# Audit and Governance Committee

## 15 July 2026

Reading Borough Council
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| **Title** | Audit and Governance Committee Annual Report 2025/26 |
| **Purpose of the report** | To note the report for information |
| **Report status** | Public report |
| **Executive Director/ Statutory Officer Commissioning Report** | Director of Finance |
| **Report author** | Paul Harrington, Chief Auditor |
| **Lead Councillor** | Councillor Ruth McEwan, Corporate Services and Resources |
| **Council priority** | All |
| **Recommendations** | The Audit and Governance Committee is requested to consider and approve the draft report as a fair reflection of their performance over the municipal year before submission to Council. |

## 1. Executive Summary

1.1 CIPFA guidance recommends that Audit Committees produce an annual report demonstrating how they have fulfilled their responsibilities and assessed their effectiveness. This report presents the Audit and Governance Committee's Annual Report for 2025/26 (Appendix 1) alongside the detailed results of member and officer effectiveness surveys (Appendix 2).

1.2 The Committee continued to operate effectively across its core responsibilities, including governance, risk management, internal control, and oversight of internal and external audit. Key developments during the year included changes to Committee structure and reporting cycles, improved access to information through a dedicated SharePoint site, and continued investment in member training.

1.3 Survey feedback indicates a strong understanding of the Committee's role and generally positive views on its performance, particularly in relation to risk management, internal audit, training, and meeting management. However, the findings also highlight areas where assurance and visibility could be strengthened. These include issue escalation, tracking of recommendations, stakeholder engagement, and clarity around the Committee's overall impact.

## 2. Policy Context

2.1. The role and operation of the Audit and Governance Committee is set within the Council's Constitution and supported by CIPFA's Position Statement on Audit Committees.

2.2. The Annual Report and effectiveness review support the Council's overall governance framework, including the Annual Governance Statement.

## 3. The Proposal

3.1. The Annual Report outlines the work of the Committee during 2025/26 and confirms that it has continued to provide independent assurance on governance, risk and control arrangements.

3.2. Key developments during the year included:

- Changes to Committee structure and operation, including increased membership and an additional meeting.
- Introduction of a dedicated SharePoint site to improve access to information and training resources.
- Continued oversight of internal and external audit, financial reporting, and key governance risks.

3.3. The Committee received regular updates across its core areas, including:

- Internal audit progress and the Chief Auditor's annual assurance opinion.
- External audit updates from KPMG, including national backlog issues.
- Strategic risk management, information governance and treasury management.

3.4. Overall, the Annual Report concludes that the Committee continues to operate effectively, but identifies areas where visibility, consistency and impact could be strengthened.

3.5. Feedback from Members and officers provides a balanced assessment of Committee effectiveness.

3.6. Key strengths identified:

- Strong understanding of the Committee's role across both groups.
- Positive feedback on training, meeting effectiveness and core governance coverage.
- Strong relationships with key officers, particularly in finance and audit.

3.7. Areas of mixed assurance:

- Issue escalation, where visibility and consistency were questioned.
- Coverage of some governance areas, including fraud and whistleblowing.
- Stakeholder engagement and broader organisational visibility.

3.8. Key improvement themes:

- Strengthening tracking and implementation of recommendations.
- Improving visibility of outcomes and Committee impact.
- Enhancing communication, feedback mechanisms and engagement.
- Developing clearer processes and supporting member understanding.

3.9. The evidence from both appendices demonstrates that the Committee continues to operate on a sound footing, with effective core arrangements and strong member capability. However, to enhance overall assurance and maximise its impact, there is a clear need to:

- improve transparency and visibility of activity and outcomes;
- strengthen recommendation tracking and follow-through;
- broaden engagement with stakeholders; and
- ensure readiness for forthcoming governance changes, including legislative developments.

## 4. Contribution to Strategic Aims

4.1. Effective governance, risk management and internal control underpin all Council priorities, particularly ensuring the Council is fit for the future and operates efficiently and transparently.

## 5. Environmental and Climate Implications

5.1. There are no direct environmental or climate implications arising from this report.

## 6. Community Engagement

6.1. No external consultation has been undertaken. The report incorporates internal feedback from Members and officers to inform improvement.

## 7. Equality Implications

7.1. There are no direct equality implications arising from this report.

## 8. Other Relevant Considerations

N/A

## 9. Legal Implications

9.1. The Committee's role and reporting arrangements are consistent with the Council's constitutional framework and relevant legislation.

## 10. Financial Implications

10.1. There are no direct financial implications arising from this report. Improved governance and oversight support value for money and effective resource management.

## 11. Timetable for Implementation

11.1. Not applicable.

## 12. Background Papers

12.1. There are none.

**Appendices:**

**Appendix 1: Audit and Governance Committee Annual Report 2025/26**

**Appendix 2: Feedback from Member and Officer Surveys**