

**Committee and Date**

Audit Committee  
16<sup>th</sup> July 2025

Council  
17<sup>th</sup> July 2025

Item

Public



## Audit Committee Annual Assurance Report to Council 2024/25

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<b>Cabinet Member</b> (Portfolio Holder):	Heather Kidd, Leader of the Council Duncan Kerr, Chairman of the Audit Committee Roger Evans, Portfolio Holder – Finance		

### 1. Synopsis

A key part of the Audit Committee's role is to report annually to Full Council on the Committee's findings, conclusions and recommendations. Audit Committee has some concerns and in the light of the Chief Audit Executive's opinion can only provide limited assurance.

### 2. Executive Summary

- 2.1 Attached to this report is the Audit Committee's Annual Assurance Report to Council for 2024/25. This provides Council with limited assurance that it has in place adequate and effective governance, risk management and internal control frameworks; internal and external audit functions and financial reporting arrangements that can be relied upon and which contribute to the high corporate governance standards that this Council expects and maintains consistently.
- 2.2 The Audit Committee recognises and is concerned about the limitations identified in the internal control framework as reported in the Chief Audit

Executive's Opinion and the potential impact on value for money. The Committee is requesting an increase in the number of members serving on it to nine and a change to its title to the Audit and Governance Committee.

### 3. Decisions

- 3.1 Audit Committee is asked to consider and comment on the contents of the draft Annual Assurance report for 2024/25 before forwarding to Council with a recommendation to consider, comment upon and accept this report.

#### **Recommendation to Council**

- 3.2 Council is asked to consider and comment on the contents of the Annual Assurance report for 2024/25 before recommending accepting this report.
1. To accept the contents and judgements in this report
  2. To agree to change the name of the Committee to that of the Audit and Governance Committee
  3. To note its recommendation that the membership of the Committee ought to be increased so that it comprises nine Councillors, and one Independent non-voting person.
  4. To appoint the additional four Councillors in accordance with the requirements of political balance.

## Report

### 4. Risk Assessment and Opportunities Appraisal

- 4.1. The Audit Committee's Annual Assurance Report is part of the overall internal control arrangements and risk management process. The Audit Committee objectively examines and evaluates the adequacy of the control environment through the reports it receives and in turn can provide assurances to Council on its governance, risk management and internal control frameworks; internal and external audit functions and financial reporting arrangements that inform the Annual Governance Statement
- 4.2. The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998. There are no direct environmental, equalities, consultation or climate change requirements or consequences of this proposal.

### 5. Financial Implications

- 5.1. There are no direct financial implications from this report. In assessing the internal control environment, risk management and governance aspects of

the Council, the Audit Committee can provide a perspective on the overall value for money of these.

## 6. Climate Change Appraisal

- 6.1. This report does not directly make decisions on energy and fuel consumption; renewable energy generation; carbon offsetting or mitigation; or on climate change adaption. However, the work of the Committee will look at these aspects relevant to the governance, risk management and control environment.

## 7. Background

- 7.1. A key part of the Audit Committee's role is to report annually to Full Council on the Committee's findings, conclusions and recommendations; providing its opinion on the adequacy and effectiveness of the Council's governance, risk management and internal control frameworks; internal and external audit functions and financial reporting arrangements. In addition, the Audit Committee should report to Council where they have added value, improved or promoted the control environment and performance in relation to its Terms of Reference and the effectiveness of the Committee in meeting its purpose and functions.
- 7.2. The Audit Committee has a well-established role within the Council, and it is important that an Annual Assurance report based on the work of the Committee is produced and recommended to Council. In compiling this assurance report, information provided at the Audit Committee meeting on 16th July 2025 has also been considered.
- 7.3. In addition, this report has been reviewed to ensure its continuing compliance with CIPFA's Audit Committees, Practical Guidance for Local Authorities and Police, 2022 edition. This requires the Audit Committee to be held to account on a regular basis by the Council specifically in relation to:
- 7.4. Whether the;
- committee has fulfilled its agreed terms of reference;
  - committee has adopted recommended practice;
  - development needs of committee members have been assessed and whether committee members are accessing briefing and training opportunities;
  - committee has assessed its own effectiveness, or been the subject of a review, and the conclusions and actions from that review and,
  - what impact the committee has on the improvement of governance, risk and control within the Council.
- 7.5. The annual assurance report to Council for 2024/25, attached to this report, is an aid to addressing the key areas where the Committee should be held to account. This report has been prepared in conjunction with key Officers who

have supported the committee in the previous year as the current Committee were only appointed in May 2025 following the local elections.

