

AUDIT AND GOVERNANCE COMMITTEE

DATE	16 April 2026
REPORT OF	Independent Chair of the Audit Committee
SUBJECT	Annual Report of the Audit and Governance Committee 2025/26
STATUS	Open

CONTRIBUTION TO OUR AIMS

An effective audit committee contributes to the achievement of strategic objectives by seeking and receiving assurance on the systems of risk management, governance and internal control which underpin the delivery of these objectives.

EXECUTIVE SUMMARY

The Annual Report of the Audit and Governance Committee is designed to inform the full Council of the Committee's activities during the Council year (May 2025 to April 2026), and how it has discharged its responsibilities. The Audit and Governance Committee is now asked to formally approve this report prior to it being reported to Full Council.

RECOMMENDATIONS

1. That the Audit and Governance Committee reviews the self-assessment shown on Appendix 2
2. That the Audit and Governance Committee consider the suggested improvement actions in Section 4 of the report
3. That the Audit and Governance Committee approve the annual report and requests that is presented to the Full Council
4. That the Audit and Governance Committee resolve to give delegated authority to the Chair and the Deputy Chair to make any additions or amendments to the report resulting from the outcome of the Committee held on 16 April 2026

REASONS FOR DECISION

The production of an annual report by the audit committee is considered to be good practice by the Chartered Institute of Public Finance and Accountancy (CIPFA), and has been the Council's practice for some years. It is important that the wider membership of the Council is kept informed of the work to ensure sound control and governance. The report to Council is an essential part of this process.

1. BACKGROUND AND ISSUES

The annual report of the Audit and Governance Committee is attached. It summarises the activities of the Committee and demonstrates how it has discharged its duties. It also reports on the outcome of the Audit and Governance Committee's self- assessment against the latest good practice provided by CIPFA.

The main conclusions of the report are:

- the Audit and Governance Committee has effectively discharged its duties as an Audit Committee, and has played an important role in promoting good governance across the council and monitoring the effectiveness of its governance arrangements; and
- the work of the Audit and Governance Committee complies with good practice, although some areas for further development around enhancing the knowledge of Members and substitutes have been identified

2. RISKS AND OPPORTUNITIES

Strong and effective control environment arrangements are an essential element of a robust corporate governance framework. The Audit and Governance Committee has a leading role to play in ensuring that the Council's governance arrangements are effective and contribute to the mitigation of risks. As the Council's operating model continues to evolve, the Committee needs to ensure that its work and the control systems it oversees, remain effective. The annual Committee Work Programme explicitly recognises this development need.

3. OTHER OPTIONS CONSIDERED

No other options are applicable as the production of an annual report is considered to be good practice.

4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS

There are no specific reputational issues related to this report. The production of an annual report for consideration by Full Council is a means by which the work of the Audit and Governance Committee can be widely communicated.

5. FINANCIAL CONSIDERATIONS

There are no specific financial considerations related to this report.

6. CHILDREN AND YOUNG PEOPLE IMPLICATIONS

There are no direct Children and Young people Implications related to this report.

7. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

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

8. PUBLIC HEALTH, HEALTH INEQUALITIES AND MARMOT IMPLICATIONS

There are no direct specific public health implications relating to this report.

9. FINANCIAL IMPLICATIONS

There are no financial implications arising as a direct result of this report.

10. LEGAL IMPLICATIONS

There are no direct legal implications arising from the report.

11. HUMAN RESOURCES IMPLICATIONS

There are no direct human resources implications arising from this report.

12. WARD IMPLICATIONS

This report is applicable to all wards.

13. BACKGROUND PAPERS

Audit Committees: Practical Guidance for Local Authorities and Police (2022)
(*Chartered Institute of Public Finance and Accountancy*)

14. CONTACT OFFICER(S)

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Paul Stone
Chair of the Audit and Governance Committee



**Stronger Economy: Stronger Communities.
Together we can be stronger.**

Our Council Plan pledges to work with partners to invest in our people and our place.

Audit and Governance Committee

Annual Report 2025/26

Foreword by Paul Stone, Chair of the Audit and Governance Committee

As we reflect on the achievements and challenges of the past year, I am pleased to present the Audit and Governance Committee's Annual Report for 2025/26.

This report offers a transparent account of our work, detailing how we have fulfilled our responsibilities in safeguarding the Council's governance, risk management and control framework.

