

**AUDIT COMMITTEE**  
**25th November, 2025**

Present:- Councillor Baggaley (in the Chair); Councillors Blackham, Elliott and McKiernan and Michael Olugbenga-Babalola (Independent Member).

Michael Green and Greg Charnley (External Auditor – Grant Thornton) were also present.

Apologies for absence were received from Councillor Allen and Alison Hutchinson (Independent Member).

**44. DECLARATIONS OF INTEREST**

There were no Declarations of Interest made at the meeting.

**45. QUESTIONS FROM MEMBERS OF THE PUBLIC OR THE PRESS**

No questions had been received in advance of the meeting nor were there any members of the public or press in attendance.

**46. EXCLUSION OF THE PRESS AND PUBLIC**

Resolved:- That, under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for Minute No. 54 (Risk Management Directorate Presentation – Regeneration and Environment) as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 (information relating to the financial or business affairs of any particular person (including the authority holding that information)).

**47. MINUTES OF THE PREVIOUS MEETING HELD ON 25TH SEPTEMBER, 2025**

Consideration was given to the minutes of the previous meeting of the Audit Committee held on 25<sup>th</sup> September, 2025.

Resolved:- That the minutes of the previous meeting of the Audit Committee be approved as a correct record of proceedings.

Further to Minute No. 36(4) (Anti-Fraud and Corruption Policy, Strategy and Self-Assessment against fighting fraud and corruption locally checklist), the following information has been received:-

“ The counter fraud training will be mandatory for all staff in Finance and Customer Services, HR and Payroll and managers at M3 level and above.”

Further to Minute No. 37(4) (Internal Audit Progress Report for the period 1st May to 31st July 2025 and Draft Audit Strategy 2025-28), the following information had been received:-

“Fleet were now proactively gathering and recording drivers’ CPC information within Jaama. Random checks were made by compliance officers to ensure drivers had a valid CPC card in their possession. CPC records were now logged and checked on the waste training matrix. Drivers went into the office to log into their CPC records so the Service and Fleet could update the data into the Fleet and Service training matrix. This would ensure all previous and current records were up to date.

Driver Training and Compliance Officers (assessors) had been instructed to record all driving licence and drivers CPC details on every driving assessment form. All boxes must be populated and not left blank. Information collated would then be uploaded to Jaama. A training session had been held with training fleet officers to ensure all forms were filled in correctly. Compliance officers were to spot check sheets on a weekly basis and take corrective action if not complete.”

**48. AUDITED FINAL STATEMENT OF ACCOUNTS/EXTERNAL AUDIT FINDINGS (ISA 260)**

Natalia Govourkhina, Head of Corporate Finance, and Michael Green, on behalf of Grant Thornton, presented the Audited Final Statement of Accounts and the ISA 260 report.

The Committee noted that under the Accounts and Audit (amendment) Regulations 2022, local authorities were required to publish their unaudited accounts no later than 30<sup>th</sup> June, 2025, for the financial year 2024/25, accompanied by a Narrative Report and draft Annual Governance Statement. The deadline for the publication of final audited accounts was 27<sup>th</sup> February, 2026.

The draft unaudited accounts had been presented to the Audit Committee on 17<sup>th</sup> June 2025 (Minute No. 6 refers) and published before the 30<sup>th</sup> June 2025 deadline.

Michael Green, External Auditor (Grant Thornton), acknowledged the early publication of the draft unaudited accounts ahead of the deadline which was earlier than the majority of their other clients and reflective of the excellent performance of the Finance Team particularly given the introduction of IFRS16 which was challenging across the sector.

The audit was substantially complete and Grant Thornton were expected to issue an unqualified opinion on the statements by 5<sup>th</sup> December, 2025. Some adjustments had been identified, largely of a technical and classification nature. The audit had also identified some unadjusted misstatements which were again very technical in nature around IFRS16, however, management had decided not to adjust.