- 7.6. The Leadership Board has developed a new way of operating that will align the resources, systems, governance and strategies of the organisation to the vision, priorities and objectives of The Shropshire Plan, within the financial envelope of the Medium Term Financial Strategy (MTFS). Work to embed this will continue throughout 2025/26 which includes the development of a new Shropshire Plan.

**List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)**

- CIPFA's Audit Committees, Practical Guidance for Local Authorities and Police, 2022 edition
- CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022
- Audit Committee reports 2024/25

**Local Member:** N/A

**Appendices**

**Appendix A** - Draft Audit Committee Annual Assurance Report 2024/25

## APPENDIX A

### AUDIT COMMITTEE ANNUAL ASSURANCE REPORT FINANCIAL YEAR 2024/25

#### STATEMENT FROM THE CHAIRMAN OF THE AUDIT COMMITTEE

1. Governance in and of the public sector continues to be high profile with the Chartered Institute of Public Finance and Accountancy (CIPFA) supporting good practice in local government. In Shropshire we have a Code of Corporate Governance which is reviewed annually in line with the best practice issued by CIPFA and SOLACE; we have also produced an Annual Governance Statement, again in line with best practice and legislative requirements. Being well managed and well governed are important attributes in helping to improve performance and in reducing the risk of failing to achieve our objectives and providing good service to our community.
2. Shropshire Council has an Audit Committee that is long established in seeking to maintain and improve our governance procedures. The Committee is a key component of the Council's corporate governance arrangements and a major source of assurance of the Council's arrangements for managing risk, maintaining an effective control environment and reporting on internal and external audit functions and financial and non-financial performance.
3. This year the Committee has held seven planned meetings including the meeting held on 16<sup>th</sup> July 2025. The previous committee have received and considered a substantial number of reports across key areas of the Council's activity (**see Annex A**).
4. Membership of the Audit Committee for 2024/25 was made up of the following Councillors: Brian Williams (Chairman), Simon Harris (Vice Chairman), Kate Halliday, Nigel Lumby and Roger Evans. Substitutes were invited to attend and contribute at all meetings and training. An independent audit committee member, Jim Arnold was appointed in January 2023. Following the local elections in May 2025 a new committee has been appointed. The opportunity has been taken at this point to review the appropriateness of membership levels to ensure that the committee is adequately resourced to support the Council.
5. The benefits to the Council of operating an effective Audit Committee are:
  - Maintaining public confidence in the objectivity and fairness of financial and other reporting.
  - Reinforcing the importance and independence of internal and external audit and any other similar review process; for example, reviewing and approving the Annual Statement of Accounts and the Annual Governance Statement.
  - Providing a sharp focus on financial reporting both during the year and at year end, leading to increased confidence in the objectivity and fairness of the financial reporting process.
  - Assisting the co-ordination of sources of assurance and, in so doing, making management more accountable.

- Providing additional assurance through a process of independent and objective review.
  - Raising awareness within the Council of the need for governance, internal control and the implementation of audit recommendations.
  - Providing assurance on the adequacy of the Council's risk management arrangements and reducing the risk of illegal or improper acts.
6. The Committee continues to have a professional and arm's length relationship with Grant Thornton, the Council's external auditors, who attend all meetings of the Committee to offer their advice where needed.
7. The Committee undertakes a substantial range of activities and works closely with both internal and external auditors and the Chief Finance Officer (Executive Director of Resources /Section 151 Officer) in achieving our aims and objectives. We have put together a work and development plan for the year to enable key tasks to be considered and completed.
8. As the newly elected Chair of the Audit Committee, I see training as a key priority for members to undertake our roles effectively. The Committee has undertaken a full and extensive programme in 2024/25. Training has been received in relation to:
- Audit Committee self-assessment and effectiveness of the Audit Committee
  - Risk management
  - Treasury Management
  - Procurement Act
  - The Council's Operating Model
9. Members also have access to CIPFA's Better Governance Forum network which provides specific information in the form of regular briefings, training events, and an informative web site.

