

AUDIT AND GOVERNANCE COMMITTEE MEETING MINUTES - 20 JANUARY 2026

Present: Councillor Williams (Chair);
Councillors McGoldrick (Vice-Chair), Asare, Ballsdon, Keane, McGrother, Moore and Stevens

Apologies: Councillor Dennis

19. MINUTES OF THE PREVIOUS MEETING HELD ON 27 NOVEMBER 2025

The Minutes of the meeting held on 27 November 2025 were agreed as a correct record and signed by the Chair.

20. EXTERNAL AUDITOR UPDATE

The Committee considered the draft Auditor's Annual Report, which provided a summary of the findings and key issues arising from the 2024-25 audit of the Council. The report had been prepared in line with the requirements set out in the Code of Audit Practice published by the National Audit Office and was required to be published by the Council alongside the annual report and accounts. The final report would be submitted to the Council meeting on 24 February 2026.

Jonathan Brown, KPMG, gave a verbal update at the meeting on progress with finalising the report. He noted that the fundamental audit work was complete with a number of minor updates and corrections to be made to the draft report, which would be recirculated to members of the Committee.

The report explained that KPMG planned to issue a disclaimer of opinion on the financial statements on 27 February 2026. This was in line with the audit plan and was because they had been unable to obtain sufficient appropriate audit evidence over the financial statements in respect of the opening balances and split of reserves, due to the issues identified previously regarding opening balances and the split of useable and unusable reserves. The anticipated timeline for removing the disclaimer, as part of the national 'Building Back Assurance' work to address this issue, was outlined at the meeting.

The Committee discussed the two Value for Money recommendations set out in the report relating to the findings of the Joint Targeted Area Inspection and the Gifts & Hospitality and Declarations of Interest register and were provided with an update on their implementation.

Resolved –

- (1) That an updated copy of the Auditor's Annual report be circulated to members of the Committee;**
- (2) That any further feedback be sent to officers in finance to collate.**

21. CLOSING FINANCIAL ACCOUNTS UPDATE

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The Committee considered a report giving an update on the progress of the audit of the Council's Final Accounts for 2024/25. Attached to the report at Appendix 1 was the draft Statement of Accounts 2024/25 and at Appendix 2 the 2024/25 Annual Governance Statement.

The report noted that at the previous meeting of Committee on 27 November 2025 (Minute 18 refers) KPMG had reported that the audit process was nearly finished with no significant issues arising. Since then, the Council's finance team had continued to finalise residual audit queries and updated the draft accounts accordingly. The last areas of audit testing, which in the main related to accounting for pensions transactions and group accounts consolidation, had been completed and there had been a number of presentational amendments to the draft accounts which had been agreed with KPMG.

The report explained that the Council and KPMG teams had reviewed how the audit progressed and that both organisations were benefitting from improved ways of working. There had been additional work undertaken to support KPMG's risk assessment on the remaining audit fieldwork required to return the Council to a clean unqualified audit opinion. This approach was consistent with the National Audit Office's Building Back Assurance guidance and would be continued as part of next year's audit of the 2025/26 Statement of Accounts.

The report noted that KPMG intended to issue a disclaimed opinion on the 2024/25 accounts. A comprehensive audit had been undertaken in accordance with the relevant professional and regulatory standards, and the disclaimer arose from the need to complete specific work relating to the opening balance of reserves and did not reflect a lack of audit coverage or effort. The audit work was substantially complete, with only minor matters remaining to be resolved prior to final conclusion, and no significant issues had been identified that would indicate weaknesses in the Council's overall financial management or the integrity of its financial reporting.

The report also set out at Appendix 2 the 2024/25 Annual Governance Statement. This had previously been presented to the Committee on 16 July 2025 (Minute 8 refers) and was provided to give context for the Committee's consideration of the accounts and external auditor's report. There had not been any matters of significance requiring an amendment to the Annual Governance Statement, which was unchanged from the version considered at the 16 July 2025 meeting.