The ISA260 set out Grant Thornton's overall conclusions from the 2024/25 audit in relation to their statutory objectives to give an opinion on the Council's financial statements. A number of changes had been recommended by Grant Thornton and accepted by the Council with adjustments made to the Council's accounts. The key points were set out in detail as part of Appendix 4 with attention drawn to the following:-

- Impairment of newly purchased Council dwellings down to their existing use value – social house, the valuation methodology as prescribed by the CIPFA Code
- Understatement of fees and charges income
- Accounting for re-valuation losses identified on subsequent recognition of IFRS16 leases accounting standard (new standard implemented in 2023-24)

There were 2 recommendations both of which were "green" i.e. low priority:-

- Presentation of short-term debtors in the notes to the accounts  
Management response – the Council will update the presentation of the short-term debtors note in 2025-26 financial statements to ensure the note is disaggregated and presented on the nature of the short-term debtors
- Calculation of accumulate absences accrual  
Management response – the Council will consider options on how to better demonstrate the basis for the accumulated absences accrual in the financial statements in 2025-26

The Value for Money work had also been concluded; findings and recommendations were contained within the Auditor's Annual Report (Minute No. 51 refers).

Discussion ensued with the following issues raised/clarified:-

- Valuation of new social housing – the adjustment did not reflect any change in what the dwellings could sell for on the open market but reflected the impact of adopting the Code-prescribed valuation methodology for Council dwellings
- The Local Government Financial Settlement for 2025/26 was only a one year allocation making it challenging to plan longer term. In terms of the Fair Funding Review 2.0 for 2026/27 the current assumption was a projected £20M increase over 3 years

Resolved:- That, having taken due regard of the external audit findings detailed within the ISA 260 report, the 2024/25 Statement of Accounts, attached as Appendix 1, be approved for publication as final together with the 2024/25 Narrative Report attached as Appendix 2.

**49. FINAL ANNUAL GOVERNANCE STATEMENT 2024/25**

Louise Ivens, Head of Internal Audit, presented the Council's draft Annual Governance Statement (AGS) for the 2024/25 financial year. The draft AGS was published alongside the Council's draft financial statements on 9<sup>th</sup> June, 2025.

Minor amendments had been made to the draft version submitted to the Committee in June (Minute No. 7). Each Directorate had returned the required Statements of Assurance and supporting documents with the Corporate Governance Group having reviewed the evidence contained therein. The Group had also considered which issues were of sufficient significance to require reports in the AGS. The document presented to the Committee had been reviewed by the Monitoring Officer, Strategic Director of Finance and Customer Services, the Chief Executive and the Leader.

The AGS outlined the governance arrangements in place throughout the year and how their effectiveness was monitored recognising the improvements made in the Council throughout the financial year. It also highlighted areas for further developments in 2025/26.

The full Annual Governance Statement was attached as Appendix A of the report submitted with attention drawn to the following points:-

- The Council had put in place various mitigations to avoid any further Health and Safety Executive prosecutions
- Correspondence had taken place with the Health and Safety Executive to address another issue raised with them by a member of the public. The Council would continue to engage positively with regulators to ensure that robust arrangements were in place both for securing safety for the public and employees and for ensuring that the arrangements put in place to secure safety were fully implemented
- Several claims had been made against the Council that may give rise to an Equal Pay liability, however, the validity of the claims and any associated impact remained unknown at the present time. This was in line with local authorities nationally and regionally
- The previous Chief Executive had left the Authority on 22<sup>nd</sup> June with the new postholder commencing on 23<sup>rd</sup> June, 2025. The Assistant Chief Executive had left on 31<sup>st</sup> July; the services within that Department were temporarily reporting to the Strategic Director of Finance and Customer Services
- On 15<sup>th</sup> July, 2025, the Care Quality Commission had commenced their inspection of Local Authority Adult Social Care Service. The outcome rating was awaited
- Between 28<sup>th</sup> October-7<sup>th</sup> November, 2025, Ofsted had undertaken their Inspection of Local Authority Children's Services. The report and outcome rating had not yet been received

Resolved:- That the 2024/25 Annual Governance Statement be approved.

**50. INTERIM AUDITOR'S ANNUAL REPORT YEAR ENDING 31 MARCH 2025**

Consideration was given to the report presented by Michael Green, Grant Thornton, which detailed the External Auditor's 2024-25 annual report for Value for Money (VFM). Under the Local Audit and Accountability Act 2014, External Auditors were required to be satisfied whether the Council had made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The National Audit Office Code of Practice required External Auditors to assess arrangements under 3 areas i.e. financial sustainability, governance and improving economy, efficiency and effectiveness. The new Code required auditors to share a draft Auditor's Annual Report (AAR) with those charged with governance by a nationally set deadline each year and for the audited body to publish the AAR thereafter. This new deadline requirement was introduced from November 2025.

It was a really positive report reflective of a strong and stable Council. Whilst there were challenges around Children and Young People's Services and the Dedicated Schools Grant, the Council had managed the challenges much better than many of its peers across the country.

