

Accounts, Audit and Risk Committee Annual Report

**Report of the work of the Accounts, Audit and
Risk Committee during 2025/26**

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Chairman's introduction

As the Chair, I am very pleased to present this annual report which sets out the role of the Accounts, Audit and Risk Committee and summarises the work we have undertaken during the financial year 2025/26.

The committee is a key component of the council's governance framework. It provides independent oversight and receives the necessary assurances that the council continues to practice good governance and exhibits strong public financial management.

I was appointed to the role of Chair of this committee in May 2025. During my tenure so far, I have observed that the committee is well supported by officers, who consistently provide a high standard of reports and presentations. I would like to place on record my thanks to the finance team, governance officers, the risk and performance team, and to our internal and external auditors, for their input and contribution to the work of the committee.

I would also like to take this opportunity to give my personal thanks to all fellow committee members who have contributed and supported the work of the committee in such a meaningful and positive way over the past year.

COUNCILLOR SIMON LYTTON

Chair – Accounts, Audit and Risk Committee

The role of the Accounts, Audit and Risk Committee

The Accounts, Audit and Risk Committee has adopted the Chartered Institute of Public Finance and Accountancy's (CIPFA) "Position Statement: Audit Committees in Local Authorities and Police 2022". It also operates in accordance with CIPFA's "Audit Committees, Practical Guidance for Local Authorities" (2022 edition). CIPFA's position statement defines the purpose of local authority audit committees as follows:

"Audit committees are a key component of an authority's governance framework. Their purpose 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.

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 committee has 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."

The key functions of the Account's Audit and Risk Committee are set out in its terms of reference, which form part of the council's constitution.

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How the committee has discharged its responsibilities during 2025/26 (overview)

Core functions	May 2025	July 2025	September 2025	November 2025	January 2026	March 2026
Governance, risk, and control						
Counter Fraud Annual Report 2024/25 (Veritau)						
Annual Health and Safety Report 2024/24						
Risk monitoring report – Year end 2024/25						
Housing management performance inc. complaints handling code						
Annual Governance Statement 2024/25						
Risk monitoring report – Q1 2025/26						
Monitoring Officer annual report 2024/25, inc. LGSCO annual report						
Health and Safety report Q1 2025/26						
Environmental, Social and Governance considerations						
Support to Subsidiaries						
Counter fraud progress report						
Risk monitoring report – Q2 2024/25						
Risk management strategy and guidance						
Health and safety report Q2 2025/26						
Local Code of Corporate Governance						
Annual Governance Statement 2024/25 – Update on actions						
Health and Safety Security at Castle Quay Offices						
Counter fraud work programme 2026/27 (Veritau)						
Health and Safety Q3 report						
Risk monitoring report – Q3 2025/26						
Housing Benefit Risk Based Verification Policy						
Internal audit						

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Head of Internal Audit Annual Report 2024/25 (Veritau)						
Rutten Lane planning application: review outcomes and action plan						
Internal audit progress report						
Internal audit work programme 2026/27						
External audit						
External audit update 2024/25 (Bishop Fleming)						
External audit – Draft auditor’s annual report 2024/25						
External audit – Draft letter of representation 2024/25						
External audit plan 2025/26						
Financial reporting						
Housing benefit subsidy audit 2021/22						
Draft statement of accounts 2024/25						
Financial Management Code – forecast self-assessment update 2025/26						
Final statement of accounts 2024/25						
Accounting policies 2025/26						
Accountability arrangements						
Accounts, Audit and Risk Committee annual report 2025/26						
Treasury management						
Treasury management annual performance report 2024/25						
Treasury management report – Q1 report 2025/26						
Treasury management report – mid-year review 2025/26						
Draft Capital and Investment and Treasury Management Strategies						
Treasury management report – Q3 2025/26						

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Key activities in 2025/26

The committee is considered to have effectively discharged its responsibilities for 2025/26, as set out in its terms of reference. It has also performed the core functions described in CIPFA's position statement and adopted its principles and expected practices (as well as those contained in CIPFA's accompanying guidance).

The key activities of the committee are summarised below, aligned to the functional responsibilities in its terms of reference.

