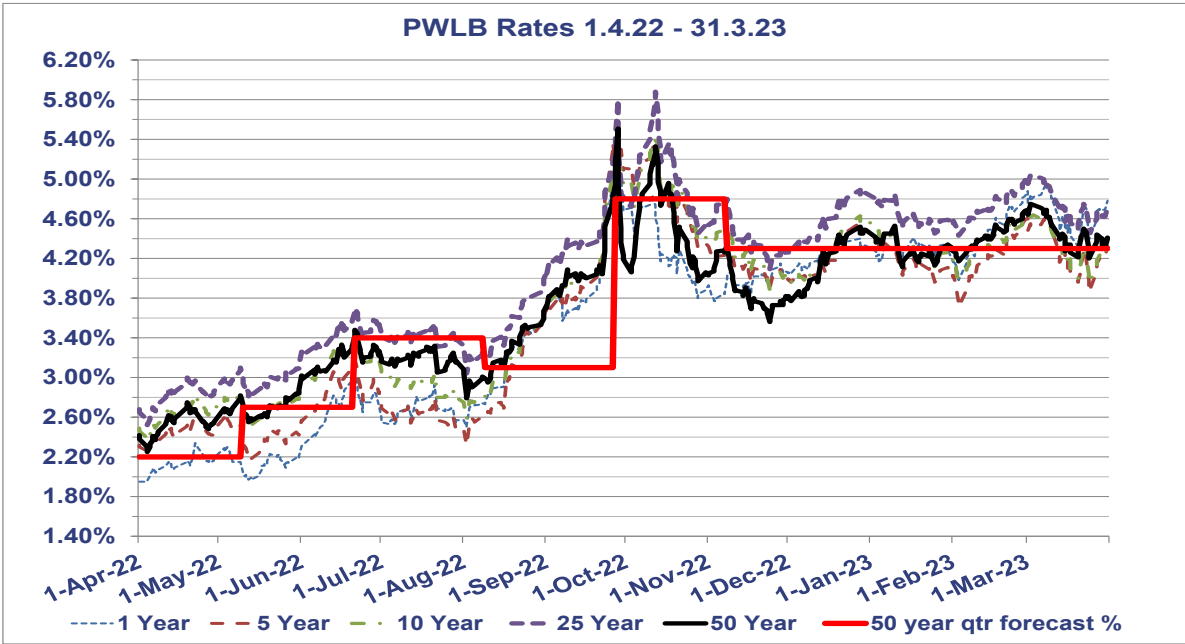
- **PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB Certainty Rate** is gilt plus 80 basis points (G+80bps)
- **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

There is likely to be a fall in gilt yields and PWLB rates across the whole curve over the next one to two years as Bank Rate first rises to dampen inflationary pressures and a tight labour market, and is then cut as the economy slows, unemployment rises, and inflation (on the Consumer Price Index measure) moves closer to the Bank of England’s 2% target.

As a general rule, short-dated gilt yields will reflect expected movements in Bank Rate, whilst medium to long-dated yields are driven primarily by the inflation outlook.

The Bank of England is also embarking on a process of Quantitative Tightening, but the scale and pace of this has already been affected by the Truss/Kwarteng “fiscal experiment” in the autumn of 2022 and more recently by the financial market unease with some US (e.g., Silicon Valley Bank) and European banks (e.g., Credit Suisse). The gradual reduction of the Bank’s original £895bn stock of gilt and corporate bonds will be sold back into the market over several years. The impact this policy will have on the market pricing of gilts, while issuance is markedly increasing, is an unknown at the time of writing.

The graph and tables for PWLB rates below and in Appendix 2 show, for a selection of maturity periods, the average borrowing rates, the high and low points in rates, spreads and individual rates at the start and the end of the financial year.





## 5. Borrowing Outturn for 2022/23

### Treasury Borrowing

Due to investment concerns, both counterparty risk and low investment returns, no borrowing was undertaken during the year.

### Borrowing in Advance of Need

The Council has not borrowed more than, or in advance of, its needs, purely in order to profit from the investment of the extra sums borrowed.

### Rescheduling

No rescheduling was done during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

## 6. Investment Outturn for 2022/23

**Investment Policy** – the Council’s investment policy is governed by DLUHC investment guidance, which has been implemented in the annual investment strategy approved by the Council on 22nd February 2022. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc).

