

Appendix A

Governance and Audit Committee Annual Report 2025/26

1. Introduction from the Chairman of Governance and Audit Committee

I present the Annual Report of the Governance and Audit Committee for 2025/26.

Over the past year the Committee has continued to oversee the Council's governance, risk, and control arrangements, providing both assurance and challenge where required.

We have considered a wide range of reports throughout the year, covering internal and external audit, financial management, risk and governance matters. A full summary of that work is set out in this report.

In February 2026, the Committee approved the Statement of Accounts and the Annual Governance Statement for 2024/25, alongside the External Audit Year End Report from KPMG. The Council received an unqualified audit opinion, met the statutory deadline for publication of its accounts, and secured a positive value for money conclusion.

Internal Audit has completed its second year with BDO, delivering the full audit plan for the year. The Committee has continued to monitor progress closely and ensure that actions arising from audit work are being addressed.

The role of the Committee is not only to receive assurance, but to scrutinise and challenge where necessary. That work will continue into 2026/27. I would encourage all Members to attend a meeting of the Committee to see that work in practice.

Finally, I would like to thank Members and Officers for their contribution to the work of the Committee over the past year, it has been a pleasure to work with you.

Councillor Tim Harrison
Chairman of Governance and Audit Committee

2. Terms of Reference

The Terms of Reference, which the Committee operated to during 2025/26, is detailed at Article 10 of the Constitution.

3. Member and Officer Attendance

The Governance and Audit Committee met seven times during the 2025/26 municipal year.

Officers from the Council also attend Governance and Audit Committee as appropriate to present reports. Also in regular attendance are the Deputy Chief Executive and Section 151 Officer, Assistant Director of Finance, Governance and Risk Officer, Monitoring Officer Internal Audit and External Audit.

4. Training and Effectiveness

During 2025/26 Governance and Audit Committee received appropriate and proportionate training including annual refresher training, local government finance training and treasury management training.

Further training, and ongoing development, will continue throughout 2026/27 with a session programmed for June 2026.

5. Sources of Assurance during 2025/26

In fulfilling its Terms of Reference, the business conducted by the Governance and Audit Committee during 2025/26 is detailed under the following themes:

- Internal Audit
- External Audit
- Finance
- Risk Management
- Governance/Regulatory

A summary of all reports considered, and action taken, is captured within Appendix 1.

The Committee gained assurance in 2025/26 from these themes as follows:

Internal Audit

Governance and Audit Committee approved the internal audit plan for 2025/26 and received progress reports from the Council's internal auditors, BDO, throughout the year.

BDO will be providing their opinion on the overall adequacy and effectiveness of the Council's risk management, governance, and internal control arrangements, for the 12 months ended 31 March 2026, at the June 2026 meeting of Governance

and Audit Committee.

Eleven assurance and two follow up reviews were undertaken during 2025/26. The eleven assurance reviews were given the following assurance:

Audit Plan	Design Opinion	Effectiveness Opinion
Accounts Payable	Moderate	Substantial
Building Control	Substantial	Moderate
Climate Plan	Substantial	Moderate
IT Strategy	Substantial	Moderate
Main Financial Systems	Moderate	Substantial
Market Services	Substantial	Moderate
Payroll	Substantial	Moderate
Performance Management	Substantial	Moderate
Stock Control	tbc	tbc
Treasury Management	Moderate	Substantial
Voids Management	Moderate	Moderate

Action plans have been put in place to address internal audit actions, particularly in those areas where management concerns have also been raised, and further work is required to strengthen the control framework. Governance and Audit Committee is well established with its terms of reference complying fully with CIPFA guidance.

External Audit

The main responsibility of the External Auditor is to report on the Council's accounts and whether the Council has made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources. In KPMG's Annual Report for 2024/25, they concluded that they did not identify any significant weaknesses in arrangements to ensure the Council manages risk to its financial sustainability.

Committee accepted the External Audit Plan and Strategy for 2025/26 and the Value for Money Conclusion.

Finance

In respect of the 2024/25 Statement of Accounts and Annual Governance Statement the Committee scrutinised the accounts and delegated authority to the Chief Finance Officer to make any final wording changes and accounting

adjustments following the conclusion of any outstanding audit queries.

In respect of the 2024/25 Statement of Account and Annual Governance Statement, the Committee delegated approval of the audited Statement of Accounts and the Letter of Representation to the Chairman of Governance and Audit Committee, on behalf of the Governance and Audit Committee, in consultation with the Chief Finance Officer.

Committee also received reports on the following:

- Treasury Management: Committee approved the annual report, quarterly activity reports, and recommended to Council the 2026/27 Strategy
- Accounting Policies: Committee approved the policies and noted the proposed dates for the publication of the draft and final audited accounts

Risk Management

The Committee received three updates on the Council's risk management arrangements via review of the Strategic Risk Register and the Emerging Risk Radar.

