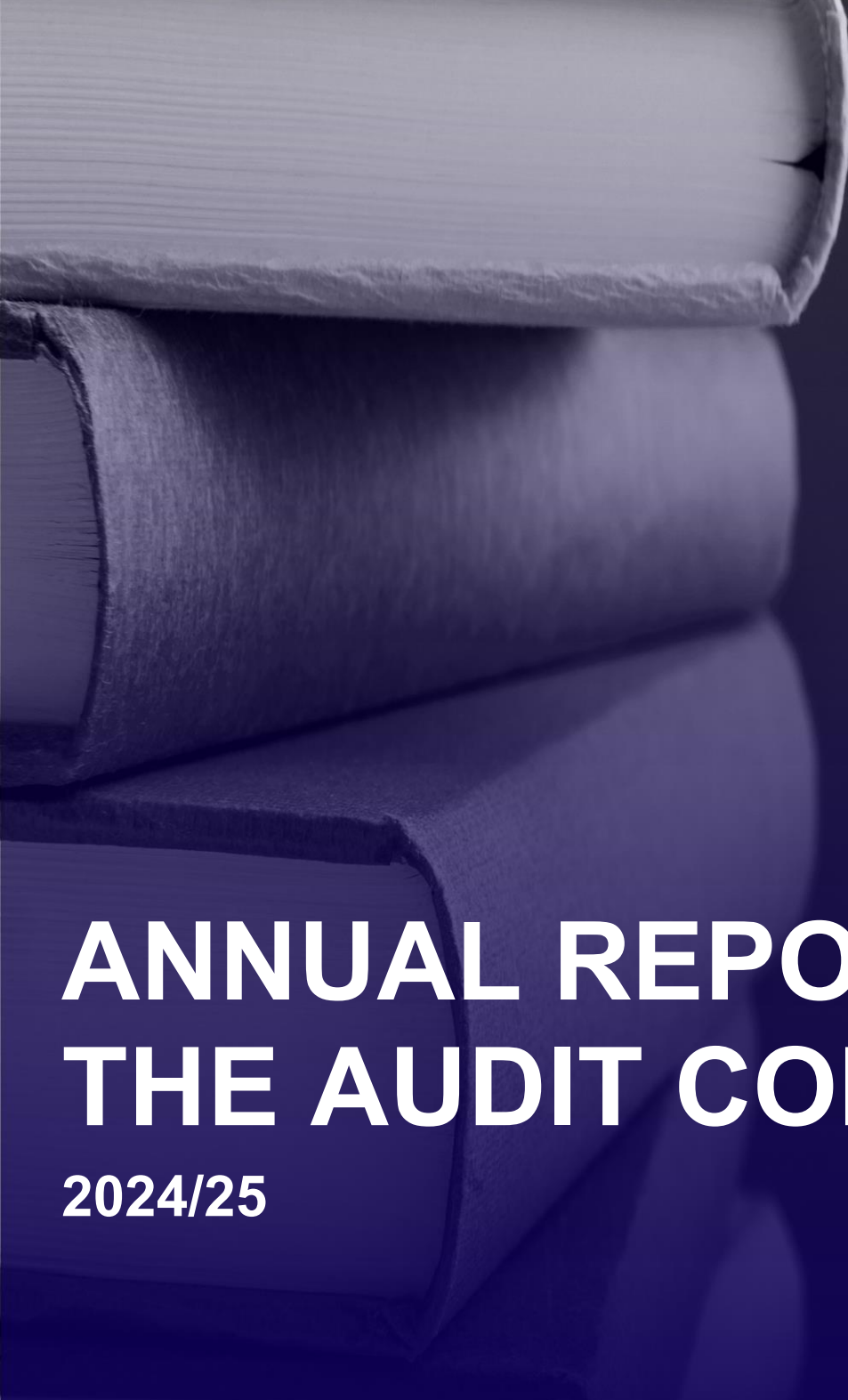


A stack of several thick books with worn spines, partially visible on the left side of the cover. The books are in shades of grey and blue, blending into the background.