The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

**Resources** – the Council’s cash balances comprise revenue and capital resources and cash flow monies. The Council’s core cash resources comprised the following:

Balance Sheet Resources General Fund	31 <sup>st</sup> March 2022 £m	31 <sup>st</sup> March 2023 £m
Balances	9.155	<b>9.615</b>
Earmarked Reserves	15.505	<b>15.56</b>
Provisions	1.916	<b>1.825</b>
Usable Capital Receipts	13.230	<b>12.601</b>
Capital Grants Unapplied	0.420	<b>0.975</b>
<b>Total GF</b>	<b>40.226</b>	<b>40.576</b>
Balance Sheet Resources HRA	31 <sup>st</sup> March 2022 £m	31 <sup>st</sup> March 2023 £m
Balances	5.717	<b>2.761</b>
Earmarked Reserves	11.989	<b>10.599</b>
Provisions	-	-
Usable Capital Receipts	1.153	<b>1.710</b>
<b>Total HRA</b>	<b>18.859</b>	<b>15.07</b>
<b>Total Authority Resources</b>	<b>59.085</b>	<b>55.646</b>

**Investments held by the Council** – the Council maintained an average balance of £75.8m of internally managed funds. The internally managed funds earned an average rate of return of 2.16%. The comparable performance indicator is the average 3 month SONIA rate which was 2.72%. This compared with a budget assumption of £37.3m investment balances earning an average rate of 0.25%.

**7. Performance Measurement**

One of the key requirements in the Code is the formal introduction of performance measurement relating to investments, debt and capital financing activities. Whilst investment performance criteria have been well developed and universally accepted, debt performance indicators continue to be a more problematic area with the traditional average portfolio rate of interest acting as the main guide. The Council’s performance indicators were set out in the Annual Treasury Management Strategy Statement.

This service has set the following local performance indicator:

- *Average external interest receivable in excess of 3 month SONIA rate;*

Whilst the assumed benchmark for local authorities is the 7 day SONIA rate, a higher target is set for internal performance.

The actual return of 2.16% is compared to the average 3 month SONIA of 2.72% (0.56% below target). This is due to the sharp increase in interest rates between 1<sup>st</sup> April 2022 and 31<sup>st</sup> March 2023, with some investments fixed at lower rates at the beginning of the year.

**8. The Economy and Interest Rates**

**UK Economy.** Against a backdrop of stubborn inflationary pressures, the easing of Covid restrictions in most developed economies, the Russian invasion of Ukraine, and a range of different UK Government policies, it is no surprise that UK interest rates have been volatile right across the curve, from Bank Rate through to 50-year gilt yields, for all of 2022/23.

Market commentators’ misplaced optimism around inflation has been the root cause of the rout in the bond markets with, for example, UK, EZ and US 10-year yields all rising by over 200bps in 2022. The table below provides a snapshot of the conundrum facing central banks: inflation is elevated but labour markets are extraordinarily tight, making it an issue of fine judgment as to how far monetary policy needs to tighten.

	<b>UK</b>	<b>Eurozone</b>	<b>US</b>
<b>Bank Rate</b>	4.25%	3%	4.75%-5%
<b>GDP</b>	0.1%q/q Q4 (4.1%y/y)	+0.1%q/q Q4 (1.9%y/y)	2.6% Q4 Annualised
<b>Inflation</b>	10.4%y/y (Feb)	6.9%y/y (Mar)	6.0%y/y (Feb)
<b>Unemployment Rate</b>	3.7% (Jan)	6.6% (Feb)	3.6% (Feb)

Q2 of 2022 saw UK GDP deliver growth of +0.1% q/q, but this was quickly reversed in the third quarter, albeit some of the fall in GDP can be placed at the foot of the extra Bank Holiday in the wake of the Queen's passing. Q4 GDP was positive at 0.1% q/q. Most recently, January saw a 0.3% m/m increase in GDP as the number of strikes reduced compared to December. In addition, the resilience in activity at the end of 2022 was, in part, due to a 1.3% q/q rise in real household disposable incomes. A big part of that reflected the £5.7bn payments received by households from the government under the Energy Bills Support Scheme.

Nevertheless, CPI inflation picked up to what should be a peak reading of 11.1% in October, although hopes for significant falls from this level will very much rest on the movements in the gas and electricity markets, as well as the supply-side factors impacting food prices. On balance, most commentators expect the CPI measure of inflation to drop back towards 4% by the end of 2023. As of February 2023, CPI was 10.4%.