### Details of Reports/Information Received

10. **Annex A** provides a summary of the key reports and information received by the Audit Committee at its meetings. These appear categorised in the areas which, under the Terms of Reference, Audit Committee have a responsibility to consider and report upon. They are
- Governance;
  - Risk management framework;
  - Controls, including specific focus on:
    - Contracts and partnerships
    - Fraud, corruption and whistleblowing
    - Value for money
11. Following receipt of the reports the Audit Committee:
- Resolved that there were reasonable arrangements for corporate governance and where improvements are required there is a clear improvement plan with dedicated lead officers that will be monitored by Members.

- Resolved that the risk management and assurance framework was fit for purpose and operating as intended.
  - Recognise the increased risks in the control environment and resolved that there is still a need with pressures on resources, fiscal economic factors, the impact of voluntary redundancies and the Council's new Target Operating Model, to ensure continual monitoring by management and members alike on the internal control environment.
  - Resolved that there were effective arrangements for the prevention and detection of fraud and corruption, and for enabling whistleblowing (confidential reporting).
  - Resolved that there was evidence of effective arrangements in place to support Value for Money but recognised the links to good financial management and sound internal controls in minimising opportunities for waste and fraud and maximising income and use of all assets, and the need to ensure continual monitoring by management and members alike given the reported direction of travel of the internal control environment.
  - Resolved that Financial Statements reflected the Council's true position, were complete including all transactions, and were prepared in accordance with International Financial Reporting Standards.
12. The Chief Audit Executive has offered Limited Assurance for the 2024/25 year on the Council's framework for governance, risk management and internal control. There are a continuing and increased number of high and medium risk rated weaknesses identified in key individual assignments that are significant in aggregate but where discrete parts of the system of internal control remain unaffected. A new council structure and operating model was implemented from March 2025, however it is too early to assess the impact of this on the wider system of internal control. Work with the strategic partner PwC has continued and been refined throughout 2024/25 to help deliver the plan, however the full impact of this engagement is yet to be fully realised. Given that this is the 6th year reporting a limited assurance opinion, it is critical for the Council to demonstrate improvements in governance, internal control, and risk management throughout the 2025/2026 period. The findings of this report highlight the need for a proactive approach in addressing the areas rated limited or unsatisfactory assurance during 2024/2025.
13. A key focus must be placed on fostering a culture where audit recommendations are implemented promptly and effectively. Improved accountability across senior management is critical for ensuring active engagement and successful delivery of the Internal Audit Plan. By prioritising these actions, we can enhance the Council's overall control environment, mitigate risks, and support the organisation's strategic objectives. Continuous improvement in these areas will be vital for achieving long-term success and organisational resilience. It should be noted that External Audit criticised this position in their year-end report presented at the December 2024 Audit Committee meeting.
14. The Chief Audit Executive's overall opinion on the control environment has been "Limited" for six years. The Committee shares the concern that there has been no demonstrable improvement in the internal control environment during

2024/25. There is a significant risk that this position is accepted as the norm and puts further pressure on the achievement of the Council's aims and objectives as set out in the Shropshire Plan. It is therefore crucial that appropriate action is taken to reverse this position.

15. This will require a culture change across the organisation and embedding of the values and principles of audit and governance in every part of the Council. This will not be an easy task as the Council faces the following challenges:

- a) For six years in succession the Council has only received a limited assurance on the Council's framework for governance, risk and internal control from the Chief Audit Executive.
- b) The turnover of Councillors at the election means that three of the five members of the Audit Committee are new to the Council and, like the many other new members, face a steep learning curve.
- c) The Council faces an unprecedented financial situation which was adjudged to be perilous two years ago and has worsened since then with external audit identifying significant weakness in financial stability and governance. There is likely to be a corresponding increase in public scrutiny as tough decisions have to be made focussing attention on efficiency, effectiveness, value for money and good governance.
- d) The latest update of the strategic risk register shows a very significant increased risk of failure of officers and members to adhere to governance arrangements.