Governance, risk, and control

In July 2025, the committee approved the 2024/25 annual governance statement (AGS) for inclusion in the council's final statement of accounts. It received an update against the AGS actions in January 2026.

Also in January 2026, the committee approved an updated version of the council's Local Code of Corporate Governance.

The Committee received quarterly updates on risk management via risk monitoring reports. This saw the committee presented with the leadership risk register in July, September, and November 2025, and in March 2026.

The committee received an annual health and safety report in May 2025 and quarterly health and safety reports throughout the year. In addition, it received a report on health and safety and security at its Castle Quay offices.

The committee received the counter fraud annual report in May 2025 and received progress reports (detailing proactive and reactive work undertaken by the service) in July and November 2025, and in March 2026. The 2026/27 counter fraud work programme was approved by the committee at its 18 March 2026 meeting.

In July and September 2025, the committee received reports from the Monitoring Officer on matters relating to standards and corporate complaints. In September 2025, the committee received reports informing it of the level of support the council provides to its subsidiaries.

Internal Audit

The committee received the 2024/25 head of internal audit report in May 2025. The report gave the annual opinion on the strength of the council's framework of risk management, governance, and internal control. This is one of the most important outcomes from internal audit and should be used in preparing the council's annual governance statement. An opinion of reasonable assurance was reached by the council's internal audit provider. The same report provided the committee with reassurance that internal audit work had been performed in conformance with professional standards, as demonstrated by the external quality assessment outcome.

Throughout the year, the committee received regular progress reports (in July and November 2025, and in March 2026) against the internal audit work programme that it agreed in March 2025. These reports provided an overview of programme delivery, summarised the outcomes from internal audit engagements, and presented the results of follow-up activity (i.e. work done to confirm that actions agreed with management have been completed).

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The committee has continued to review material weaknesses identified from internal audit engagements, and to provide appropriate challenge on outcomes. Officers have also attended committee to provide assurance on how more significant issues were being addressed.

The committee also met with the Assistant Director – Audit Assurance (Head of Internal Audit) (Veritau) in private session in January 2026 and satisfied itself that the council's internal audit service is free to carry out its duties without undue restriction.

External Audit

The council's external auditors are Bishop Fleming. The committee received a verbal update from the auditors in September 2025 and the draft auditor's annual report in November 2025. The final statement of accounts was presented in March 2026.

The committee met with its external auditors, in private session, in January 2026. The committee is satisfied that external audit is free to carry out their duties without undue restriction. The committee is also assured that, if identified, the council's external auditors would bring any material issues to the attention of the committee.

Financial Reporting

In addition to matters of financial reporting presented to the committee in connection with the work of external audit, the committee has also received and reviewed the final statement of accounts for 2022/23 and the draft and final statements for 2023/24 (including the audit completion report and annual report prepared in relation to these accounts).

The 2024/25 draft statement of accounts was presented to the committee in July 2025, with the final accounts then presented in March 2026.

In March 2026, the committee also reviewed and approved the council's accounting policies to be included in the 2025/26 statement of accounts.

Accountability arrangements

The committee prepared an annual report demonstrating how it has fulfilled its terms of reference and conformed with CIPFA's position statement during 2025/26. The report was considered and approved at its 18 March 2025 meeting.

CIPFA recommends that the committee undertakes a regular self-assessment exercise against the position statement. The committee last completed a self-assessment in February 2023. This concluded that the committee demonstrated a high degree of conformance with CIPFA's expected and good practice principles, and that it had been discharging its responsibilities effectively. The committee intends to undertake a self-assessment during the 2026/27 financial year.

Treasury management

The committee have provided effective scrutiny of the treasury management strategy and policies through receiving regular reports of activity, reviewing the treasury risk profile and adequacy of treasury risk management.

The committee received a report on the council's treasury management performance for 2024/25 at its May 2025 meeting. It then received quarterly updates on treasury management performance in 2025/26 over the remainder of the year, and, in January 2026,

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recommended that both the capital and investment strategy and the draft treasury management strategy for 2026/27 be approved by Executive.