

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE ANNUAL REPORT

2025/26



Table of Contents

FOREWORD	2
INTRODUCTION	3
HIGHLIGHTS OF THE YEAR	4
SUMMARY OF WORK UNDERTAKEN IN 2025/26	4
External Audit	4
Internal Audit	4
Anti-fraud and Corruption	5
Risk Management	5
Corporate Governance.....	5
Finance	6
Other	6
TRAINING AND DEVELOPMENT	6
LOOKING FORWARD	7
SECTION D7 - AUDIT AND GOVERNANCE COMMITTEE	8

FOREWORD

As Chair of the Audit and Governance Committee, for the final meetings of 2025/26, I am pleased to present the Audit and Governance Committee Annual Report for 2025/26 summarising the work and achievements the Committee have discussed, debated and challenged officers on during our regular meetings throughout the year.

This report sets out the work undertaken by the Committee during the year in support of the Council's governance framework and in providing independent assurance over the effectiveness of risk management, internal control, financial reporting and standards arrangements. It also highlights the Committee's contribution to promoting accountability, transparency and good governance across the authority.

During the year, the Committee considered a broad range of significant matters, including internal and external audit, the Statement of Accounts for both 2023/24 and 2024/25, the Annual Governance Statement, treasury management, risk management, and standards and ethics. In doing so, it has continued to provide robust challenge, constructive oversight and a clear focus on continuous improvement.

Thank you to all the officers, past and present, who have been involved with its production, in particular Kerry Beavis, Audit Manager, Anna Crouch, Head of Finance, Rochelle Tapping, Interim Head of Legal and Support Services & Monitoring Officer. I would like to extend thanks to Kate Hiller and Paul Stone, former officers who have supported the work of this Committee.

In line with CIPFA's Position Statement on Audit Committees, the Committee has continued throughout 2025/26 to provide independent assurance on the Council's governance, risk management and internal control arrangements, while promoting high standards of financial reporting, ethical conduct and accountability. Through its oversight of internal and external audit, scrutiny of the Annual Governance Statement and Statement of Accounts, and review of key governance, and risk, the Committee has discharged its responsibilities in accordance with its Terms of Reference and recognised good practice for local authority audit committees.

There are still challenging times ahead for North West Leicestershire District Council, but we, as a Committee, remain focused and dedicated in delivering to the highest standards of accountability and transparency as we move forward.

I hope this report provides assurance that the Committee remains committed to discharging its responsibilities effectively and to supporting the Council in maintaining strong governance arrangements in the year ahead.

Cllr Jenny Simmons

Deputy Chair, Audit and Governance Committee

June 2026

INTRODUCTION

The Audit and Governance Committee provides an independent and high-level focus on the adequacy of governance, risk management and internal control arrangements within an authority, as reflected in the CIPFA Position Statement,

The Audit and Governance Committee is properly constituted and provided with the authority and resources it needs to discharge its responsibilities effectively. It is able to obtain the information it considers necessary, engage directly with senior officers and, where appropriate, report its observations and concerns to Full Council.

The Council is responsible for maintaining effective arrangements for governance, risk management and internal control, and for securing economy, efficiency and effectiveness in the use of its resources. The Audit and Governance Committee supports the Council in meeting these responsibilities by providing independent assurance and advising on the adequacy and effectiveness of the Council's governance, risk and control environment.

This role is reflected in the Committee's Terms of Reference (as detailed within the March 2025 Constitution), set out in Appendix One of the Council's Constitution. Following the publication of CIPFA's *Audit Committees – Practical Guidance for Local Authorities and Police* in October 2022, the Council reviewed the Committee's Terms of Reference against the updated guidance. Revised arrangements were approved by Full Council on 23 February 2023. Membership of the Committee is determined annually by Full Council at its May meeting.

The current Audit and Governance Committee had the following attendance during 2025/26. Those marked in grey indicate members not being members of the Audit and Governance Committee at the relevant dates.