The Council's Strategic Risk Register was reviewed to ensure it reflected the current external and internal operating environment. This was achieved with the assistance of the RSM Risk Management Partner who facilitated several workshops with Corporate Management Team to ensure the strategic risks were current and to identify any new/emerging risks that the local government sector is facing.

The Committee also received the Risk Management Annual Report 2024/25.

Governance/Regulatory

The Annual Governance Statement and review of effectiveness for the 2024/25 financial year, concluded that the effectiveness of the system of internal control was fit for purpose overall.

The Committee received reports on the following:

- Annual Governance Statement 2024/25
- Contract Procedure Rules
- Co-opted Member for Governance and Audit Committee
- Corporate Plan 2024-27: Key Performance Indicators
- Counter Fraud Annual Report 2024/25
- Fraud Prevention and Whistleblowing Annual Report 2024/25
- Health & Safety Annual Report 2024/25
- LeisureSK Limited – Board of Directors
- Local Government and Social Care Ombudsman – Annual Review Letter 2024/25
- Safeguarding Report 2024/25
- Additional Security for Councillor IT Devices

6. Conclusion

The Governance and Audit Committee has been able to confirm that there were no areas of significant duplication or omission in the systems of governance in the authority that had come to the Committee's attention during 2025/26 that were not being adequately resolved.

Through Members receiving this report, the role and purpose of the Committee has been promoted, and it has demonstrated that the Committee has continued to perform, meet its Terms of Reference, and added value. This work will continue in 2026/27 with the Committee's refreshed work programme which is shown at Appendix 2.

Appendix 1

Governance and Audit Committee Summary of Work Plan 2025/26

Meeting date and reports	Governance and Audit Committee action	Internal Audit	External Audit	Finance	Risk Management	Governance/Regulatory
18 June 2025						
External Audit Plan and Strategy for the year ending 31 March 2025	– Noted the plan and strategy		✓			
Internal Audit Progress Report	– Noted the progress made against the plan	✓				
Internal Audit Annual Report 2023/24	– Noted the annual report	✓				
Corporate Plan 2024-27: Key Performance Indicators Q4	– Noted the monitoring and review of the KPI suite					✓
Progress Update on Fair Tax Declaration	– Noted the progress update			✓		
Appointment of a Non-Executive Director for LeisureSK Ltd	– Approved the appointment of the non-executive director and chairman					✓
Additional Security for Councillor IT devices	– Noted the additional security					✓
23 July 2025						
Internal Audit Progress Report	– Noted the progress made against the plan	✓				
Contract Procedure Rules Update	– Recommended the Contract Procedure Rules to Full Council for approval					✓
General Fund Provisional Outturn	<ul style="list-style-type: none"> – Approved the provisional General Fund Revenue and Capital Outturn position – Approved the reserve movements in respect of the General Fund – Delegated authority to the Deputy Chief Executive and s151 Officer in consultation 			✓		

Meeting date and reports	Governance and Audit Committee action	Internal Audit	External Audit	Finance	Risk Management	Governance/Regulatory
	with the Cabinet Member for Finance, HR & Economic Development to finalise the reserve movements – Agreed to the creation of a Leisure Investment Reserve					
Housing Revenue Account (HRA) outturn	– Approved the provisional HRA Revenue and Capital Outturn position – Approved the revenue reserve movements in respect of the Housing Revenue Account – Delegated authority to the Deputy Chief Executive and s151 Officer, in consultation with the Cabinet Member for Finance, HR & Economic Development, to finalise the reserve movements			✓		
Draft Annual Governance Statement 2024/25	– Noted the draft AGS					✓
Treasury Management Annual Report 2024/25	– Approved the annual report			✓		
Treasury Management Report Quarter 1 2025/26	– Noted the Q1 report			✓		
Fraud Prevention and Whistleblowing Annual Report 2024/25	– Noted the annual report					✓
24 September 2025						
Internal Audit Progress Report	– Noted the progress made against the plan	✓				
Internal Audit Follow Up Report	– Noted the update on the implementation of internal audit actions	✓				