The Committee has continued to provide robust oversight and constructive challenge, ensuring that our processes remain fit for purpose in a rapidly changing landscape. We have worked collaboratively with officers, internal and external auditors striving to maintain the highest standards of accountability and public stewardship.

Our role is not only to scrutinise but also to support the ongoing improvement of governance arrangements across the Council. Throughout the year, we have focused on key areas including financial reporting, risk management, partnership governance and assurance processes, as well as responding to new and emerging risks.

The Committee has also placed emphasis on transparency and ethical conduct, recognising their importance in sustaining public trust.

I would like to thank all Committee members for their commitment and diligence, and extend my appreciation to Council officers and auditors for their professionalism and candour.

We remain dedicated to our purpose and will continue to adapt, evolve and uphold the principles of good governance for the benefit of our residents and stakeholders. I commend this report to the Council and invite all members to engage with its findings, as together we shape a resilient and accountable organisation.

Paul Stone
Independent Chair of the Audit and Governance Committee

1. Introduction

In May 2022 the Chartered Institute of Public Finance and Accountancy (CIPFA) issued its updated “Audit Committee Position Statement”, which sets out the purpose, model, core functions and membership of audit committees. Endorsed by the Department for Levelling up, Housing and Communities, the statement defines the role of an Audit Committee to:

“provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. The committee’s role in ensuring that there is sufficient assurance over governance risk and control gives greater confidence to all those charged with governance that those arrangements are effective” and.

“have oversight of both internal and external audit together with the financial and governance reports, helping to ensure that there are adequate arrangements in place for both internal challenge and public accountability. In a local authority the full council is the body charged with governance. The audit committee may be delegated some governance responsibilities but will be accountable to full council”

The Audit Committee was set up in 2005. Its role is defined in its terms of reference, as laid out in the Council’s constitution, as shown on Appendix 1. The areas covered within them are consistent with those identified as good practice by the Charter Institute of Public Finance and Accountancy and Finance (CIPFA) in its document “*Audit Committees: Practical Guidance for Local Authorities and Police*” (2018- updated in 2022). In May 2013, its role was expanded to include partnership governance and was renamed the “Audit and Governance Committee”.

This report informs the full Council of the Committee’s activities during the Council year (May 2025 to April 2026), and how it has discharged its responsibilities.

2. Committee Information

Audit and Governance Committee Membership

As shown below, During the year, the Committee was made up of nine Members plus an independent co-opted independent Chair and a second co-opted independent Member.

Mr T Render (Co-opted Independent Chair to July 2025)
Mr P Stone (Co-opted Independent Chair from July 2025)
Councillor M Boyd (Conservative) (Deputy Chair)
Councillor B Parkinson (Conservative)
Councillor D Hasthorpe (Conservative)
Councillor P Silvester (Conservative)
Councillor M Patrick (Labour)
Councillor E Kaczmarek (Labour)
Councillor T Mickleburgh (Labour)
Councillor S Beasant (Liberal Democrat)
Councillor S Holland (Independent)
Mr W Leschenko (Co-opted Independent Member)

Audit Committee Meetings and Attendance

During 2025/26 the Committee held five meetings. The schedule of Members attendances, excluding the co-opted Members is shown below. Including six instances where substitutes attended, Members achieved an attendance rate of 81% (29 out of a possible 36) in the four meetings held up to 29 January 2026. This compares to 92% (including two substitutes) in 2024/25.

It is important to note that attendance directly affects the Committee's ability to be quorate. Should attendance fall below the required level, meetings may not proceed and key decisions could be delayed, undermining the Council's governance and risk management. Consistent attendance ensures that the Committee retains the authority to discharge its responsibilities and helps to safeguard the integrity of its oversight processes. The final meeting's attendance is yet to be confirmed, but ongoing vigilance in monitoring participation is essential to maintain transparency and continuity.

Table 1: Attendance at Audit Committee Meetings

Meeting	17 Jul 2025	23 Oct 25	6 Nov 25	29 Jan 2026	16 April 2026
Attendees (including substitutes)	8	6	9	6	TBD

In line with good practice the Interim Section 151 Officer, the Monitoring Officer, and the Head of Audit and Assurance have attended each meeting, whilst a senior representative from external audit has attended most meetings. In addition, other senior officers have attended where appropriate, or where they have been invited by the Committee.

