Appendix 1

AUDIT AND GOVERNANCE COMMITTEE ANNUAL REPORT

Report on the work of the Audit and Governance Committee during the 2025/26 Municipal Year

Introduction / Foreword by the Committee Chair:

I'm pleased to present this year's Audit and Governance Committee Annual Report.

There were several changes during the 2025/26 municipal year. Committee membership increased from eight to nine members; an additional November meeting considered external audit matters and the draft annual report; and some reporting shifted from quarterly to half-yearly to allow more in-depth discussion. A new SharePoint site was also introduced, providing centralised information and on-demand training on internal and external audit, treasury management, and risk management.

As in previous years, the Committee covered core areas of governance, risk and control, financial reporting, and internal and external audit. This included quarterly internal audit updates, half-yearly updates on strategic risks and information governance, and review of the 2026/27 Internal Audit Plan, Audit Charter, and the Chief Auditor's annual assurance report. Updates were also received on Traffic Regulation Orders (TROs) and the associated restitution scheme. KPMG attended all meetings, providing regular external audit updates, including on the national backlog.

Training remained a focus, with sessions supporting members in their role, and feedback continuing to demonstrate their usefulness and effectiveness.

While performance remained strong, feedback indicated more mixed assurance in areas such as issue escalation, visibility of outcomes, and stakeholder engagement. Continued focus is needed on previously identified priorities, including value for money, fraud, AGS implementation, external audit engagement, whistleblowing, housing repairs, and Local Audit Reform. There is also a need to strengthen visibility, escalation, and tracking of recommendations, and to improve understanding of Committee impact.

As part of the English Devolution and Community Empowerment Act 2026, which received Royal Assent in April 2026, it was set out that the Secretary of State, when making provisions regarding various aspects of the Audit Committee, must ensure that at least one member of an audit committee was an independent person, as defined by the regulations. Further details are awaited.

Councillor Josh Williams

Chair, Audit and Governance Committee

1. Committee remit

1.1 The Audit and Governance Committee's role is to provide an independent, high-level focus on the adequacy of the Council's governance, risk, and control arrangements, ensuring that there is sufficient assurance over these to give increased confidence that these arrangements are effective. It has oversight of internal and external audit, financial and governance reporting.

1.2 The terms of reference for the committee are included within the Council's constitution (page 69) and provide more details of its remit.

2. Committee membership

2.1 In the 2025/26 municipal year, committee membership increased from eight to nine members, reflecting the Council's political composition, with five Labour Councillors, two Green Party members, and one each from the Liberal Democrat and Conservative parties. During the year, one member changed political affiliation and stood down from the committee; a replacement Conservative member was subsequently appointed.

2.2 The role of Chair is traditionally offered by the Administration Group to a member of the largest opposition party. As in the previous two years, a Green Party member served as Chair. There was one instance where, due to the Chair attending remotely, the Vice Chair assumed the role of Chair. There were no Lead Members on the committee during the year and no independent members.

2.3 Details of membership and attendance are set out in Table 1 below. An additional Audit and Governance meeting was held in 2025/26 (five in total), which was used to receive an update on external audit progress, including the draft ISA 260 report.

Table 1: Table showing committee members' meeting attendance during the 2025/26 municipal year.

Member	Position	Party	Attendance					
			07/25	09/25	11/25	01/26	04/26	% attendance
Williams	Chair	Green	✓	✓*	✓	✓	✓	100%
Asare	Member	Labour	A	✓	✓	✓	✓	80%
Ballsdon	Member	Conservative	n/a	n/a	n/a	✓	A	50%
Dennis	Member	Labour	✓	✓	✓	A	✓	80%
Keane	Member	Green	✓	✓	✓	✓	✓	100%
McGoldrick	Vice Chair	Labour	✓	✓*	A	✓	A	60%
McGrother	Member	Labour	✓	✓	✓	✓	✓	100%
Mitchell	Member	Conservative	✓	✓	✓	n/a	n/a	100%
Moore	Member	Liberal Democrats	✓	A	✓	✓	A	60%
Stevens	Member	Labour	✓	✓	✓	✓	✓	100%
% attendance			89%	89%	89%	89%	67%	

Note: ✓ = attended, A = absent, n/a = not applicable, * = Councillor Williams attended remotely, and Councillor McGoldrick, as Vice Chair, took on the role of Chair.

2.4 The Audit and Governance Committee reports, and is directly accountable, to Council and is independent of scrutiny functions.

3. Areas covered and work of the committee.

The Audit and Governance Committee has five core areas within its remit. A summary of activity across these areas during the 2025/26 municipal year is set out in Table 2 below. Following agreement at the end of the 2024/25 municipal year, the frequency of routine reports, covering the audit tracker, risk management, information governance, accounts updates and external audit, was reduced to twice yearly. This change was implemented from the start of 2025/26 municipal year to support more effective management of the Committee's business and allow greater focus on agenda items.