16. In order for the Audit Committee to play a leading role in establishing this new culture and addressing the issues that have led to the Council's assurance being limited it is requested that the Council increase the size of the Committee by four members so that all groups on the Council can be represented on it and it has the capacity to manage its work through sub-groups or working parties if appropriate. It is also requested that the title is amended to "Audit and Governance Committee" to make its role clearer.

### **Audit Service Staff**

17. The key Internal Audit staff were Barry Hanson, Head of Policy and Governance and his deputy, Internal Audit Manager, Katie Williams.

18. Without the support of all Audit staff and, in particular, of the officers mentioned above, it would not be possible for the Audit Committee to be as highly effective as peer comparisons show us to be. My thanks and that of my fellow committee members are given to all our Audit Service officers.



## Annual Statement of Assurance

19. Based on:

- The work carried out by the Internal and External Auditors and their reports presented to this Committee;
- Reports from service managers and;
- The work carried out by the Section 151 Officer, Head of Policy and Governance and their reports presented to this Committee

The Audit Committee recognises and is concerned about the limitations identified in the internal control framework and the impact on value for money. Therefore on balance, the Audit Committee can provide limited assurance, founded on those reports, explanations and assurances received, that the Council has in place adequate and effective governance, risk management and internal control systems; internal, external audit functions and financial reporting arrangements that can be relied upon and which contribute to the high corporate governance standards that this Council expects.

Signed      Date

On behalf of the Audit Committee

## **ANNEX A**

### **Summary of assurance reports received by Audit Committee**

#### **Governance**

- **Management report - ; Annual Governance Statement (AGS) and a review of the effectiveness of the Council's internal controls and Shropshire's Code of Corporate Governance**

Report of the Section 151 Officer on the effectiveness of the system of internal controls and the production of the Annual Governance Statement. In addition, he reported on compliance with the Corporate Governance Code as reasonable. It confirmed the Council's commitment to the principles of good corporate governance and set out clear improvements targeted at managing known strategic risk areas for 2025/26.

- **Internal Audit – Annual review of Internal Audit, Quality Assurance and Improvement Programme (QAIP) 2024/25**

Report of the Section 151 Officer which provided Members with the results of the 2024/25 self-assessment of the Internal Audit Service against the requirements of the Public Sector Audit Standards, compliance against which demonstrates an effective Internal Audit service. There are no areas where the Internal Audit function is not complying with the Code and, whilst there are areas of partial compliance, these are not considered significant and do not compromise compliance with the code. It was noted the report should be read in conjunction with the Internal Audit Annual Report.

- **Annual review of Audit Committee terms of reference**

Report of the S151 Officer which ensures that the Council continues to provide an effective Audit Committee. Terms of Reference are considered and approved by members annually. There were no significant changes proposed in 2024/25.

- **Annual Audit Committee self-assessment**

Report of the Section 151 Officer which requested members to review and comment on compliance with the Chartered Institute of Public Finance and Accountancy's guidance on the function and operation of audit committees. There is significant compliance with the code and an improvement plan to address one area of partial compliance.

- **Internal Audit Charter and Mandate**

Report of the Chief Audit Executive which set out the requirement for an annual review of the Internal Audit Charter and Mandate which had been completed. The Charter demonstrates how Internal Audit complies with Public Sector Internal Audit Standards. The Audit Committee approves the Charter which incorporates the mandate, mission, code of ethics, definition and core principles of Internal Audit. There were no significant changes.

- **Draft Audit Committee annual work plan and future learning and development requirements 2025/26**

Report of the Chief Audit Executive which provided a proposed Audit Committee work plan and sought discussion and agreement around a learning and development plan for members to ensure they were well informed and appropriately skilled to fulfil their role. Therefore ensuring the integrity of the financial reporting and governance of the Council.

The Audit Committee resolved that there were reasonable arrangements for corporate governance and where improvements are required there is a clear improvement plan with dedicated lead officers that will be monitored by Members.