Grant Thornton reported on the 3 specified criteria in their Value for Money review and confirmed:-

**Financial Sustainability – No significant weaknesses in arrangements identified. 2 Improvement Recommendations made to support the Council with further strengthening arrangements for financial sustainability based on its current risks and priorities**

– Improvement Recommendation 1 - Ongoing pressures that could impact financial sustainability including the Dedicated Schools Grant deficit and delivery of planned savings in Children and Young People's Services

Recommendation:- The Council should ensure financial sustainability by fully addressing pressures faced in the short and medium term including:-

- Placing an emphasis on delivering its agreed financial trajectory in line with the Safety Valve Agreement and consider alternative arrangements to lower its forecasted deficit for 2025/26
- Fully delivering its Children and Young People's Services savings targets in 2025/26

- Improvement Recommendation 2 – An opportunity to ensure the Council's approach to performance reporting on performance and benefit realisation of major projects reflected the strategic importance of key capital projects  
Recommendation:- The Council should ensure that regular reports to Cabinet included specific performance updates on major capital projects against planned expectations. At the appropriate stage, this should include assessments of both economic benefits delivered and financial returns compared to original projections. Insights from these evaluations should be used to inform the planning and delivery of future major capital investments

**Governance – No significant weaknesses in arrangements identified.**  
**2 Improvement Recommendations retained from 2023/24 and one further Improvement Recommendation raised surrounding waiver reporting to Members**

- Improvement Recommendation 3 (recommendation retained from 2023/24)  
The Council should strengthen its risk policy by including risk escalation and de-escalation arrangements between the tiers of risk registers and including risk types and applying risk appetite to each type
- Improvement Recommendation 4 (retained from 2023/24)  
The Council should continue to strengthen its counter-fraud controls by developing a Corporate counter-fraud risk register and ensuring counter-fraud risks in Departmental risk registers were updated
- Improvement Recommendation 5 (retained from 2023/24)  
The Council should develop and publish a Procurement Strategy. This should set procurement strategic priorities that aligned with the Council's priorities such as net zero and capture changes to procurement following the Procurement Act (2023) and the national Procurement Policy Statement (2024). It should include measurable actions and indicators with clear accountabilities and an annual review process. The Strategy should be widely communicated to staff and members to raise awareness of their responsibilities

**Improving Economy, Efficiency and Effectiveness – One significant weakness in arrangements continued to be identified though with substantial progress on the key recommendations from 2023/24 which were updated. Two Improvement Recommendations retained from 2023/24 and one Improvement Recommendation raised to strengthen contract management arrangements**

- Key Recommendation 1 – The Council should continue to build on improvements and ensure that the stock condition survey progressed as planned. Stock condition data should be used to inform asset management and capital investment plans and should also be kept updated to manage the Council's housing stock effectively

- Key Recommendation 2 – The Council should continue to strengthen arrangements and ensure that stock condition surveys progress sufficiently. Once it was ready to do so, it should seek independent assurance over compliance with relevant standards
- Improvement Recommendation 6 (Retained from 2023/24) – The Council develop a corporate data quality policy and ensure this was used to inform a data quality review
- Improvement Recommendation 7 (Retained from 2023/24) – Consideration be given, as part of ongoing improvements in contract management, introduction of contract tiering (gold/silver/bronze), managing contracts based on risk, seeking further assurance that new arrangements in place were embedded and effective and introduced reporting on waiver activity and SFI breaches to a relevant Member-led committee

Discussion ensued with the following issues raised/clarified:-

- There had been a lot of recent changes in relation to procurement and the new Legislation that had come into force. It was an opportunity for the Council to demonstrate it prioritised a Procurement Strategy
- Grant Thornton had no concerns with regard to the progress of the stock condition survey
- Implementation of the new CAF system was not in place as yet as further work was being undertaken as to what exactly was wanted and needed and then the necessary procurement process progressed. It was not an issue of concern at the present time. Regular compliance reports were submitted to the Directorate Leadership Team and Strategic Leadership Team on compliance arrangements
- The majority of the improvement recommendations would be completed within the current financial year. However, consideration was required around the timeframes of the Data Quality Policy and how it would be delivered

Resolved:- That the update be received and the contents noted.