The UK unemployment rate fell through 2022 to a 48-year low of 3.6%, and this despite a net migration increase of c500k. The fact remains, however, that with many economic participants registered as long-term sick, the UK labour force shrunk by c500k in the year to June. Without an increase in the labour force participation rate, it is hard to see how the UK economy will be able to grow its way to prosperity, and with average wage increases running at over 6% the MPC will be concerned that wage inflation will prove just as sticky as major supply-side shocks to food (up 18.3% y/y in February 2023) and energy that have endured since Russia's invasion of Ukraine on 22 February 2022.

Bank Rate increased steadily throughout 2022/23, starting at 0.75% and finishing at 4.25%.

In the interim, following a Conservative Party leadership contest, Liz Truss became Prime Minister for a tumultuous seven weeks that ran through September and October. Put simply, the markets did not like the unfunded tax-cutting and heavy spending policies put forward by her Chancellor, Kwasi Kwarteng, and their reign lasted barely seven weeks before being replaced by Prime Minister Rishi Sunak and Chancellor Jeremy Hunt. Their Autumn Statement of the 17th of November gave rise to a net £55bn fiscal tightening, although much of the "heavy lifting" has been left for the next Parliament to deliver. However, the markets liked what they heard, and UK gilt yields have reversed the increases seen under the previous tenants of No10/11 Downing Street, although they remain elevated in line with developed economies generally.

As noted above, GDP has been tepid throughout 2022/23, although the most recent composite Purchasing Manager Indices for the UK, US, EZ and China have all surprised to the upside, registering survey scores just above 50 (below suggests economies are contracting, and above suggests expansion). Whether that means a shallow recession, or worse, will be avoided is still unclear. Ultimately, the MPC will want to see material evidence of a reduction in inflationary pressures and a loosening in labour markets. Realistically, that is an unlikely outcome without unemployment rising and wage settlements falling from their current levels. At present, the bigger rise in employment kept the ILO unemployment rate unchanged at 3.7% in January. Also, while the number of job vacancies fell for the ninth consecutive month in February, they remained around 40% above pre-pandemic levels.

Our economic analysts, Capital Economics, expect real GDP to contract by around 0.2% q/q in Q1 and forecast a recession this year involving a 1.0% peak-to-trough fall in real GDP.

The £ has remained resilient of late, recovering from a record low of \$1.035, on the Monday following the Truss government's "fiscal event", to \$1.23. Notwithstanding the £'s better run of late, 2023 is likely to see a housing correction of some magnitude as fixed-rate mortgages have moved above 4.5% and affordability has been squeezed despite proposed Stamp Duty cuts remaining in place.

As for equity markets, the FTSE 100 started 2023 strongly, rising to a record high of 8,014 on 20th February, as resilient data and falling inflation boosted earnings. But global equities fell sharply after concerns over the health of the global banking system emerged early in March. The fall in the FTSE 100 was bigger than the drop in the US S&P 500. Indeed, at around 7,600 now, the FTSE is 5.2% below its record high on 20th February, while the S&P 500 is only 1.9% lower over the same period. That's despite UK banks having been less exposed and equity prices in the UK's financial sector not falling as far. It may be due to the smaller decline in UK interest rate expectations and bond yields, which raise the discounted value of future earnings, compared to the US.

**USA.** The flurry of comments from Fed officials over recent months suggest there is still an underlying hawkish theme to their outlook for interest rates. Markets are pricing in a further interest rate increases of 25-50bps, on top of the current interest rate range of 4.75% - 5%. In addition, the Fed is expected to continue to run down its balance sheet once the on-going concerns about some elements of niche banking provision are in the rear-view mirror.

As for inflation, it is currently at c6% but with the economy expected to weaken during 2023, and wage data already falling back, there is the prospect that should the economy slide into a recession of any kind there will be scope for rates to be cut at the backend of 2023 or shortly after.

**EU.** Although the Euro-zone inflation rate has fallen below 7%, the ECB will still be mindful that it has further work to do to dampen inflation expectations and it seems destined to raise rates to 4% in order to do so. Like the UK, growth has remained more robust than anticipated but a recession in 2023 is still seen as likely by most commentators.