The 2024/25 Statement of Accounts would be submitted to Council for approval, alongside the 2024/25 Annual Governance Statement, and following this KPMG would issue their audit opinion by the statutory backstop deadline of 27 February 2026.

Resolved –

That the progress with closing the 2024/25 accounts be noted.

22. INTERNAL AUDIT QUARTERLY & INVESTIGATIONS QUARTERLY UPDATE REPORT (Q3)

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The Committee considered a report giving an update on the progress made against the delivery of the Internal Audit Plan and providing details of audits finalised in quarter three of the 2025/2026 financial year. Attached to the report at Appendix 1 was the Internal Audit & Investigations Quarterly Update Report Q3.

The report summarised the findings and recommendations for each of eight audit reviews completed during the period, and stated the overall assurance opinion level given by the Internal Audit team, as follows:

- Election Management (Substantial Assurance opinion given);
- Deputy's and Appointees Service (Reasonable Assurance opinion given);
- Land Charges (Reasonable Assurance opinion given);
- Traffic Regulation Orders follow-up review (Reasonable Assurance opinion given);
- Purchasing Cards (Reasonable Assurance opinion given);
- Disabled Facilities Grants (Limited Assurance opinion given);
- Children's Savings Accounts and ISAs follow-up review (Limited Assurance opinion given);
- Joint Legal Team (Limited Assurance opinion given).

The report also gave a summary of the Corporate Investigations Team's work.

Resolved:

That the audit findings be noted, and the recommendations and management action underway, as set out in the Internal Audit & Investigations 2025/26 Quarter 3 Update Report, be endorsed.

23. IMPLEMENTATION OF AUDIT RECOMMENDATIONS TRACKER

The Committee considered a report setting out at Appendix 1 a tracker showing progress against audit recommendations for audits assigned a 'Limited' or 'No Assurance' opinion. The tracker set out details of 19 audit recommendations where the associated management actions were overdue.

A verbal update was given at the meeting that the three recommendations relating to the Coroners Services would be removed from the tracker, as although some actions were still outstanding the substantial matters had been tested by a follow-up audit.

The Committee noted that the Risk Policy currently being developed would help shape the approach to prioritising the recommendations set out in the tracker. It was also requested that, in the next iteration of the report, further detail be provided on the changed scope and updated timescales for recommendations arising from the audit of Supported Living.

Resolved –

That the report and the progress against the management actions to address the audit recommendations for audits assigned a 'limited' or 'no assurance' opinion be noted.

24. TREASURY MANAGEMENT REVIEW QUARTER 2 2025/26

The Committee considered a report setting out an update on the activity of the Treasury Management function during the second quarter of 2025/26 for the period 1 July 2025 to 30 September 2025. The following documents were attached to the report:

- Appendix 1 - MUFG Corporate Markets Economics Update
- Appendix 2 - Borrowing Portfolio as at 30th September 2025
- Appendix 3 - Investment Portfolio as at 30th September 2025
- Appendix 4 - Approved Countries for Investments as at 30th September 2025

The report noted that the Council remained significantly under borrowed against its Capital Financing Requirement and was continuing to follow the approved borrowing strategy of deferring any potential long-term borrowing whilst interest rates remained at current levels, and instead utilising short or temporary borrowing from the local authority market as required. No long-term loans (those over one year in duration) had been taken out during the year to date.

The Council's Borrowing and Investment portfolios were attached to the report at Appendices 2 and 3, and the report explained that the current forecast was a positive variance of £1.404m on investment income for the year and a negative variance of £0.914m on interest payable. These variances had been reported to Policy Committee on 17 December 2025 as part of the 2025/26 Quarter 2 Performance and Monitoring Report (Minute 53 refers). The Council continued to operate within all of its treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2025/26, and none had been breached during the year to date.

A number of queries were raised at the meeting which would be responded to in writing by officers.

Resolved –

That the content of the Treasury Management Review Quarter 2 report for 2025/26 be noted.

(The meeting started at 6.30pm and closed at 7.53 pm)