There is an opportunity at the end of each meeting for the Committee to have a private discussion (i.e., in the absence of the Executive) with External and Internal Audit at the request of the respective audit managers. No such request was made during the year.

In addition, on 16 January 2026 an audit working group was held to consider the following:

- An Internal Audit report relating to Homelessness - the Director for Adults and the Assistant Director for Housing and Communities attended to provide Members with assurance on the implementation of agreed actions included in the report
- An Internal Audit report relating to the Section 75 Partnership with Humber and North Yorkshire Integrated Care Board - the Director of Adults attended to provide Members with assurance on the implementation of agreed actions included in the report

- The outcome of the CQC inspection into Adult Social Care - the Director of Adults provided a presentation to Members on the pertinent points relating to risk, governance and internal control

Training

The Council recognises the importance of providing Committee Members with training to allow them to effectively carry out what can be a demanding and technical role. This is reflected that all Members and nominated substitutes are required to attend induction training for a minimum of every two years. In 2025/26 training included:

- Induction training (including the Role of the Audit Committee and an Introduction to Governance, Internal Control and Assurance (June 2025)
- Internal Audit and the Annual Governance Statement (July 2025)
- The Statement of Accounts (October 2025)
- Risk Management and Counter Fraud (November 2025)
- Treasury Management (January 2026)

3. How the Audit and Governance Committee has discharged its responsibilities

The Committee has discharged its responsibilities in 2025/26 which is described below including its achievements in specific key areas:

Approve the Statement of accounts

Approved the audited Annual Statement of Accounts and received supporting reports provided by the Director of Place and Resources (October 2025)

Reviewed the proposed accounting policies for the statements of accounts 2025/26 (January 2026)

Annual Governance Statement/ Code of Governance

Approved the draft Annual Governance Statement 2024/25. (July 2025)

Following the completion of the external audit on the Annual statement of Accounts the final Annual Governance Statement and recommended it be signed on the Council's behalf by the Leader and the Chief Executive (November 2025)

Approved revisions to the Council's updated Code of Governance, and received an update on progress issues identified for further focus identified in the Annual Governance Statement (January 2026)

Approve the Internal Audit Plan / Head of Internal Audit Annual Report and Opinion

Considered the Head of Internal Audit Report and Opinion for 2024/25 (July 2025)

Considered the proposed audit plan for 2025/26 and sought assurance on its compilation and its resourcing (July 2025)

Considered the Internal Audit Charter, Internal Audit's Strategy 2025/28, and Internal Audit's Quality Assurance and Improvement Programme (QAIP) 2025/26 (July 2025)

Considered a report from the Head of Audit and Assurance that provided an update on the delivery of the Internal Audit Plan 2025/26, and the outcome of audit work completed, (November 2025)

Received an interim report from the Head of Audit and Assurance on the delivery of the annual audit plan 2025/26 including a summary of findings from audit reports and an update on the implementation of its Quality and Assurance Improvement Plan (January 2026)

Considered a report from the Head of Audit and Assurance that provided an update on the delivery of the Internal Audit Plan 2025/26 (April 2026)

Considered the proposed audit plan for 2026/27 and sought assurance on its compilation and its resourcing (April 2026)

Considered the updated Internal Audit Charter and Internal Audit's Strategy 2026/29, a

In between formal meetings the Head of Internal Audit has periodic informal meetings were appropriate with both the Chair and Deputy Chair of the Committee to allow them to discuss emerging issues.

Promoting an anti-fraud culture

Received an interim report on anti-fraud activities taking place within the Council (November 2025)

Received the Annual Fraud Report 2025/26 (April 2026)

External Audit

Received the External Audit Strategy Memorandum which laid out the plans for carrying out the external audit of the Statement of Accounts 2024/25 and Value for Money arrangements (July 2025)

Received the external audit completion report, setting out the conclusions and significant findings from the audit of the council's financial statements for the year ended 31 March 2025 as well as the Auditor's Annual h year ended 31 March 2025(January 2026)

Risk Management

Received the annual risk management report 2024/25 providing a summary of the developments relating to risk management (July 2025)

Considered the Draft Risk Management Policy, and where appropriate provided feedback on the document, prior to its approval by the Portfolio Holder for Finance, Resources and Assets (November 2025)

Reviewed the Strategic Risk Register (November 2025, April 2026)

Treasury Management

Reviewed the Treasury Management Annual Report 2024/25 containing details of treasury management arrangements, activity, and performance. (July 2025)

Reviewed the Treasury Mid-Year Review 2025/26, detailing the treasury management arrangements, activity, and performance during the first six months of 2025/26. (November 2025)

Considered the Treasury Management Policy and Strategy Statement 2025/26 - recommending their approval by Full Council (January 2026).