## **9. Investment in Property Funds**

Investment in property funds was included within the Commercial Investment Strategy, with the aim of generating improved returns of c.4-5% p.a. (plus asset growth) being long term investments of between 5 – 10 years (minimum) in order to make the necessary returns (after set up costs). Utilising the capital receipt proceeds of the sale of the Golf Course, a budget of £12m was allocated to long-term investment in a number of property funds. To date, the Council has invested £1.85m with Schrodgers UK Real Estate Fund, £6.057m with Threadneedle Property Unit Trust, and £4.057 with Hermes Federated Property Unit Trust. Total investment £11.962m.

Fund Valuations	Investment	Valuation 31/03/2021	Valuation 31/03/2022	Valuation 31/03/2023	Valuation 31/05/2023
Schroders UK Real Estate Fund	1,848,933	1,848,933	2,139,618	1,727,176	1,690,891
Valuation Increase / (reduction)		0	290,685	-121,757	-158,042
Threadneedle Property Unit Trust	2,000,249	1,794,439	2,097,097	1,732,373	1,747,516
Valuation Increase / (reduction)		-205,810	96,848	-267,876	-252,733
Threadneedle Property Unit Trust	4,056,536	N/A	4,407,163	3,640,676	3,672,500
Valuation Increase / (reduction)			350,627	-415,860	-384,036
Hermes Federated Property Unit Trust	4,056,536	N/A	4,450,808	3,741,712	3,760,729
Valuation Increase / (reduction)			394,271	-314,824	-295,807
Total	11,962,255	3,643,372	13,094,686	10,841,937	10,871,635
Valuation Increase / (reduction)		-205,810	1,132,431	-1,120,317	-1,090,619

The Council received £458k in dividends from its property fund investments in 2022/23 (£269k in 2021/22), £1.002m in total since 2018/19, offset against the valuation decrease of £1.12m over the same period.

## 10. Other Issues

### International Financial Reporting Standard (IFRS) 9 – Financial Instruments.

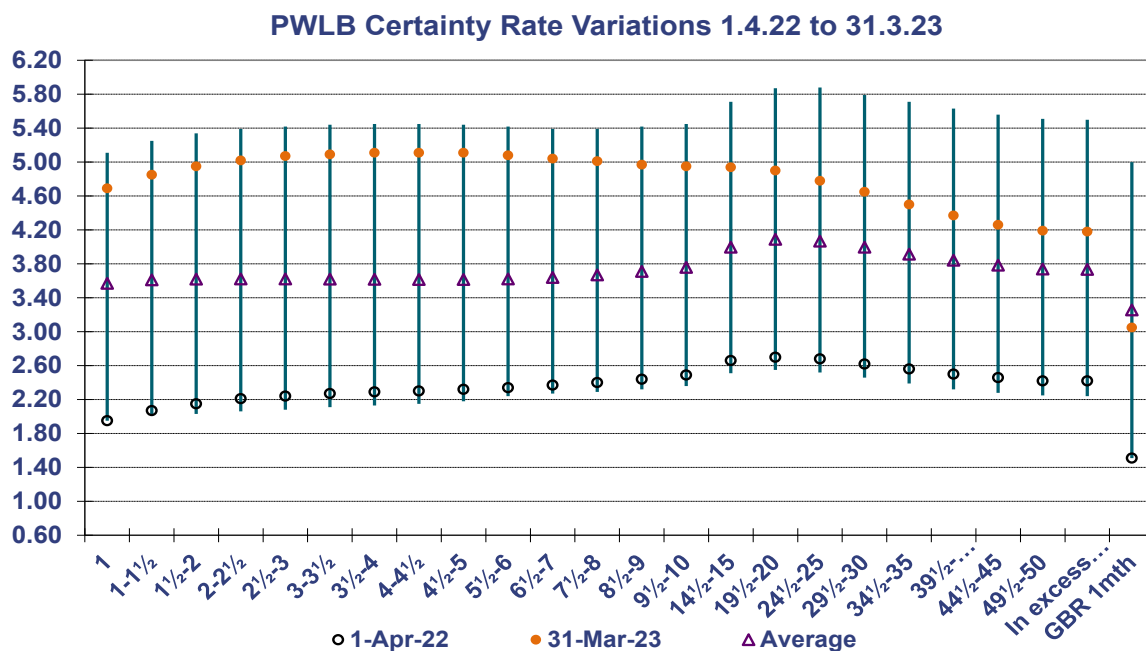
The 2018/19 Accounting Code of Practice introduced changes in way investments are valued and disclosed in the Council’s Statement of Accounts. Key considerations are:-

- Expected credit loss model. Whilst not material for vanilla treasury investments such as bank deposits, this does impact our investment in property funds
- The valuation of investments previously valued under the available for sale category e.g. equity related to the “commercialism” agenda, property funds, equity funds and similar, will be changed to **Fair Value through the Profit and Loss (FVPL)**.