ANNUAL REPORT OF THE AUDIT COMMITTEE

2024/25



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1. INTRODUCTION

- 1.1 In line with best practice guidance, the Audit Committee is required to submit an annual report to Council outlining the Committee's activities over the previous year. This report summarises the work of the Audit Committee during 2024/25 and how it has undertaken its responsibilities for reviewing the key areas within its remit. Specifically, these include:
- Internal Audit
 - External Audit
 - Counter Fraud
 - Risk Management
 - Financial reporting process of the Statement of Accounts.
- 1.2 In compliance with the Accounts and Audit Regulations 2015, the Audit Committee has reviewed the effectiveness of the systems of internal control, by receiving regular reports from these areas above that contribute to the control framework. This report provides an opportunity for Council Members to review the work of the Audit Committee and comment on its contribution and performance.

2. Key Activities of the Audit Committee

- 2.1 The Terms of Reference (ToR) of the Committee are attached at [Appendix A](#).
- 2.2 During the 2024/25 municipal year, the Audit Committee met on four occasions: 30 April 2024, 28 August 2024, 20 November 2024 and 11 February 2025.
- 2.3 Membership and attendance of the Audit Committee comprised as follows:

Member name	Member appointment	Meeting Attendance
Mr John Chesshire (Chair)	Appointed November 2017 - present	Attended April 24, November 24 and February 25
Cllr Nick Denys (Vice-Chair)	Appointed May 2022 - present	Attended all four meetings
Cllr Tony Burles	Appointed May 2022 - present	Attended all four meetings
Cllr Henry Higgins	Appointed May 2023 - present	Attended August 24, November 24 and February 25
Cllr June Nelson	Appointed May 2023 - present	Attended April 24, August 24 and February 25.
Cllr Reeta Chamdal	Appointed May 2022 - May 2024	Attended April 24
Cllr Philip Corthorne	Appointed May 2024 - May 2025	Attended August 24, November 24 and February 25
Reserve members		
Cllr Kishan Bhatt	Reserve Member	Attended in April 2024
Cllr Richard Lewis	Reserve Member	
Cllr Scott Farley	Reserve Member	

- 2.4 The Audit Committee received two dedicated training sessions during 2024/25. This is a little less than in previous years given membership stability during this period. The first on the 6 November covered the role of the Audit Committee and a deep dive into the Annual Accounts process. The second session on the 18 March covered the

Committee's role in relation to Corporate Governance, Risk Management, Internal Audit and Counter Fraud.

- 2.5 The role delegated by the Council to the Audit Committee is to provide independent assurance over the governance, risk management and the system of internal control in operation at the Council. The Audit Committee has fulfilled this role by undertaking the following key activities:

a) Oversight of Internal Audit

- The Audit Committee oversaw the activity of the Council's Internal Audit service to assist it in its role of monitoring the internal control, risk management and governance arrangements of the Council's operations.
- During 2024/25, the Audit Committee reviewed the 2023/24 Annual Internal Audit Report and Head of Internal Audit Opinion Statement, the 2024/25 Annual Internal Audit Plan, and quarterly progress reports and operational plans.
- The Audit Committee met privately with the Head of Internal Audit in line with best practice.
- The Audit Committee sought assurances from the Head of Internal Audit over plan delivery, coverage, and overall performance in respect of key performance indicator results.
- The Audit Committee sought explanations from the Head of Internal Audit about the recommendations emanating from 'Limited' or 'No' assurance audits and monitored the ongoing implementation of actions through the follow up process.
- Finally, the Audit Committee also monitored the initial actions taken by the Internal Audit service to prepare for the Global Internal Audit Standards applicable from the 1 April 2025.