Partnership Governance

Considered the updated Partnership Protocol (January 2026)

Annual work programme

As well as discharging its key formal responsibilities the Committee has developed an annual work programme to allow it to obtain a greater understanding of strategic interest. During 2025/26 it received reports and sought assurance in the following areas:

- Received a report from the Interim Section 151 Officer assessing the Council's financial management processes against CIPFA's code of financial management (July 2025)
- Received a report from the Director of Economy, Environment and Infrastructure that provided an update on how the governance arrangements and risks had changed following the conclusion of Equans contract on 30th June 2025 (October 2025)
- Received a presentation from the Section 151 Officer on the processes for producing the Medium Term Financial Plan, and for monitoring its delivery (November 2025)
- Received a report from the Director of Children's Services on the development of its governance arrangements since the previous update in January 2025 (November 2025)
- Considered the Annual Information Governance and Security report (2025/26) outlining key information governance activities undertaken and providing assurance on the Council's arrangements (April 2026)
- Considered the Annual Value for Money report (2025/26) summarising value for money activity during 2025/26 (April 2026)
- Considered the Annual Procurement Report 2025/26, which laid out the process for ensuring compliance with the Council's contract procedure rules, and provided an update on implementing new legislation and regulation in relation to procurement, including the Procurement Act 2023 (April 2026)

4. Audit and Governance Committee Self-Assessment

The Audit and Committee annually carry out a self-assessment of its performance against a good practice checklist contained in CIPFA's "Audit Committees: Practical Guidance for Local Authorities and Police (2022)

In March 2026 the Chair and Deputy Chair reviewed the self- assessment as shown on Appendix 2, and this will be subject to discussion and confirmation by Members at its meeting on 16 April 2026. The updated self-assessment shows that the Committee largely complies with expected practice, but there remain potential areas for further development e.g.

- The need to carry out an evaluation of knowledge, skills and the training needs of committee members.

Suggested action: On appointment, Members will carry out a self-assessment to identify their current knowledge and skills, and to inform development plans

- Ensuring all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled.

Suggested action: The Chair to discuss with Group Leaders the skills and knowledge ideally required for Audit Committee Members.

- Although the engagement with senior management is considered good, and there are strong examples of Audit and Governance Committee having traction (such as the improvements in the implementation of audit recommendations) it is felt there are opportunities to promote the role of the Audit and Governance Committee throughout the Council.

Suggested action: Produce and promote a briefing paper about the role of the Audit and Governance Committee

Appendix 1

Audit and Governance Committee Terms of Reference and Powers

The purpose of the Audit and Governance Committee is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. The committee's role in ensuring that there is sufficient assurance over governance risk and control gives greater confidence to all those charged with governance that those arrangements are effective and have oversight of both internal and external audit together with the financial and governance reports, helping to ensure that there are adequate arrangements in place for both internal challenge and public accountability. In a local authority the full council is the body charged with governance. The audit committee may be delegated some governance responsibilities but will be accountable to full council.

1. To approve the Council's Annual Statement of Accounts, including the income and expenditure account, balance sheet and cash flow statement.
2. To consider and approve, on behalf of the council the external auditor's Annual Governance Report.
3. To approve the Internal Audit Charter, Internal Audit Plan and Performance Indicators
4. To review summary internal audit reports and any significant issues arising and recommend appropriate actions is response.
5. To consider the Head of Internal Audit's annual report and opinion and the level of assurance it can give over the Council's Corporate Governance Arrangements.
6. To consider reports dealing with the management and performance of internal audit.
7. To monitor and keep under review the Council's arrangements to secure value for money.
8. To monitor and keep under review the Council's Risk Management arrangements.
9. To monitor and keep under review the effectiveness of the Council's anti-fraud and corruption arrangements (including the consideration of an annual report summarising the Council's actions in relation to good conduct and anti-fraud and corruption).
10. To monitor and keep under review treasury management arrangements to ensure that the treasury management strategy and policies follow the CIPFA code of practice and are scrutinised in detail before being accepted by the Council.