Table 2: Table showing key areas covered at 2025/26 Municipal Year A&G Committee meetings.

Areas covered at meetings:	07/25	09/25	11/25	01/26	04/26
Governance, Risk and control	✓	✓		✓	✓
Governance Reporting	✓	✓			
Financial Reporting	✓			✓	✓
External Audit	✓	✓	✓	✓	✓
Internal Audit	✓	✓		✓	✓

3.1 Governance, risk and control

3.1.1 Following previous agreement, the committee received half yearly updates on progress in implementing audit recommendations (where either a limited or no assurance opinion had been given), information governance and the strategic risk register.

3.1.2 In addition, a progress update was received on implementing the action plan to rectify irregularities relating to Traffic Regulation Orders. This had arisen following a previous audit report received by Council, who had delegated oversight of progress to the Audit and Governance Committee.

3.1.3 In relation to the audit recommendations tracker, concern had been raised regarding an overdue risk relating to Supported Living and whether the response was appropriate to control the risk. A written response to address this was requested.

3.2 Governance reporting

3.2.1 The Committee reviewed the draft 2024/25 Annual Governance Statement (AGS), assessing overall governance effectiveness in line with CIPFA/Solace guidance. It also endorsed the annual review of Committee effectiveness against CIPFA's Position Statement, including findings from self-assessment by members and key officers.

3.3 Financial reporting

3.3.1 Half-yearly updates were received on the closure of the 2024/25 accounts, alongside a report on the CIPFA Financial Management Code 2025/26.

3.4 External Audit

3.4.1 KPMG attended all meetings, presenting the audit plan, progress updates on the 2024/25 accounts, the ISA 260 report, and the 2025/26 audit strategy. Updates were also provided on national backlog ('backstop') arrangements. An additional November meeting considered the draft Annual Report and progress on the 2024/25 audit.

3.5 Internal Audit

3.5.1 Quarterly reports from the Chief Auditor covering audits, investigations and whistleblowing were reviewed. The Annual Assurance Report concluded reasonable assurance over governance, risk management and control. The 2026/27 Internal Audit Plan and Charter were approved.

3.6 Other

3.6.1 The Committee received an Annual Treasury Management review for 2024/25 and quarterly updates on Treasury Management activity.

3.6.2 All A&G Committee meeting agendas, papers and minutes are available online on the Council's website, and recordings of the meetings are publicly available for a period of six months.

4. Training

4.1 Training sessions were delivered to support effective member challenge, including sessions on Treasury Management, Internal Audit and External Audit, with attendance recorded (Table 3).

Table 3: Table showing training attended by A&G Committee members in the 2025 /2026 Municipal Year.

Member	Cyber Security 2025	GDPR (UK) 2025	Internal & External Audit	Member Briefing Sessions	Planning, Development & Control	Planning & Enforcement Training	Risk Management	Safeguarding Adults (L2)	Treasury Management
Williams	✓	✓	✓	✓	✓	✓	✓		✓
Asare		✓	✓	✓				✓	✓
Ballsdon			n/a	✓	✓	✓			✓
Dennis			✓	✓			✓		
Keane	✓		✓	✓			✓		✓
McGoldrick			✓						
McGrother	✓	✓	✓	✓	✓	✓	✓		✓
Mitchell									
Moore	✓	✓		✓					✓
Stevens	✓	✓		✓					✓

5. Committee Effectiveness

As in previous years, both committee members and key officers were invited to complete a short questionnaire on the Committee's effectiveness. Response rates were comparable (Councillors: 66%; Officers: 67%), providing a representative evidence base. A detailed analysis is set out in Appendix 2; key combined findings are summarised below.

5.1 Overall Understanding of Role

5.1.1 There is a strong and consistent understanding of the Committee's role and purpose across both groups. All officer respondents confirmed full understanding (100%), while councillor responses also remained high, with 83% indicating a clear understanding and the remainder reporting at least partial understanding.

5.2 Issue Escalation

5.2.1 Perceptions differ between councillors and officers. All officers (100%) consider that issues are escalated appropriately and promptly, reflecting a notable improvement from the prior year. In contrast, while a majority of councillors (67%) agree, this represents a lower level of confidence, with some uncertainty and feedback suggesting that escalation processes are not always visible or that issues can persist across multiple meetings.

5.3 Governance, Risk and Assurance

5.3.1 Both groups provided generally positive feedback on the Committee's coverage of its core responsibilities, particularly in relation to risk management and internal audit (strong agreement across both groups).

5.3.2 However, councillor responses indicate a slight reduction in confidence compared to previous years, with more ‘somewhat agree’ and neutral responses. Officers reported improvements in some areas (e.g. governance and financial reporting) but also noted declines in assurance relating to internal control and limited progress in external audit assurance.

5.3.3 Across both groups, some key governance areas (including fraud, whistleblowing, and wider organisational risks) received more mixed responses, indicating scope to strengthen assurance and visibility.