## **Risk Management Framework**

### ➤ **Management report: Risk Annual Report 2023/24**

Report of the Risk and Business Continuity Manager provided an overview of the activity of the Risk Management Team during 2023/2024 with a synopsis of the current risk exposure of the Council in relation to strategic, operational and project risks. The Risk Management audit for 2023/24 had received “reasonable” assurance and the Risk and Business Continuity Manager confirmed all recommendations had now been actioned.

### ➤ **Management report: Strategic risks update**

The management of the strategic risks is a key process which underpins the successful achievement of our priorities and outcomes. Strategic risks are linked, where appropriate, with the Annual Governance Statement Targeted Outcomes.

Reports during the year set out the existing strategic risk exposure. There were 11 strategic risks on the strategic risk register at the time of the biannual review in June 2024. Seven of these were high risk and two were medium. The report provided the rationale for the increased risk scores and noted that 100% of strategic risks were above the tolerance level.

As part of the review in December 2024 strategic risk were reassessed. 9 were assessed as high risk and who as medium. Three strategic risks were scores at the maximum level of 25, those being:

- Failure to protect and manage the impact of a targeted cyber attack on ICT systems used by the Authority.
- Inability to contain overall committed expenditure within the current available resources within this financial year.
- Inability to set a balanced budget for a given year within the MTFS

Strategic risks are monitored to enable achievement of Council priorities and outcomes and are linked, where appropriate, with the Annual Governance Statement Targeted Outcomes.

### ➤ **Internal Audit report of the review of Risk Management audit 2024/25**

Report of the Internal Audit Manager which summarised the detailed findings identified in the Internal Audit review of risk management of which the overall control environment had been assessed as reasonable, with minor control weaknesses identified. The focus of the review was on user compliance with processes around operational and project risks.

### ➤ **Draft Internal Audit Annual plan 2025/26**

The draft plan will be presented to the July Audit Committee for consideration and approval. The plan was delayed from the February meeting given the significant senior leadership change, the new Council operating model and Council structure due to be

defined over the coming months it was not possible to complete a full short-term assessment. It was considered prudent to wait for this to be completed before undertaking a full audit needs assessment for the 2025/26 financial year. This will allow Internal Audit resources to be targeted on high priority / high risk areas as defined by the new structures and allow the new Committee to comment on the planned audit work.

The Audit Committee resolved that the risk management and assurance framework was fit for purpose and operating as intended.

## Controls

### ➤ **Management Update: Blue Badges**

The Transactional Management and Licensing Team Leader provided an update on action taken to address the recommendations made in the 2022/23 audit report and provide Members with an update on the number of applications as requested at the February 2024 meeting. A follow up audit had been completed in April 2024 which confirmed action had been taken to address the recommendations and the overall assurance level had improved from limited to good.

### ➤ **Management Update: Cyber Security**

The Head of Automation and Technology provided an update on the Council's current position in relation to the strategic risk of "Failure to protect from and manage the impact of a successful targeted cyber-attack on ICT systems used by the authority." This followed a request at the June Audit Committee members where Members challenged the scoring of the strategic risk at the highest level of 25 (5 for likelihood and 5 for impact).

### ➤ **Management Report: North West Relief Road Management Update**

At the February 2024 Audit Committee members requested a further management update in response to the unsatisfactory audit report and two fundamental recommendations.

The Director of Place provided an update on improvements made to address the recommendations in the recent audit of the North West Relief Road project management arrangements.

Following dissatisfaction with the progress made implementing the recommendations and further work highlighted by External Audit the Committee requested a further update in February 2025. The project was subject to new management arrangements following the departure of the Executive Director of Place. Management assurance was received that steps were now in place to address the governance weaknesses identified.

### ➤ **Management Update: Bishops Castle Community College**

Audit Committee members requested a management update following an unsatisfactory audit and two fundamental recommendations. The Head teacher provided an update on the actions taken since the audit to address the recommendations. The Committee expressed their concern regarding the length of time it had taken to comply with the recommendations.

➤ **Management Update: Social Media**

The Audit Committee requested an update on the actions taken to address the recommendations raised in the unsatisfactory audit of the Council's Social Media arrangements. Management assurance was provided that actions were underway to address the recommendations made in the audit report however, some of these actions had log implementation dates due to the structural changes required. It was also noted that further changes to the team as part of the Council's restructure could impact this.