11. To receive and approve treasury management practices and schedules.
12. To monitor and review the Council's assurance statements, including the Council's Code of Governance and the Annual Governance Statement, to ensure that they properly reflect the risk environment, and any actions required to improve it, and to monitor management action in response to the action plan arising from it
13. To consider the reports of external audit and inspection agencies as far as they affect the Council's Corporate Governance Arrangements.
14. To monitor management action in response to issues raised by external audit.
15. To comment on the scope and depth of external audit work and to ensure it gives value for money.
16. To commission work from internal and external audit.
17. To review any issue referred to it by the Chief Executive or a Director and any Council body.
18. To consider the Council's compliance with its own and other published standards and controls.
19. To refer items to the Audit Working Group for detailed consideration.
20. To produce an annual report for full council summarising its work during the year.
21. To provide at each meeting the opportunity to have a private meeting with only the external and internal auditors present.
22. To monitor and keep under review the Council's arrangements for partnership governance

Appendix 2: Self-assessment of good practice

See attachment.

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Self-assessment of good practice

This appendix provides a high-level review that incorporates the key principles set out in CIPFA’s Position Statement and this publication. Where an audit committee has a high degree of performance against the good practice principles, it is an indicator that the committee is soundly based and has in place a knowledgeable membership. These are the essential factors in developing an effective audit committee.

A regular self-assessment should be used to support the planning of the audit committee work programme and training plans. It will also inform the annual report.

Good practice questions	Does not comply	Partially complies and extent of improvement needed*			Fully complies
	Major improvement	Significant improvement	Moderate improvement	Minor improvement	No further improvement
Weighting of answers	0	1	2	3	5

Audit committee purpose and governance

- 1 Does the authority have a dedicated audit committee that is not combined with other functions (eg standards, ethics, scrutiny)?
- 2 Does the audit committee report directly to the governing body (PCC and chief constable/full council/full fire authority, etc)?
- 3 Has the committee maintained its advisory role by not taking on any decision-making powers?
- 4 Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA’s 2022 Position Statement?
- 5 Do all those charged with governance and in leadership roles have a good understanding of the role and purpose of the committee?
- 6 Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?
- 7 Does the governing body hold the audit committee to account for its performance at least annually?

* Where the committee does not fully comply with an element, three options are available to allow distinctions between aspects that require significant improvement and those only requiring minor changes.

Good practice questions	Does not comply					Partially complies and extent of improvement needed					Fully complies														
	Major improvement					Significant improvement					Moderate improvement					Minor improvement					No further improvement				
Weighting of answers	0					1					2					3					5				
8 Does the committee publish an annual report in accordance with the 2022 guidance, including:																									
<ul style="list-style-type: none"> compliance with the CIPFA Position Statement 2022 																									
<ul style="list-style-type: none"> results of the annual evaluation, development work undertaken and planned improvements 																									
<ul style="list-style-type: none"> how it has fulfilled its terms of reference and the key issues escalated in the year? 																									
Functions of the committee																									
9 Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement as follows?																									
Governance arrangements																									
Risk management arrangements																									
Internal control arrangements, including:																									
<ul style="list-style-type: none"> financial management value for money ethics and standards counter fraud and corruption 																									
Annual governance statement																									
Financial reporting																									
Assurance framework																									
Internal audit																									
External audit																									
10 Over the last year, has adequate consideration been given to all core areas?																									
11 Over the last year, has the committee only considered agenda items that align with its core functions or selected wider functions, as set out in the 2022 guidance?																									
12 Has the committee met privately with the external auditors and head of internal audit in the last year?																									

Good practice questions	Does not comply					Fully complies
	Partially complies and extent of improvement needed					
	Major improvement	Significant improvement	Moderate improvement	Minor improvement	No further improvement	
Weighting of answers	0	1	2	3	5	
24 Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?						
25 Does the committee make recommendations for the improvement of governance, risk and control arrangements?						
26 Do audit committee recommendations have traction with those in leadership roles?						
27 Has the committee evaluated whether and how it is adding value to the organisation?						
28 Does the committee have an action plan to improve any areas of weakness?						
29 Has this assessment been undertaken collaboratively with the audit committee members?						
Subtotal score						
Total score						
Maximum possible score						200**

** 40 questions/sub-questions multiplied by five.