Following the consultation undertaken by the Department of Levelling Up, Housing and Communities [DLUHC] on IFRS 9, the Government has extended the mandatory statutory override for local authorities to reverse out all unrealised fair value movements resulting from pooled investment funds to 31st March 2025. Local authorities are required to disclose the net impact of the unrealised fair value movements in a separate unusable reserve throughout the duration of the override in order for the Government to keep the override under review and to maintain a form of transparency.

<b>1. PRUDENTIAL INDICATORS</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2022/23</b>
<b>Extract from budget and rent setting report</b>	<b>Actual</b>	<b>Original</b>	<b>Actual</b>
<b>Capital Expenditure</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Non - HRA	7.823	28.483	4.889
HRA	9.993	20.887	13.876
TOTAL	17.816	49.370	18.765
<b>Ratio of financing costs to net revenue stream</b>	<b>%</b>	<b>%</b>	<b>%</b>
Non - HRA	(6.739)	(0.17)	(26.85)
HRA	28.157	28.09	29.60
<b>Gross borrowing requirement General Fund</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
brought forward 1 April	3.612	4.096	3.937
carried forward 31 March	4.095	4.658	3.989
in year borrowing requirement	0.483	0.563	0.052
<b>Gross borrowing requirement HRA</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
brought forward 1 April	69.893	69.990	69.893
carried forward 31 March	69.893	71.178	69.981
in year borrowing requirement	-	1.188	0.088
	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Gross debt</b>	63.060	63.060	63.060
<b>Capital Financing Requirement</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Non – HRA	3.937	4.441	3.785
HRA	69.893	71.178	69.981
TOTAL	73.831	75.619	73.766
<b>Annual change in Capital Financing Requirement</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Non – HRA	0.325	0.346	(0.152)
HRA	-	1.188	0.088
TOTAL	0.325	1.534	(0.064)

<b>2. TREASURY MANAGEMENT INDICATORS</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2022/23</b>
	<b>Actual</b>	<b>Original</b>	<b>Actual</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Authorised Limit for external debt - General Fund</b>			
borrowing	7.736	8.029	8.029
other long term liabilities	-	-	-
TOTAL	7.736	8.029	8.029
<b>Authorised Limit for external debt - HRA</b>			
borrowing	79.407	79.407	79.407
other long term liabilities	-	-	-
TOTAL	79.407	79.407	79.407
<b>Operational Boundary for external debt - General Fund</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
borrowing	-	-	-
other long term liabilities	-	-	-
TOTAL	-	-	-
<b>Operational Boundary for external debt - HRA</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
borrowing	63.060	63.060	63.060
other long term liabilities	-	-	-
TOTAL	63.060	63.060	63.060
<b>Actual external debt</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
	63.060	63.060	63.060



**HIGH/LOW/AVERAGE PWLB RATES FOR 2022/23**

	1 Year	5 Year	10 Year	25 Year	50 Year
<b>Low</b>	1.95%	2.18%	2.36%	2.52%	2.25%
<b>Date</b>	01/04/2022	13/05/2022	04/04/2022	04/04/2022	04/04/2022
<b>High</b>	5.11%	5.44%	5.45%	5.88%	5.51%
<b>Date</b>	28/09/2022	28/09/2022	12/10/2022	12/10/2022	28/09/2022
<b>Average</b>	3.57%	3.62%	3.76%	4.07%	3.74%
<b>Spread</b>	3.16%	3.26%	3.09%	3.36%	3.26%



