



Minutes of a meeting of Audit and Governance Committee held on Tuesday, 27 May 2025

Members present:

Nigel Robbins	Helene Mansilla
Nick Bridges	Len Wilkins

Officers present:

Michelle Burge, Chief Accountant	Nickie Mackenzie-Daste, Senior Democratic Services Officer
Lucy Cater, Assistant Director (SWAP)	David Stanley, Deputy Chief Executive and Chief Finance Officer
Emma Cathcart, Head of Service, Counter Fraud and Enforcement Unit	Julia Gibson, Democratic Services Officer
Angela Claridge, Director of Governance and Development (Monitoring Officer)	

Observers:

Councillor Alex Walling (Bishop Fleming)

1 Apologies

Apologies were received from Councillors Tony Dale and Jon Waring and John Chesshire, an independent member of the Audit and Governance Committee.

2 Substitute Members

There were no substitute Members.
The Chair confirmed that the meeting was quorate.

3 Declarations of Interest

Councillor Len Wilkins made the Chair aware that he was a Member of the Council mentioned in Agenda Item 15.

4 Minutes

The minutes of the meeting held on 28 January 2025 were discussed.

There was a follow-up query regarding any potential statutory GDPR breaches. It was confirmed that no breaches had occurred.

Christopher Bass requested that his attendance record at the meeting be updated.

RESOLVED: That the Audit and Governance Committee APPROVE the minutes of the meeting held on 28 January 2025.

Voting record:

For - 4, Against - 0, Abstentions - 0, Absent/Did not vote - 0

5 Public Questions

There were no public questions.

6 Member Questions

There were no Member questions.

7 Risk Management Policy

The purpose of the report was to present the latest version of the Council's Risk and Opportunity Management Strategy.

The Business Manager for Governance, Risk and Business Continuity introduced the item. It was noted that while there were minimal changes from the previous version, the document had been revised to reflect the current service structure following the transition of services. There had also been updates to clarify current roles and responsibilities within the Council.

In discussing the report, Members raised the following points:

- A question was raised regarding the basis of the assessment of the Council's appetite for risk as 'Cautious'. Clarification was sought as to whether this assessment had been independently and objectively determined by an external agency or rating body.
The Deputy Chief Executive explained that given the current uncertainties, with the transfer of services from Publica and the prospect of local government reorganisation (LGR) in Gloucestershire, the agreed position had been to adopt a cautious approach. This view had been reached independently through discussions with the Chief Executive.
- A query was raised regarding the *Roles and Responsibilities* section, specifically in relation to fraud and internal audit. It was noted that reporting lines to the Audit and Governance Committee were unclear, and it was suggested that these should be clarified.

Further clarification was sought on the independence of the counter fraud function, in particular, whether it reported directly to senior management and the nature of the reporting line (functional, administrative, or otherwise).

The Head of the Counter Fraud and Enforcement Unit explained that concerns would initially be raised with the Chief Finance Officer, unless he was implicated, in which case the matter would be escalated to the Chair of the Audit and Governance Committee. The Head of the Counter Fraud and Enforcement Unit confirmed their independence, reporting directly to the Committee while managing interactions based on the nature of the issue. Internal matters may involve HR, risk management, or finance teams and may require coordination with service managers across the Council. The Deputy Chief Executive Officer clarified that the Committee's role was to assess whether the risk management process provided sufficient assurance, including challenging high-risk scores where mitigation appeared inadequate and ensuring that both operational and strategic risks were effectively managed.

RESOLVED: The Audit and Governance Committee APPROVED the Risk and Opportunity Management Strategy.

Voting record:

For - 4, Against - 0, Abstentions - 0, Absent/Did not vote - 0

8 Annual Governance Statement – Action Plan Update

The purpose of the report was to present the Audit and Governance Committee with a progress update on the Annual Governance Action Plan for 2024/25.

The Business Manager for Governance, Risk and Business Continuity introduced the item and made the following points:

- The carryover items related to business continuity plans, although reviewed annually, required further development of policies and templates for rollout next year.
- Procurement-related actions remained ongoing due to new rules, with training planned for the current financial year.
- Actions arising from the recent peer review would also continue into the next financial year.

The Committee requested an update on the outstanding Peer Review actions. The Business Manager for Governance, Risk and Business Continuity reported positive feedback from the follow-up review, particularly in relation to governance. Highlights included the approval of the Committee's new name and focus, member training, effective scrutiny and pre-decision engagement, and the valued contribution of the independent persons. A full report from the follow-up review was scheduled to be presented to Cabinet on 10 July.

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The committee expressed concerns regarding procurement, noting that although training was scheduled for the new financial year and a toolkit was in development, some staff remained untrained and without access to the necessary resources. This gap could affect compliance with new procurement requirements. The Business Manager for Governance, Risk and Business Continuity confirmed that the procurement team had completed all required training. An updated set of Contract Procedure Rules was approved by Council in March, and procurement colleagues had since been delivering a training programme for all decision-making managers, with sessions scheduled through June.

RESOLVED: The Audit and Governance Committee NOTED the progress updates.

9 Internal Audit Plan and Charter

The purpose of the report was to present the Internal Audit Plan and Charter and Mandate for 2025/26 for consideration and approval.