## **51. MID-YEAR TREASURY MANAGEMENT REPORT AND QUARTERLY UPDATE**

Consideration was given to the report presented by Natalia Govorukhina, Head of Corporate Finance, which detailed how the regulatory framework of Treasury Management required the Council to produce a mid-year treasury review, in addition to the forward looking annual Treasury Strategy and backward looking annual treasury outturn report. It was also a requirement that any proposed changes to the 2025/25 Prudential Indicators were approved by Council.

This mid-year review for 2024/25 incorporated the needs of the Prudential Code to ensure adequate monitoring of the capital expenditure plans and the Council's Prudential Indicators (PIs). It was also a requirement that any proposed changes to the 2024/25 Prudential Indicators were approved by Council.

The monitoring as set out in the Appendix to the report was structured to highlight the key changes to the Council's capital activity (the PIs) and the actual and proposed Treasury Management activity (borrowing and investment).

Reference was made to the key messages for investments, borrowing and governance.

With regard to investments, the primary governing principle remained security over return and the criteria for selecting counterparties continued to reflect this. With regard to borrowing, the Council will maintain its strategy of being under-borrowed against the capital financing requirement. The current strategy was to delay all new borrowing as late as possible and to only enter into short term borrowing in order to minimise the interest cost to the Council. There was a discounted rate with the PWLB for borrowing long term funds specifically for HRA purposes which was available until March 2026. The borrowing position would remain under review and an update of the Strategy would be submitted to Members within the Budget and Council Tax 2026/27 report to Council in March 2026.

The Council's approach to Treasury Management in recent years, utilising short term borrowing in particular, had generated significant savings for the Council, essential to achieving balanced budgets, however, the future outlook remained challenging. The Bank of England had started to cut Base Rate and the cost of short term borrowing had reduced as a result with further reductions expected in the near future. The costs for long term borrowing, however, remained high reflecting the yield on UK gilts.

The continuing approach to Treasury Management had been discussed with the Council's external Treasury Management Advisers, MUFG, who had confirmed that it was a prudent approach given the current market conditions. MUFG would continue to monitor borrowing rates and inform the Council if there were opportunities to borrow at advantageous rates.

The current strategy was to maintain the Council's position of being under-borrowed against the Capital Financing Requirement. The Council was forecast to require additional borrowing before the end of 2025/26 financial year. This borrowing would be taken on a short term basis to avoid exposure to currently high interest rates in anticipation of lower rates in future years. There was a possibility of taking some long term borrowing from the PWLB at the discounted HRA rate. A further update would be provided as part of the Council's Treasury Management Strategy for 2026/27.

Discussion ensued with the following issues raised/clarified:-

- Work was taking place with the Procurement Team with regard to the appointment of Treasury Management advice as the contract held by MUFG (formerly Link Asset Services Treasury Solutions) ended in January, 2026. Tenders were currently being evaluated
- Regular meetings were held with the Treasury Management Team and the cash flow forecast reviewed, timing of when the Authority needed to borrow considered and the best value rates on the market at that point discussed. It could be that a local authority may not be able to lend the full amount desired so consideration was given to borrowing from other lenders at the same time
- The budget reflected what needed to be taken into account for the requirement for the Capital Programme. Savings could be made in-year if a project slipped and the allocated budget not required allowing the funds to be invested and no interest costs payable

**Resolved:-** That the report be received and the contents noted.

## **52. RISK MANAGEMENT GUIDE REFRESH 2025**

Further to Minute No. 40 of the meeting held on 28<sup>th</sup> November, 2023, Fiona Boden, Head of Policy, Performance and Intelligence, presented the refreshed Risk Management Guide.

There had been no significant changes to the Guide this year. The only substantive update related to improved clarity of the escalation and de-escalation arrangements between risk registers following recommendation IR2 from the 2023/24 Value for Money arrangements. All other changes were minor aimed at enhancing readability including updated links and revised terminology.

Over the coming year, work would continue to ensure the Council's approach to risk management was well embedded across all projects and all staff, by providing training, clear guidance, supporting the Risk Champions and reporting according to agreed timelines.

The Strategic Risk Register was reviewed quarterly at the Strategic Leadership Team and the Directorate Risk Registers were reviewed monthly at Directorate Leadership Team meetings, with risk owners monitoring risks on an ongoing basis. The Risk Management Group, which included the Risk Champions, continued to meet bi-monthly to co-ordinate and drive risk management development throughout the Council.

**Resolved:-** (1) That the report be received and the contents noted.

- (2) That the refreshed Risk Management Guide be approved.
- (3) That risk management training for all Elected Members be arranged as soon as possible.