Member	23 Apr 2025	4 June 2025	6 Aug 2025	12 Nov 2025	4 Feb 2026	26 Feb 2026	11 Mar 2026
Cllr Sutton	✓	✓ (Chair)	✓ (Chair)	✓ (Chair)	✓ (Chair)	✓	✗
Cllr Moulton	✓ (Chair)	✓ (Deputy Chair)	✓ (Deputy Chair)	✓ (Deputy Chair)	✓ (Deputy Chair)	✓ (Deputy Chair)	✗
Cllr Everitt	✓ (Deputy Chair)	✓	✓	✓	✓	✓	✓
Cllr Barker	✗						
Cllr Boam	✗	✗	✗	✓	✗	✗	✓
Cllr Cooper	✓	✓	✓	✓	✓	✓	✓
Cllr Johnson	✗	✓	✓	✓	✓	✗	
Cllr Rogers	✓	✓	✓	✓	✓	✓	✓
Cllr Simmons	✓	✓	✓	✓	✓	✓	✓ (Chair)
Cllr Smith	✗	✗	✓	✓	✗	✓	✓
Cllr Wilson		✓	✓	✓	✓	✗	✓
Emma Hutchinson Independent Person		✓	✓	✓	✓	✗	✗
Paul Montgomery Independent Person		✓	✓	✓	✓	✓	✓

HIGHLIGHTS OF THE YEAR

There have been many benefits from the work of the Committee. The main outcomes and improvements include:

- Received and approved the Internal Audit Plan for 2025/26
- Received risk register updates at each of its meetings.
- Focus on Internal Audit Recommendations
- Training received for Audit Committee Members
- Signing off the Statements of Accounts 2023/24 and 2024/25.

SUMMARY OF WORK UNDERTAKEN IN 2025/26

The Audit Committee completed the following during 2025/26:

External Audit

- Received audit updates from the Council's external auditors, Azets.
- Received updates and reports in respect of the Audit Delay Backlog.
- Received and considered the detailed results of the external auditor's work in relation to the audits of the 2023/24 and 2024/25 financial statements of the Council.

Internal Audit

- Continued to oversee the internal audit arrangements for the Council. This included approving the review of the Internal Audit Charter and Mandate, which outlines the terms of reference of the Council and is aligned to the Global Internal Audit Standards and takes account of the CIPFA Application Note and the CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government.
- Received and approved the Internal Audit Strategy 2025/26 – 2027/28.
- Received and approved the Internal Audit Annual Report for 2024/25. This included the Annual Audit Opinion on the adequacy and effectiveness of the framework of control, risk management and governance within the Council. As the opinion was one of limited assurance, the Director of Resources also provided a management action plan in response to the audit opinion.
- Received and approved the Internal Audit Plan for 2025/26. The plan ensures that internal audit resources are prioritised towards those systems and areas which are considered to be of high risk, or which contribute most to the achievement of the Council's corporate objectives. It is designed to enable the Internal Audit Manager to give her opinion at the end of the year but is flexible to ensure it remains relevant throughout the year.
- Monitored the delivery of the Internal Audit Plan for 2025/26 through regular update reports presented by the Audit Manager.

- Received and considered the results of internal audit work performed in respect of each Directorate.
- Monitored the progress made by management during the period to address identified control weaknesses (recommendations).

Anti-fraud and Corruption

- Received and approved updates to the Anti-Fraud and Corruption Policy, Confidential Reporting (Whistleblowing) Policy, and the Anti-Money Laundering Policy.

Risk Management

- Continued to oversee the Council's risk management arrangements and Risk Management Policy.
- Reviewed the progress made by the Council to identify and address corporate risks. This included consideration of the Strategic Risk Register four times during the year. April, August, November 2025 and February 2026.

Corporate Governance

- Received and considered the Senior Information Risk Officer Annual Report.
- Received and considered the Annual Governance Statements 2023/24 and 2024/25.
- Considered the Member Code of Conduct Annual Report recognising it acts as a helpful tool in communicating the work undertaken by the Audit and Governance Committee to the public and to Members.
- Received and considered quarterly Standards and Ethics reports detailing both the figures for the Ethical Indicators and the figures for the Local Determination of Complaints process.
- Received and considered at each meeting its own work plan for the year ahead, ensuring that all relevant areas are covered during the year.
- Considered the management response to the Annual Internal Audit Opinion 2024/25.
- Considered a report in respect of the Council's review of its Constitution and recommended changes to Council on 4 February 2026.
- Received and considered a report in respect of a review of the Council's Arrangements for Dealing with Complaints about Councillors.
- Received the report of the Annual IT Health Check.
- Reviewed Corporate Governance Policies including:
 - Anti-Fraud and Corruption Policy
 - Anti Money Laundering Policy
 - Confidential Reporting (Whistleblowing) Policy
 - Risk Management Policy
 - RIPA Policy
 - Local Code of Corporate Governance
 - Data Protection Policy

- Information Governance Framework
 - Information Security Policy
 - Information Rights Policy
 - Records Management Policy
- Appointed two Independent Members to the Audit and Governance Committee, with their first meeting being 4 June 2025.