➤ **Management Update: The Lantern**

Members received an update regarding the actions taken to address the repeated unsatisfactory audit assurance opinion. The establishment had been subject to repeated audits of its income collection and letting arrangements. Management assurances were provided that recommendations were either completed or in progress based on the implementation of a new booking system.

➤ **Management Update External Catering Contracts**

The Audit Committee received a management update on the progress made in implementing a fundamental recommendation made as part of an audit of Shire Services External Catering contracts. Management assurance was provided that significant progress had been made ensuring that signed contracts were in place for the majority of their school contracts.

➤ **Internal Audit performance report and revised annual audit plan 2024/25**

Report of the Chief Audit Executive provided Members with an update of the work undertaken by Internal Audit throughout the year. By September Members were informed that 31% of the revised plan had been completed. Performance which was slightly behind previous delivery records. Revisions were made to the plan following a successful recruitment campaign.

By the year end the Chief Audit Executive informed members that 96% of the revised plan had been completed and Internal Audit continued to add value to the Council in supporting its business continuity processes and the delivery of bespoke pieces of work, including sharing best practice and providing advice on system developments.

Lower assurance levels and fundamental recommendations were separately identified throughout the year. Where appropriate, members requested management updates at subsequent meetings.

➤ **Internal Audit annual report 2024/25**

Report of the Chief Audit Executive on achievements against the revised internal audit plan for 2024/25 and the annual internal audit assurance. The Chief Audit Executive gave limited assurance for the year that the Council's framework for governance, risk management and internal control is sound and working effectively.

Revisions were made to the plan to reflect both changing resources and risks. There are a continuing and increased number of high and medium risk rated weaknesses identified in key individual assignments that are significant in aggregate but where discrete parts of the system of internal control remain unaffected.

The Audit Committee recognise the increased risks in the control environment and resolved that there is still a need to ensure continual monitoring by management and members alike on the internal control environment.

### **Controls: Fraud, Corruption and Whistleblowing**

➤ **Fraud, special investigation and Regulation of Investigatory Powers Act (RIPA) update (Exempted by categories 2, 3 and 7)**

Members are provided with exempt reports of the Internal Audit Manager providing an update on the current fraud and special investigations undertaken by Internal Audit and current RIPA activity. From February 2025 these updates now include details of exemptions from the Council's Contract and Financial Rules in relation to procurement activity.

Following the departure of the postholder under the voluntary redundancy programme there are currently no arrangements in place for RIPA activity. The last update was received in July 2024 with the interim arrangements still yet to be decided.

➤ **Annual review of Counter Fraud, Bribery and Anti-Corruption Strategy and activities, including an update on the National Fraud Initiative**

Report of the Chief Audit Executive outlined the measures undertaken in the last year to evaluate the potential for the occurrence of fraud, and how the Council managed these risks with the aim of prevention, detection and subsequent reporting of fraud, bribery and corruption. It also provided an update on the action plan to ensure continuous improvement and an update to members in response to national and local issues. It was confirmed that the Strategy had been reviewed and updated to reflect both best practice and to continue to be aligned with the updated Fighting Fraud and Corruption Locally Strategy 2020. The Council can never be free from fraud activities, but continues to be focused on acknowledging, preventing and pursuing fraud, bribery and corruption and Audit Committee members reaffirmed the Council's Counter Fraud, Bribery and Anti-Corruption Strategy.

➤ **Annual Whistleblowing report**

Report of the Assistant Director of Workforce which detailed the cases reported under the Whistleblowing arrangements. Assurance was provided as to the currency of the Whistleblowing Policy and its effectiveness. There has been 23 whistleblowing reports in 2023/24, a slight decrease on the previous year. The committee requested that a note be included in the Chief Executive's weekly staff newsletter to raise awareness of the policy. This was included on the weekly staff Update on 25<sup>th</sup> July 2024 and on the Leader's Briefing for July 2024.

The Audit Committee resolved that there were effective arrangements for the prevention and detection of fraud and corruption, and for enabling whistleblowing (confidential reporting).