Meeting date and reports	Governance and Audit Committee action	Internal Audit	External Audit	Finance	Risk Management	Governance/Regulatory
Risk Management Annual Report 2024/25	– Approved the annual report				✓	
Strategic Risk Register	– Approved the updated Strategic Risk Register				✓	
Health & Safety Annual Report 2023/24	– Noted the annual report					✓
Local Government and Social Care Ombudsman – Annual Review Letter 2023/24	– Noted the contents of the annual review					✓
13 November 2025						
External Audit Annual Governance Report	– Noted the contents of the annual governance report		✓			
Internal Audit Progress Report	– Noted the progress made against the plan	✓				
Co-opted Member	– Agreed the extension of the term of the co-opted member					
Treasury Management Activity Quarter 2 2024-25	– Noted the content of the treasury management activity			✓		
Corporate Plan 2024-27: Key Performance Indicators	– Noted the performance against the KPIs					✓
Counter Fraud Annual Report 2024/25	– Approved the annual report					✓
Safeguarding Annual Report 2023/24	– Noted the annual report					✓
21 January 2026						
Internal Audit Progress Report	– Noted the progress made against the plan	✓				
Indicative Internal Audit Plan 2025/26	– Noted the indicative internal audit plan	✓				
Treasury Management Strategy Statement 2025/26	– Approved and recommended to Council					✓

Meeting date and reports	Governance and Audit Committee action	Internal Audit	External Audit	Finance	Risk Management	Governance/Regulatory
	that the strategy be approved					
Financial Regulations	– Recommended to Full Council the amendments to the Council’s Constitution					✓
Strategic Risk Register	– Approved the revised Strategic Risk Register				✓	
18 February 2026						
ISA 260 Report	– Noted the contents of the report outlining the key findings arising from the statutory audit of the Council		✓			
External Audit Annual Report 2024/25	– Noted the annual report					
Statement of Accounts and Annual Governance Statement 2024/25	<ul style="list-style-type: none"> – Noted the outcome of the audit work undertaken to date by the external auditors – Delegated authority to the Chief Finance Officer to make any final wording changes and accounting adjustments following the conclusion of any outstanding audit queries – Delegated approval of the audited Statement of Accounts and the Letter of Representation to the Chairman of Governance and Audit Committee, on behalf of the Governance and Audit Committee, in consultation with the Chief Finance Officer 			✓		
18 March 2026						
Internal Audit Progress Report	– Noted the progress made	✓				

Meeting date and reports	Governance and Audit Committee action	Internal Audit	External Audit	Finance	Risk Management	Governance/Regulatory
	against the plan					
Internal Audit Follow Up Report	– Noted the progress of implementation of audit actions	✓				
Draft Internal Audit Plan 2025/26	– Approved the internal audit plan	✓				
Accounting Policies and Publication Date of the Statement of Accounts 2025/26	<ul style="list-style-type: none"> – Approved the Statement of Accounting Policies to be used in the production of the 2025/26 Financial Statements – Noted the dates for the publication of the draft and final audited Financial Statements 			✓		
2025-26 Action Plan for Draft Statement of Accounts	– Noted the action plan			✓		
Treasury Management Activity Quarter 3 2024-25	– Noted the content of activity			✓		
Housing Benefit Subsidy Audit 2023-24	– Noted the content of the subsidy audit			✓		

Appendix 2

Governance and Audit Committee Indicative Work Plan 2026/27

	Jun	Jul	Sep	Nov	Jan	Mar
External Audit						
External Audit Plan	✓					
Annual Governance Report				✓		
Annual Report on Grants and Returns						✓
Internal Audit						
Internal Audit Annual Report 2025/26	✓					
Internal Audit Progress Report	✓		✓	✓	✓	✓
Internal Audit Follow Up Report			✓			✓
Indicative Internal Audit Plan 2027/28					✓	✓
Finance						
Draft Financial Outturn 2025/26		✓				
Statement of Accounts 2025/26				✓		
Statement of Accounting Policies						✓
Treasury Management Annual Report 2025/26		✓				
Treasury Management Activity Updates		✓		✓		✓
Treasury Management Strategy					✓	
Governance						
Annual Governance Statement 2025/26	✓			✓		
Corporate Plan 2024-27: KPIs Report	✓			✓		
Review of Effectiveness and Terms of Reference*						
Code of Corporate Governance*						
Risk Management						
Strategic Risk Register		✓		✓		✓
Risk Management Annual Report 2025/26		✓				
Risk Management Framework*						

	Jun	Jul	Sep	Nov	Jan	Mar
Regulatory						
Whistleblowing Annual Report 2025/26	✓					
Whistleblowing Policy 2026-28	✓					
Health and Safety Annual Report 2025/26			✓			
Ombudsman Annual Report 2025/26			✓			
Counter Fraud, Bribery, and Corruption Annual Report 2025/26				✓		
Counter Fraud, Bribery, and Corruption Strategy 2026-28				✓		
Anti-Money Laundering Policy 2026-28				✓		
Safeguarding Report 2025/26				✓		
Codes of Conduct*						
Contract Procedure Rules*						
Amendments to the Constitution*						
Housing Benefit Subsidy Report*						

* As required