Finance

- Considered reports and updates in respect of the Statement of Accounts for both 2023/24 and 2024/25.
- Considered the draft Accounting Policies 2024/25.
- Received and considered the report on Treasury Management Stewardship.
- Continued to review the Council's Treasury Management arrangements. This included reviewing the Treasury Management Activity Report 2025/26 which included the actual and proposed treasury management activity.

Other

- Received details of the Local Government and Social Care Ombudsman's review letter for 2024/25 in accordance with its guidance on Effective Handling of Complaints

TRAINING AND DEVELOPMENT

The CIPFA guidance place a strong emphasis on the skills, knowledge and development of Audit Committee members.

During 2025/26:

- Members received training on the **Global Internal Audit Standards**
- The introduction of private meetings with Internal and External Audit provided valuable practical development opportunities
- Treasury Management training was deferred to 2026/27
- Members completed annual self-assessments against CIPFA audit committee competency standards

Members also agreed that, as a development objective for 2026/27, the Committee will undertake a collective self-assessment of its effectiveness with the support of the Audit Manager, and report the outcomes publicly.

LOOKING FORWARD

The Committee has approved the work programme for the 2026/27 financial year setting out the receipt of regular update reports and annual assurance reports.

Continued training and development of Members in line with the CIPFA Position Statement.

Close monitoring of the Council's Corporate Risk Register and scrutiny of key areas of concern such as, but not limited to, safeguarding, housing and value for money.

A continued focus on the monitoring of internal audit recommendations.

SECTION D7 - AUDIT AND GOVERNANCE COMMITTEE

CONSTITUTION – MARCH 2025

1. COMMITTEE FORM AND STRUCTURE

Committee scope

- 1.1 The **Audit and Governance Committee** has specific responsibility for governance issues, including audit functions.
- 1.2 The Committee's scope is to:
 - 1.2.1 provide independent assurance to those charged with governance of the adequacy of the risk management framework and the internal control environment;
 - 1.2.2 provide independent review of the **Council's** governance, risk management and control frameworks and oversee the financial reporting and annual governance process;
 - 1.2.3 oversee internal audit and external audit arrangements, helping to ensure efficient and effective assurance mechanisms are in place.
- 1.3 The success of the **Audit and Governance Committee** in exercising its audit functions depends upon its ability to remain apolitical. It must adopt a non-political approach to its meetings and discussions at all times. Remaining apolitical also places a duty on **Councillors** not to make inappropriate use of information provided to the Committee for other purposes.

Composition

- 1.4 The **Audit and Governance Committee** will comprise 10 Councillors in **Political Balance**.
- 1.5 Members of the **Committee** should not be members of **Cabinet** or **Scrutiny**.
- 1.6 The **Chair** will be appointed by **Full Council** annually.
- 1.7 Two **Independent Persons** may be co-opted to the **Audit and Governance Committee** to provide appropriate technical expertise but will not be entitled to vote at meetings. It shall be a function of the Audit and Governance Committee to appoint any Independent Person for this purpose.
- 1.8 An Independent Person may be co-opted as required to a Sub-Committee of the **Audit and Governance Committee** in relation to **Councillors Code of Conduct**

matters. Full Council appoint a pool of Independent Persons which can be drawn on for this purpose.

- 1.9 At least one parish councillor may be present when matters relating to parish councils or their Councillors are being considered. Parish councillors are co-opted to the **Audit and Governance Committee** as required and will not be entitled to vote at meetings.

Quorum

- 1.10 The **Audit and Governance Committee** Quorum will be three Councillors.