The Audit Committee is satisfied that Internal Audit is effective and adds value to the Council through the professional planning and delivery of its risk-based, independent and objective assurance and advisory services.

b) Oversight of External Audit

- The Audit Committee has reviewed the activity of the Council's External Auditors (Ernst & Young) to assist it in its role of monitoring the internal control and financial governance arrangements of the Council's operations. The Audit Committee has received and considered the external audit plan, progress updates and reviewed External Audit performance.
- The Audit Committee met privately with Ernst & Young in line with best practice.
- During 2024/25 the Audit Committee reviewed the 2022/23 Statement of Accounts, Audit Completion Report, and Value for Money report. This had been delayed from the prior year due to the ongoing national delays, which are consistent with many other local authorities. The Audit committee also received the 2022/23 Pension Fund Audit Results Report and the 2023/24 Audit Plan.
- In February 2025 the Audit Committee received the 2023/24 Statement of Accounts and draft Audit Results report and draft Pension Fund Audit Results Report. These were finalised following the meeting and presented to the May 2025 meeting.

The Audit Committee is satisfied with the Council's External Audit arrangements during 2024/25 and the clarity, depth and approach taken by External Audit.

c) Prevention and Detection of Fraud and Corruption

- The Council operates a zero-tolerance policy towards all fraud and corruption. The Counter Fraud Team (CFT) conducts proactive and reactive counter fraud activity to highlight fraud, loss and error. This minimises the Council's exposure to fraud and maximises its preventative savings.
- The Audit Committee has received quarterly progress reports from the CFT, a detailed 2024/25 Annual Plan and Annual Report for 2023/24. The team has responsibility for the oversight of the effectiveness of the Council's policies and procedures to prevent and detect fraud and corruption.
- The Audit Committee sought assurances from the Head of Counter Fraud over the focus and prioritisation of counter fraud activity, together with the team's overall performance in respect of key performance indicator results.
- In 2024/25, the CFT had achieved several successful outcomes, including a total of c£10.9m in loss prevention savings across Council services. These savings included the recovery of 112 council properties due to tenancy fraud, an 8% increase on the previous year's outcomes.

The Audit Committee is satisfied with the effectiveness of the Council's counter fraud arrangements during 2024/25 and are pleased to see the excellent results delivered once again by the Counter Fraud Team during this period.

d) Risk Management

- The Audit Committee monitored the implementation of the new Risk Management system and processes throughout 2024/25, as part of the Committee's role to independently assess the Council's risk management arrangements.
- They received quarterly risk management reports, including the risk management KPIs, Corporate Risk Register, and Strategic Risk Report. Following concerns raised in February in relation to the high number of risks overdue for review, action was taken by Officers to improve performance by the year end.
- The Audit Committee also explored how effectively management felt particular risks were being managed as part of its deliberations and whether some of these risks were appropriately prioritised and assessed.
- In February 2025 the Audit Committee also received additional assurance on Transformation, Digital and Technology risk management from the Chief Operating Officer. This presentation focused on the risk management arrangements within the Corporate Services Directorate, as well as a deep-dive into the actions being taken to mitigate the biggest risks within the Directorate.

The Audit Committee is satisfied that the Risk Management arrangements enable it to provide sufficient challenge to officers around their identification and management of the Council's key risks. The Audit Committee recognise the ongoing evolution of risk management during this period and anticipate further embedding in the year ahead.

e) Approval of Financial Accounts

- Throughout 2024/25, the Audit Committee was provided with audit progress reports on the Council's annual statement of accounts for 2022/23 and 2023/24. This included considering whether appropriate accounting policies have been followed in relation to the accounts.

- Weaknesses identified by External Audit in relation to financial reporting, data quality and financial sustainability were highlighted by the Audit Committee and further assurance requested from officers to ensure appropriate actions were taken to address these.
- The Audit Committee also reviewed the Council's Annual Governance Statement as part of the draft and final accounts for 2022/23 and 2023/24.

The Audit Committee is concerned to see the increasing challenges and issues experienced with the production, reporting and ultimate approval of the financial accounts, together with the increase in finance-related risk during this period. It has expressed concerns to management and sought assurances that sufficient, appropriate work is being planned and undertaken to improve control, better manage financial risk and enhance the associated processes.