### **Controls: Value for Money**

Sound internal controls lead to the effective, efficient and economic use of Council resources (VFM), assurances are taken from the robustness of the internal control

environment, management of risks, soundness of governance and any additional reports add weight to these.

➤ **External Audit: Pension fund audit plan**

Report of the Engagement Lead (Grant Thornton) setting out the Pension fund plan for the accounting year ending 31 March 2024.

➤ **External Audit: Shropshire Council audit plan**

Report of the Engagement Lead (Grant Thornton) setting out the plan for the audit of Shropshire Council for the accounting year ending 31 March 2024.

The Audit Committee resolved that there was evidence of effective arrangements in place to support Value for Money but recognised the links to good financial management and sound internal controls in minimising opportunities for waste and fraud and maximising income and use of all assets, and the need to ensure continual monitoring by management and members alike given the reported direction of travel of the internal control environment.

## Financial reporting

➤ **External Audit: Shropshire County Pension Fund Audit Findings (Information) 2023/24**

Report of the Engagement Lead (Grant Thornton) summarised the findings for the year ended 31 March 2024 on the audit of the Pension Fund financial statements. It confirmed that there were no issues around the Fund's ability to continue as a going concern and that it was intended to issue an unqualified opinion to the Pensions Committee.

➤ **External Audit: Audit progress report and sector update**

Report of the Engagement Lead (Grant Thornton) which highlighted progress and provided a summary of emerging national issues and developments of relevance to the Council.

In December 2024 the Engagement Lead confirmed that the majority of the work had been completed for the Shropshire Council accounts for 2023/24. They were unable to conclude the audit and issue an audit certificate due to an outstanding objection from 2020/21 and 2023/24, however, they were satisfied that the work would not have a material impact on the financial statements for 2023/24.

➤ **Financial outturn report 2024/25**

The report from the Section 151 Officer providing details of the revenue outturn position for the Council and the full year capital expenditure and financing of the Council's capital programme will be presented to the July Committee.

➤ **Approval of the Council's Statement of Accounts 2024/25 including a review of accounting policies**

September 2024: The Committee received the report of the Section 151 Officer which provided the final approval of the Statement of Accounts for 2023/24 detailing the final amendments to the Draft Statement of Accounts made during the audit process.

November 2024: The External Audit Engagement Lead presented their final statement of accounts for 2023/24 for approval.

February 2025: The 2023/24 accounts were presented and approved by the Audit Committee but had not been signed off by External Audit due to delays on their part relating to infrastructure assets.

The report from the Section 151 Officer providing an overview of the Accounts for the year 2024/25 and details of the reasons for the most significant changes between the 2024/25 Accounts will be presented to the July Committee.

## **Treasury Management**

### **➤ Annual treasury report 2023/24**

Report of the Assistant Director Finance and Technology (Deputy Section 151) which set out the borrowing and investment outturn for 2023/24, together with the Treasury limits and Prudential Indicators. This confirmed all appropriate CIPFA regulations and indicators has been followed and the team outperformed the benchmark by 0.79% delivering a return of 4.79%. It was also confirmed that an Internal Audit had been completed of the Treasury function and had received a “good” assurance rating.

### **➤ Treasury Strategy 2024/25 mid-year report**

Report of Section 151 Officer which provided Members with an economic update for the first six months of 2024/25, along with reviews of the Treasury Strategy 2024/25 and Annual Investment Strategy, the Council's investment portfolio for 2024/25, the Council's borrowing strategy for 2024/25, any debt rescheduling taken and compliance with Treasury and Prudential limits for 2024/25.

### **➤ Treasury Strategy 2025/26**

Report of the Section 151 Officer which proposed the Treasury Strategy for 2025/26. It set out the arrangements for how the council would appropriately manage its arrangements for banking, cash flow management, investments, and borrowing, supporting the delivery of the MTFS and The Shropshire Plan. He explained that the report set out the current market conditions that the Council were working within along with the prudential indicators which gave a measure of the financial viability from a capital point of view and a borrowing point of view for the organisation.

The Audit Committee resolved that Financial Statements reflected the Council's true position, were complete including all transactions, and were prepared in accordance with International Financial Reporting Standards