Convening Meetings

- 1.11 The Chief Executive is responsible for convening all Committee meetings in accordance with the programme set by Full Council, and any meetings which have been convened at Chair's discretion in addition to those in the programme.

2 MATTERS RESERVED FOR THE AUDIT AND GOVERNANCE COMMITTEE

Governance, Risk and Controls

- 2.1 The Committee has the right to access all the information it considers necessary to undertake the work of the Committee and may receive reports and refer matters to internal and external auditors.
- 2.2 To review the Council's corporate governance arrangements against the good governance framework, including the ethical framework and consider the local code of governance.
- 2.3 To review and approve the **Annual Governance Statement** and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the **Council's** framework of governance, risk management and control.
- 2.4 To consider the **Council's** arrangements to secure value for money and to review and scrutinise assurances and assessments on the effectiveness of these arrangements.
- 2.5 To consider the **Council's** framework of assurance and ensure that it adequately addresses the risks and priorities of the Council.
- 2.6 To monitor the effective development and operation of risk management in the **Council**.
- 2.7 To monitor progress in addressing risk related issues reported to the **Committee** such as the Corporate Risk Register.
- 2.8 To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.

- 2.9 To review the assessment of fraud risks and potential harm to the **Council** from fraud and corruption.
- 2.10 To monitor the Anti-Fraud and Corruption Strategy, actions and resources.
- 2.11 To review the governance and assurance arrangements for significant partnerships or collaborations.
- 2.12 To review and monitor the **Council's** compliance with public sector financial and audit standards and guidance, in accordance with the **CIPFA** Codes and Accounts and Audit Regulations.
- 2.13 To review and monitor the Council's **Treasury Management** arrangements in accordance with the **CIPFA** Treasury Management Code of Practice.

3 INTERNAL AUDIT

- 3.1 To approve the internal audit charter.
- 3.2 To approve (but not direct) the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
- 3.3 To approve significant interim changes to the risk-based internal audit plan and resource requirements.
- 3.4 To make appropriate enquiries of both management and the Head of Internal Audit (currently the Audit Manager) to determine if there are any inappropriate scope or resource limitations.
- 3.5 To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the Head of Internal Audit. To approve and periodically review safeguards to limit such impairments.
- 3.6 To consider reports from the Head of Internal Audit on internal audit's performance during the year.
- 3.7 To consider internal audit's annual report:
 - 3.7.1 The statement of the level of conformance with the **Global Internal Audit Standards in the UK Public Sector** and the results of the Quality Assurance and Improvement Programme that supports the statement – these will indicate the reliability of the conclusions of internal audit;
 - 3.7.2 The opinion on the overall adequacy and effectiveness of the **Council's** framework of governance, risk management and control together with the summary of the work supporting the opinion – these will assist the Committee in reviewing the **Annual Governance Statement**.

- 3.8 To consider summaries of specific internal audit reports in accordance with agreed **Protocols**.
- 3.9 To receive reports outlining the action taken where the Head of Internal Audit has concluded that management has accepted a level of risk that may be unacceptable to the Council or there are concerns about progress with the implementation of agreed actions.
- 3.10 To contribute to the Quality Assurance and Improvement Programme and in particular, to the external quality assessment of internal audit that takes place at least once every five years.
- 3.11 To provide free and unfettered access to the **Audit and Governance Committee Chair** for internal audit, including the opportunity for a **Private Meeting** with the Committee.

4 **EXTERNAL AUDIT**

- 4.1 To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised.
- 4.2 To consider the external auditor's annual audit letter, relevant reports and the report to those charged with governance.
- 4.3 To consider specific reports as agreed with the external auditor.
- 4.4 To comment on the scope and depth of external audit work and to ensure it gives value for money.
- 4.5 To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

5 **FINANCIAL REPORTING**

- 5.1 To 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 the financial statements or from the audit that need to be brought to the attention of the **Full Council**.
- 5.2 To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.
- 5.3 To seek assurances that the **Council** has complied with the **Treasury Management Strategy and Practices** by demonstrating effective control of the associated risks and pursuing optimum performance consistent with those risks.

6 **ACCOUNTABILITY ARRANGEMENTS**

- 6.1 To report to those charged with governance on the Committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of

their governance, risk management and internal control frameworks, financial reporting arrangements and internal and external audit functions.