3. Conclusion

- 3.1. The Audit Committee considers that it has continued to make an appropriate contribution to helping ensure that the key elements of the governance framework are given proper consideration and are appropriately challenged. It will continue to undertake this role and contribute to improvement initiatives by encouraging management to strengthen internal control, risk management and governance throughout the authority.

APPENDIX A: AUDIT COMMITTEE TERMS OF REFERENCE

The Constitution defines the Terms of Reference for the Audit Committee as:

The Audit Committee's role is to:

- Review and monitor the Council's audit, governance, risk management framework and the associated control environment as an independent assurance mechanism;
- Review and monitor the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and/or weakens the control environment;
- Oversee the financial reporting process of the Statement of Accounts.

Decisions in respect of strategy, policy and service delivery or improvement are reserved to the Cabinet or delegated to Officers.

Internal Audit

- 1) Review and approve (but not direct) the Internal Audit Strategy to ensure that it meets the Council's overall strategic direction.
- 2) Review, approve and monitor (but not direct) Internal Audit's planned programmes of work, paying particular attention to whether there is sufficient and appropriate coverage.
- 3) Through quarterly Internal Audit summary reports of work done, monitor progress against the Internal Audit Plan and assess whether adequate skills and resources are available to provide an effective Internal Audit function. Monitor the main Internal Audit recommendations and consider whether management responses to the recommendations raised are appropriate with due regard to risk, materiality and coverage.
- 4) Make recommendations to the Leader of the Council and Cabinet Member for Finance on any changes to the Council's Internal Audit Strategy and plans.
- 5) Review the Annual Report and Opinion Statement and the level of assurance this provides over the Council's corporate governance arrangements, risk management framework and system of internal controls.
- 6) Consider reports dealing with the activity, management and performance of internal audit services.
- 7) Following a request to the Corporate Director of Finance and, subject to the approval of the Leader of the Council or Cabinet Member for Finance, to request work from Internal Audit.

External Audit

- 8) Receive and consider the External Auditor's annual letter, relevant reports and the report to those charged with governance.
- 9) Monitor management action in response to issues raised by External Audit.
- 10) Receive and consider specific reports as agreed with the External Auditor.
- 11) Comment on the scope and depth of External Audit work and ensure that it gives value for money, making any recommendations to the Corporate Director of Finance.

- 12) Be consulted by the Corporate Director of Finance over the appointment of the Council's External Auditor.
- 13) Following a request to the Corporate Director of Finance and, subject to the approval of the Leader of the Council or Cabinet Member for Finance, to commission work from External Audit.
- 14) Monitor arrangements for ensuring effective liaison between Internal Audit and External Audit, in consultation with the Corporate Director of Finance.

Governance Framework

- 15) Maintain an overview of the Council's Constitution in respect of contract procedure rules and financial regulations and where necessary, bring proposals to the Leader of the Council or the Cabinet for their development.
- 16) Review any issue referred to it by the Chief Executive, Corporate or Executive Director, any Council body or external assurance providers including inspection agencies.
- 17) Monitor and review (but not direct) the authority's risk management arrangements, including regularly reviewing the corporate risk register and seeking assurances that appropriate action is being taken on managing risk.
- 18) Review and monitor Council strategy and policies on anti-fraud and anti-corruption including the 'Raising Concerns at Work' policy making any recommendations on changes to the Leader of the Council and relevant Corporate / Executive Director.
- 19) Oversee the production of the authority's Annual Governance Statement and recommend its adoption.
- 20) Review the Council's arrangements for corporate governance and make recommendations to the Corporate Director of Finance on suggested actions to improve alignment with best practice.
- 21) Where requested by the Leader of the Council, Cabinet Member for Finance or Corporate Director of Finance, provide recommendations on the Council's compliance with its own and other published standards and controls.

Accounts

- 22) Review and approve the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from financial statements or from the external auditor that need to be brought to the attention of the Council.
- 23) Consider the external auditor's report to those charged with governance on issues arising from the external audit of the accounts.

Review and reporting

- 24) Undertake an annual independent review of the Audit Committee's effectiveness and submit an annual report to Council on the activity of the Audit Committee.