5.4 Private Meetings with Audit

5.4.1 Awareness of private meetings with Internal and External Audit remains inconsistent. While there has been some improvement among councillors, both groups reported significant levels of uncertainty, particularly officers, suggesting that these arrangements are not consistently communicated or visible.

5.5 Committee Knowledge, Skills and Training

5.5.1 Training continues to be viewed as a key strength, with councillors confirming it is useful (100%) and effective (83%). Most respondents across both groups consider the Committee to have appropriate knowledge and skills (67%), although this represents a slight decline in officer confidence compared to the previous year.

5.5.2 Both groups identified that formal evaluation of member skills and knowledge is not consistently undertaken, despite ongoing identification of training needs.

5.6 Relationships, Access and Visibility

5.6.1 Relationships with key statutory officers, particularly the Director of Finance and Chief Auditor, are consistently positive across both groups.

5.6.2 However, perceptions are more mixed in relation to other roles, including Legal and Democratic Services, with both councillors and officers reporting variability in access, visibility, and strength of relationships. A recurring theme is that engagement is not experienced consistently by all participants.

5.7 Meeting Management and Effectiveness

5.7.1 Feedback on meeting management remains positive overall. Both groups agree that meetings are generally well chaired, focused on key agenda items, and encourage participation.

5.7.2 There are, however, some contrasting views regarding the Committee operating in an apolitical manner, with a decline in positive responses from officers and some mixed feedback from councillors.

5.8 Recommendations, Impact and Value

5.8.1 Across both groups, there is less certainty regarding the effectiveness and impact of the Committee’s recommendations. Around half of respondents consider that effective recommendations are made, but there is a consistent level of uncertainty regarding whether these translate into tangible outcomes.

5.8.2 Perceptions of the Committee adding value remain broadly positive, though slightly reduced among officers and more qualified among councillors, with several respondents indicating only partial value. A common theme is the need to improve visibility of recommendation tracking and implementation.

5.9 Feedback, Communication and Engagement

5.9.1 Responses indicate that formal feedback on the Committee's performance is limited or not widely visible, particularly among councillors. Officers reported somewhat more positive feedback mechanisms, though some uncertainty remains.

5.9.2 Engagement is generally considered positive, particularly in relation to audit findings and officer attendance at meetings (which has improved). However, both groups highlighted less clarity around broader stakeholder engagement and communication.

5.10 Emerging and Priority Areas for Improvement

5.10.1 The 2025/26 survey highlights a number of recurring themes across both groups:

- Variability in awareness and visibility of key processes (e.g. escalation, private audit meetings, implementation of actions).
- Mixed levels of assurance in specific governance areas, including fraud, whistleblowing, and broader organisational risks.
- The need to strengthen the monitoring and communication of outcomes, particularly in relation to recommendations and AGS actions.
- Continued development of member skills evaluation and broader stakeholder engagement.

6. Progress since the Last Assessment of Good Practice

6.1 The Committee has continued to operate broadly in line with CIPFA's Position Statement (2022) and has made a number of practical improvements during the year to support its effectiveness.

6.2 A dedicated SharePoint site was introduced, improving access to information and supporting member development, building on consistently positive feedback regarding training.

6.3 Changes to the Committee's composition and operation were implemented, including an increase in membership from eight to nine members to better reflect political balance, and an increase in scheduled meetings from four to five per year.

6.4 Reporting arrangements were also reviewed, with some key areas, including risk management and information governance, moving from quarterly to six-monthly reporting to allow more focused consideration within meetings. The additional meeting was used to support External Audit reporting.

6.5 A broad range of officers continued to support the Committee, with regular attendance from key statutory and assurance roles and wider officer engagement where required, ensuring access to appropriate expertise.

6.6 Overall, these changes demonstrate continued progress in strengthening the Committee's structure, access to information, and capacity to consider its business.

7 Conclusions

7.1 The review indicates that the Committee continues to operate effectively in delivering its core responsibilities. However, feedback from Members and officers highlights several areas where visibility, consistency and overall impact could be strengthened.

7.2 While the Committee broadly covers its core responsibilities, there is scope to strengthen the balance and depth of coverage and maintain sustained oversight of priority areas, including value for money, fraud and counter-fraud, AGS implementation, whistleblowing arrangements and wider developments in local audit reform.

7.3 Feedback also highlights the need for clearer understanding of roles, responsibilities and processes, particularly for newer members, alongside opportunities to strengthen engagement and relationships with a broader range of stakeholders.

7.4 In addition, there is a need to enhance feedback mechanisms and strengthen the tracking and reporting of Committee recommendations to improve visibility of implementation and demonstrate the Committee's impact.

7.5 Looking ahead, the Committee will need to respond to a changing governance landscape. The English Devolution and Community Empowerment Act 2026 is expected to introduce significant changes, including a requirement for at least one independent member of the Audit Committee. Consideration will therefore need to be given to how and when this requirement is implemented, alongside ensuring that the Committee continues to have the appropriate skills, capacity and independence to fulfil its role effectively.