- 6.2 To report to **Full Council**, as required, on the Committee's performance in relation to the **Terms of Reference** and the effectiveness of the Committee in meeting its purpose.
- 6.3 To publish an annual report on the work of the Committee.

7 RELATED FUNCTIONS

- 7.1 Subject to the requirements set out below, to consider all findings of the Local Government and Social Care Ombudsman, including reports resulting in a finding of maladministration against the **Council**, and to make recommendations as to actions that may be necessary in connection with the Ombudsman's findings.

There are statutory obligations which will, in some circumstances, require reports to be taken to **Cabinet** or **Full Council**.

The Ombudsman operates **Protocols** in relation to the timing of the publication of findings. The Council would have to give consideration to those Protocols when determining how to manage the **Audit and Governance Committee's Agenda**.

- 7.2 To review any issue referred to it by the **Chief Executive, S151 Officer, Monitoring Officer** or any **Council** body.

8 STANDARDS FUNCTIONS

- 8.1 To assist the Council in fulfilling its duty under the Localism Act 2011 to promote and maintain high standards of conduct by **Councillors** and **co-opted Councillors** of **District** and parish councils.
- 8.2 To advise the Council on the adoption or revision of its **Councillors' Code of Conduct** in **Part 4**.
- 8.3 To monitor and advise the Council about the operation of its **Councillors' Code of Conduct** in **Part 4** in light of best practice and any changes in the law.
- 8.4 Advising, training or arranging to train councillors and co-opted members on matters relating to the **Councillors' Code of Conduct** in **Part 4**.
- 8.5 Dealing with any report from the **Monitoring Officer** on any matter concerning governance.
- 8.6 To establish **Sub-Committees** for the assessment or determination of matters concerning allegations in relation to Councillor conduct.
- 8.7 To grant **Dispensations** to **Councillors** who require such Dispensations for more than one meeting or on more than one occasion from requirements relating to interests set out in the **Councillors' Code of Conduct** in **Part 4** as appropriate.

- 8.8 To advise the Council on, and review as necessary, the arrangements for dealing with complaints or any local **Protocols** regulating the conduct of **Councillors** and to deal with allegations of breach of any such protocol.
- 8.9 To consider and make recommendations to **Full Council** on any other matter that may be referred to the **Audit and Governance Committee** relating to the conduct and training of Councillors.
- 8.10 To consider amendments to the **Constitution** and recommend proposals to **Full Council** for approval, except where specifically delegated to the **Monitoring Officer**.
- 8.11 To undertake an annual review of the **Corporate Governance Policies** and make recommendations to **Cabinet**.

Local Assessment of Complaints About Councillor Conduct

- 8.12 **Sub-Committees** of the **Audit and Governance Committee** are formed on an ad hoc basis to deal with local assessment of **Councillor** conduct complaints.
- 8.13 All **Audit and Governance Committee** members will form a pool from which members will be drawn based on their availability and the requirements of the particular **Sub-Committee** as and when required.
- 8.14 The **Sub-Committee** may co-opt at least one parish councillor when decisions are taken concerning a parish matter.
- 8.15 The **Sub-Committee** may co-opt at least one **Independent Person** as appropriate.
- 8.16 The **Quorum** of the **Sub-Committees** is three **Councillors**.
- 8.17 The **Chair** of each **Sub-Committee** will be a **Councillor**.
- 8.18 The **Sub-Committees** and their functions are set out below:

Assessment Sub-Committee

Assessment of complaints in accordance with the **Council's Arrangements for Dealing with Code of Conduct Complaints** and to either:

- Decide that there is not enough information to make a decision;
- Decide that no action should be taken in respect of the complaint; 54
- Refer the matter for full investigation; or
- Refer the matter for other action.

Determinations Sub-Committee

To receive reports from the **Monitoring Officer** or his/her appointed investigating officer and to decide either:

- to determine finding of no failure to comply with the **Councillors' Code of Conduct** in **Part 4**;
- to determine finding of failure to comply with the **Councillors' Code of Conduct** in **Part 4** and impose relevant sanctions; or
- Refer the matter for other action;

in accordance with the **Council's Arrangements for Dealing with Code of Conduct Complaints**.