## ROLLING AUDIT & GOVERNANCE TIMETABLE OF PLANNED REPORTS TO AUDIT AND GOVERNANCE COMMITTEE

### 2023/24 Year

	Report	Committee Date	Report of	Comments
1	Audit & Governance Committee update	25 October 2023	Grant Thornton	
2	Internal Audit Quarterly Update and EQA Action Plan	25 October 2023	Audit Manager	
3	Annual Treasury Outturn	25 October 2023	Executive Director Finance	<i>Moved from September 2023</i>
4	Future High Street Fund Risk Report	25 October 2023	Assistant Director, Growth & Regeneration	
	Report	Committee Date	Report of	Comments
1	Introduction of Azets as Council's External Auditors for 2023/24 and audit plan	15 Nov 2023	Azets	
2	Counter Fraud update	15 Nov 2023	Audit Manager	<i>Moved from October 2023</i>
3	Risk Management Quarterly Update	15 Nov 2023	Assistant Director – Finance	<i>Moved from October 2023</i>
4	Councillor Code of Conduct	15 Nov 2023	Monitoring Officer	<i>Annual refresh to normally be in April each</i>

				<i>year</i>
5	Review of the Constitution and Scheme of Delegation for Officers	15 Nov 2023	Monitoring Officer	<i>Annual refresh to normally be in March / April each year</i>
	<b>Report</b>	<b>Committee Date</b>	<b>Report of</b>	<b>Comments</b>
1	Internal Audit Quarterly Update and EQA Action Plan	8 February 2024	Audit Manager	
2	Risk Management Quarterly Update	8 February 2024	Assistant Director – Finance	
3	Audit Committee Effectiveness	8 February 2024	Audit Manager	
4	Future High Street Fund Risk Report	8 February 2024	Assistant Director, Growth & Regeneration	
	<b>Report</b>	<b>Committee Date</b>	<b>Report of</b>	<b>Comments</b>
1	Audit and Governance Committee update	20 March 2024	Grant Thornton	<i>Verbal Update</i>
2	Internal Audit Charter and Audit Plan	20 March 2024	Audit Manager	
3	Final Accounts – Accounting Policies and Action Plan	20 March 2024	Assistant Director of Finance	<i>March or April (ideally March)</i>

	Private meeting of Internal and External Auditors and Committee members	20 March 2024		
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	Report	Committee Date	Report Of	Comments
1.	Public Sector Internal Audit Standards/Quality Assurance and Improvement Programme	24 April 2024	Audit Manager	
2.	Annual Report of the Chair of Audit & Governance Committee	24 April 2024	Audit Manager / Chair	
3.	Review of Financial Guidance	24 April 2024	Assistant Director Finance	
4.	Review of the Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Statement and the Treasury Management Strategy Statement and Annual Investment Strategy Mid-Year Review Report	24 April 2024	Executive Director Finance	<i>March or April</i>

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**Note: Audit Committee member training planned for 13 June 2023**

**The Portfolio Holder for Operations and Finance**

## Items Considered by the Committee

1.	Auditor's Annual Report	27 June 2023	Grant Thornton	
2.	External Audit Plan	27 June 2023	Grant Thornton	
3.	Internal Audit Annual Report and Quarterly Update for 2022/23	27 June 2023	Audit Manager	
4.	Annual Governance Statement and Code of Corporate Governance	27 June 2023	Chief Executive	
5.	Risk Management Quarterly Update	27 June 2023	Assistant Director, Finance	
6.	Future High Street Fund Risk Report	27 June 2023	Assistant Director, Growth & Regeneration	
	Report	Committee Date	Report of	Comments
1	Audit & Governance Committee update	23 August 2023	Grant Thornton	
2	Internal Audit Quarterly Update and EQA Action Plan	23 August 2023	Audit Manager	
3	Independent Member update	23 August 2023	Audit Manager	

	Report	Committee Date	Report of	Comments
1	Audit Findings Report and Management Representation Letter	27 September 2023	Grant Thornton	
2	Annual Statement of Accounts	27 September 2023	Executive Director Finance	
3	Risk Management Quarterly Update	27 <sup>th</sup> September 2023	Assistant Director – Finance	<i>Moved from 23<sup>rd</sup> August 2023</i>
4	Regulation of Investigatory Powers Act (RIPA) Annual Report & Review of the RIPA Policy	27 September 2023	Assistant Director, Partnerships	<i>Agreed that this be moved to September 2023.</i>
5	Modern Slavery and Human Trafficking Statement	27 September 2023	Assistant Director – Partnerships	<i>Check whether September or October meeting is preferred for 2023</i>
6	Local Government Ombudsman's Annual Review and Report 2022/23	27 September 2023	Assistant Director – People	

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