**53. INTERNAL AUDIT PROGRESS REPORT FOR THE PERIOD 1ST AUGUST TO 31ST OCTOBER 2025**

Consideration was given to a report presented by Louise Ivens, Head of Internal Audit, which provided a summary of Internal Audit work completed during 1<sup>st</sup> August to 31st October, 2025, and the key issues that had arisen.

The plan attached as part of the report showed the position up to the end of October 2025, the progress of the 2025/26 audit plan, the reports finalised between August and October 2025 and Performance Indicators for the Team.

Internal Audit provided an opinion on the control environment for all systems or services which were subject to audit review. The report detailed the audit opinions and a summary of all audit work concluded in the last quarter. 5 audits had been finalised since the last Audit Committee, 3 of which received Reasonable Assurance opinion and 2 Partial Assurance.

A review of the current performance indicators was detailed in Appendix D, post-audit questionnaires and results included at Appendix E and the Quality Assurance and Improvement Plan at Appendix F.

As from 1<sup>st</sup> April, 2025, the requirements of the Global Internal Audit Standards, the Application Note "Global Internal Audit Standards in the UK Public Sector" and the Code of Practice for the Governance of Internal Audit in UK Local Government applied to work on internal audit engagements commenced on or after this date. CIPFA had stated that internal audit teams would not be expected to demonstrate full conformance on this date, however, they must work in accordance with the new standards and by doing so would build up their conformance.

The Internal Audit Standards were a standing item on Internal Audit's fortnightly team meetings with a further self-assessment against the standards having been undertaken. Evidence had been collated ahead of the External Quality Assessment by CIPFA (17<sup>th</sup> November-5<sup>th</sup> December). CIPFA's report would be shared with the Committee as soon as it was available.

A recruitment process was underway due to a member of the Internal Audit Team retiring in the New Year. As a result there may be some slippage in the plan but a better indication would be known in January, 2026.

Resolved:- (1) That the Internal Audit work undertaken since the last Audit Committee, 1<sup>st</sup> August to 31<sup>st</sup> October, 2025, and the key issues that have arisen from it be noted.

(2) That the performance objectives of Internal Audit and the actions being taken by audit management in respect of meeting the performance objectives be noted.

**54. RISK MANAGEMENT DIRECTORATE PRESENTATION - REGENERATION AND ENVIRONMENT**

Andrew Bramidge, Strategic Director of Regeneration and Environment, presented a report providing details of the Risk Register and risk management activity within the Regeneration and Environment Directorate.

The Committee was advised that the risk register currently had 22 risks listed, 3 of which were also included on the Strategic Risk Register. One risk had been removed in July 2025, one had been merged into another risk and 5 had been added.

A regular scheduled programme of reviewing and updating Service area and Directorate level risk registers had been implemented across the Directorate. Risks were regularly discussed and reviewed at Senior Management Team and Directorate Leadership Team meetings and, where necessary, risks were escalated to the next strategic level for inclusion on the risk register.

As part of the programme to embed risk management into the culture of the Council, managers from Regeneration and Environment had attended the mandatory Risk Management Training for Managers workshops. In addition all staff were required to complete a mandatory e-learning module on risk management. A dedicated presentation on risk management was delivered at the Regeneration and Environment Manager Forum on 12<sup>th</sup> September 2025 and several managers, along with the Directorate's Risk Champion, had successfully completed the 'Essentials of Enterprise Risk Management trading' accredited by the Institute of Risk Management. Risk Champions had attended individual service area Senior Management Teams to provide an overview to support and advise managers in relation to risk register development and maintenance.

It was noted that an Internal Audit of the Regeneration and Environment Risk Register was conducted in May 2025 and confirmed as Reasonable Assurance.

Resolved:- That the progress and current position in relation to risk management activity in the Regeneration and Environment Directorate be noted.

(Appendix 1 was Exempt under Paragraph 3 (information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime, of Part 1 of Schedule 12A))

**55. AUDIT COMMITTEE FORWARD WORK PLAN**

Consideration was given to the proposed forward work plan for the Audit Committee for January to November 2026. The plan showed how the agenda items related to the objectives of the Committee. It was presented for review and amendment as necessary.

Resolved: That the Audit Committee forward work plan, as now submitted, be approved.

**56. ITEMS FOR REFERRAL FOR SCRUTINY**

There were no issues for referral to Scrutiny.

**57. URGENT BUSINESS**

There was no urgent business to discuss.