MINUTES OF THE

AUDIT AND RISK COMMITTEE

held on 24 June 2026 at 7.15pm

Present:

Councillor N. Walsh (Chair)

Councillors, C. Adutwim, G. Bonnett, D. Clark, H. Clark, N. Dudley, J. Raven, M. Sismey and A. Sosin

Independent Persons –
Mr C Groves
Ms J Hoeckx

1. Apologies for Absence and Substitutions

Apologies were received from Cllr Sismey.

2. Minutes

The minutes of the meeting on 18 March 2026 were confirmed as a correct record.

3. Declarations of Interests

All Members were reminded to disclose any interests in items of business on the meeting's agenda and that they should do so at this point on the agenda or as soon as they became aware of the interest. They were also obliged to notify the Monitoring Officer of the interest within 28 days of the meeting if they had not been previously notified. None were made.

4. Public Questions

There were no questions or statements from members of the public.

5. Announcements

No announcements were made.

6. External Audit Update

The Committee received an update from Ernst & Young, the Council's External Auditors. Members were advised that the assurance rebuilding process was now in Phase two, following the national programme led by MHCLG to address the local audit backlog. They explained that earlier years had focused on a risk based rebuild of assurance, and that work was now progressing towards enabling a full audit of 2025/2026, subject to capacity and available evidence. The auditors confirmed that there remained gaps in assurance from prior years, particularly in relation to reserves and historic balances, and that a detailed risk assessment of opening balances had been substantially completed.

The Committee noted that a risk based approach continued to be taken to address prior year gaps with further discussions with management expected in July 2026 and the audit plan to be updated following national guidance. Key risks identified included fraud in revenue and expenditure recognition, particularly REFCUS, and valuation of Property, Plant and Equipment, including the impact of CIPFA Bulletin 22.

In response to questions and comments from the Committee, the External Auditors noted that;

- The use of valuation information would not delay the audit.

- They were broadly expecting to meet the proposed timetable.

RESOLVED that the update and reports be noted.

(7.17pm to 7.32pm)

7. Revenue Outturn Report

The Committee received a report of the Council's revenue outturn position for 2025/26, outlining the Council's expenditure and income against the approved budgets for 2025/26. The report also set out the activity in the Council's finances, the variations identified and the risks they involved. Members were advised that the revenue budget was divided into service budgets, non-service budgets and reserve use.

Members were advised that the overall position for 2025/26 had resulted in an improvement in the expected General Fund reserve position, which was £2.59m better than the original budget and £0.30m better when measured against the 2026/27 budget assumption. The Committee heard that there had been an underspend of £2.46m on service level budgets, driven largely by additional net income, alongside a favourable variance of £0.95m on non-service level budgets, predominantly due to lower debt repayment costs, additional interest income and additional grant income. Members also noted that business rates income had been lower than budgeted, with £0.57m of the Business Rates contingency reserve used to offset this shortfall.

The Committee were also informed of a reduced use of earmarked reserves compared with the original budget, with £0.82m less utilised, although it was noted that some of this reflected timing differences where expenditure would fall into future years. Members further heard that the appendices to the report provided detail on the key variations, ongoing financial impacts and the position on reserves, including that there could be a small ongoing net pressure on future budgets in the region of £119k to £169k.

RESOLVED that the revenue outturn position for 2025/26 and actions arising be noted.

(7.32pm to 7.41pm)

8. Capital Programme Update and Provisional Outturn 2024/25

The Committee considered a report which detailed the capital expenditure incurred in 2025/26 and updated them on the approved Capital Schemes and variations in cost which had been identified at outturn and to date. The report also updated the Committee on the approved Asset Replacement Programme for 2025/26 and 2026/27 for variations in cost and timing which had been identified at outturn and to date.

The Committee were informed that the proposed cost of the Capital Schemes had increased by a net £11m against the latest approved budget of £137.7m, details were summarised in the report. It was noted that a significant proportion of the increase related to the inclusion of previously approved provision for building condition works, alongside additional schemes funded through grants and contributions such as CIL, meaning that much of the increase did not place additional pressure on the Council's core resources.

The Committee also heard that the later timing of Capital Schemes in 2025/26 had resulted in an in-year underspend of £12.3m compared to the original forecast. Members noted that this had been beneficial to the Council in terms of cashflow and financing, as it reduced the requirement for borrowing in the financial year and allowed additional interest to be earned on retained balances.

The Committee further heard that asset replacement expenditure totalled £6.9m in 2025/26, which represented an increase of £1.5m against the approved budget, largely due to adjustments and rephasing rather than changes in underlying costs. Members noted that £0.5m of asset replacement spend had been deferred into 2026/27 and later years, which was favourable to the Council as it delayed the need to commit capital resources and defer borrowing against shorter-life assets.

RESOLVED that the report be noted.

(7.41pm to 7.46pm)

9. Internal Audit Annual Report 2025/26

The Committee received a report summarising the work that the Internal Audit team had undertaken during the financial year 2025/26, which identified key themes, highlighting how responsive management had been in implementing recommendations and reviewed the effectiveness of Internal Audit.

The report concluded that the overall audit opinion was of Moderate Assurance, in line with previous years, meaning that the Internal Audit team, based on the work undertaken, consider there to be adequate systems of control in place, with some improvements required which were detailed in the high priority findings at section 4 of the report.

The Committee heard that management had responded positively to audit recommendations throughout the year and that progress was being made in addressing issues identified through audit work. Members also noted that Internal

Audit had undertaken a self-assessment against the Global Internal Audit Standards, the results of which were summarised within the report.

RESOLVED that the Internal Audit Annual report 2025/26 be noted.

(7.46pm to 7.50pm)

10. Counter Fraud Annual Report 2025/26

The Committee received a report summarising the counter fraud work undertaken by the Internal Audit Team during 2025/26, including compliance with the National Fraud Initiative and Transparency Code. The Committee were also informed about how the Council managed the risk of fraud and information on the Council's Whistleblowing policy.

Members were advised that the Council's Counter Fraud and Corruption Policy and Strategy had been reviewed and refreshed during 2025 to ensure compliance with best practice and the requirements of the Economic Crime and Corporate Transparency Act, including the introduction of the new Failure to Prevent Fraud offence. The report also set out the actions being taken to implement the updated strategy.

Members were informed that the Council continued to participate in the National Fraud Initiative and that the results of the next exercise were expected later this year, following the next national data matching exercise in Autumn 2026.

RESOLVED that the Counter Fraud Annual Report be noted.

(7.50pm to 7.53pm)

11. Audit and Risk Committee Annual Report

The Committee received a report summarising the work undertaken during 2025/26 in line with CIPFA's Position Statement for Audit Committees 2023 and information had been gathered from the previous minutes and reports during 2025/26.

RESOLVED that the annual report be noted and recommended to Full Council.

(7.53pm to 7.58pm)

12. Work Programme

The Committee were updated on the rolling work programme of future reports and work for the next series of meetings.

It was noted that some date changes may be required to align with external audit deadlines and that members would be advised of any changes.

RESOLVED that the work programme be agreed.

(7.58pm to 8pm)

13. Urgent Business

There was no urgent business.

The meeting closed at 8.01pm.

Chair