The Committee raised concerns about ensuring that high-risk areas, such as the Publica transition, were prioritised early enough to support timely decision-making and effective oversight. While the agile audit approach allowed for responsiveness to emerging risks, it was noted that key audits must not be delayed to the point of losing their value.

The Head of Internal Audit confirmed that high-priority projects would remain in the plan throughout the year, with the expanded audit team providing flexibility to address emerging issues. The Deputy Chief Executive Officer added that in the event of a major incident (e.g. cyber-attack), audit activity would be redirected, with findings reported to the Committee. Adjustments to the plan could be made if significant risks arose, potentially delaying lower-priority work.

The Committee sought clarification on the lack of detail in the Internal Audit plan regarding ICT audits. The Deputy Chief Executive Officer acknowledged the need to outline the scope of planned audits, while emphasising that excessive detail could risk exposing potential cyber vulnerabilities.

The Head of Internal Audit requested that the Chair sign off the Internal Audit Charter, subject to the Committee's satisfaction with the report.

RESOLVED: That the Audit and Governance Committee APPROVE the Internal Audit Plan 2025/26 and the Internal Audit Charter and Mandate.

Voting record:

For - 4, Against - 0, Abstentions - 0, Absent/Did not vote – 0

10 Internal Audit Progress Report

The purpose of the report was to present a summary of the audit work concluded since the last Committee meeting.

In discussing the report, Members raised the following points:

- There was concern over the limited detail previously provided on members' allowances and expenses. The Officer confirmed that significant process improvements were being implemented following audit findings.
- The Committee received an update on the trial of virtual procurement cards, introduced in response to a prior audit recommendation. Provided by Lloyds Bank, the single-use cards were being considered to support a "no purchase order, no payment" policy. This policy was being developed in collaboration with the interim Head of Finance and the Chief Accountant to enhance procurement processes and internal controls. Although progress had been slow, an update on implementation and timescales would be brought to a future meeting.

RESOLVED: That the Audit and Governance Committee NOTED the Internal Audit Progress Report.

11 Update on Government overhaul of local audit in England

The purpose of the briefing note was to provide an overview on the Government feedback on local audit reform.

The Independent Auditors, Bishop Fleming, reported that the government's consultation on local audit reform had been prompted by widespread recognition that the system had been failing for several years. Many audits had been disclaimed, with firms facing significant backlogs due to complex council issues and limited audit capacity. While the proposed reforms were seen as necessary and broadly positive, it was acknowledged that implementation would be challenging, particularly in the context of wider local government reorganisation. The Committee welcomed the fact that action was being taken.

The Deputy Chief Executive Officer informed the Committee that around 1,000 public sector audits were currently without opinions, with a backstop date of 28 February 2025. Some councils had received significant audit bills despite not receiving formal opinions. In response, the government had announced reforms, including the creation of a new Local Audit Office to take on responsibilities for local audit, marking a shift from the previous model of oversight by a single regulator for both public and private sectors.

It was noted that audit fees had risen sharply in recent years to address under investment following the abolition of the Audit Commission, which had previously

driven lower costs. Officers expressed support for higher audit fees if they resulted in timely, complete audits and welcomed the government's efforts to stabilise the system, including consideration of in-house audit provision.

RESOLVED: That the Audit and Governance Committee NOTED the Government overhaul of local audit in England update.

12 2024/25 External Audit Plan

The purpose of the report was to present the 2024/25 summary of the audit work concluded since the last committee meeting.

Alex Waller, Audit Partner at Bishop Fleming, introduced the report outlining the planned audit work for the year, in line with the Code of Audit Practice. The Plan was broadly consistent with previous years in terms of content and identified risks. Particular attention was drawn to the implementation of IFRS 16, a new accounting standard requiring finance leases to be recognised on the balance sheet.

The Committee noted ongoing sector-wide concerns regarding missed audit deadlines and statutory reporting timescales. Members requested an update on progress against the current schedule and any anticipated delivery challenges.

The Audit Partner confirmed that the audit remained on track to meet the statutory deadline, with the Finance Team indicating that the draft accounts would be available as planned. No concerns were raised that would suggest any likely delays.

The Committee enquired about the audit fees for the previous year and the proposed fee relating to IFRS 16. The Deputy Chief Executive Officer and Chief Finance Officer confirmed that the previous year's audit fee was £135,941 and that the current audit work had been approximately 10% below the revised scale fee. Any additional costs for the current year would depend on the scope of further work required, including verification of IFRS 16 assessments, IAS 19 considerations, and the outcome of the pension fund audit, which was conducted by separate auditors.

It was confirmed that any proposed fee increase would be reviewed by the Council and assessed by Public Sector Audit Appointments (PSAA), based on the justification and supporting audit evidence provided.

RESOLVED: The Audit and Governance Committee NOTED the External Audit Plan.

13 CFEU Update Report (RIPA and IPA annual update)

The purpose of the report was to provide the Committee with assurance over the Council's counter fraud activities, including an annual update on the Regulation of

Investigatory Powers Act 2000 (RIPA), the Investigatory Powers Act 2016 (IPA), and the Council's existing authorisation arrangements.

The Head of the Counter Fraud and Enforcement Unit highlighted the following points:

- A new grant policy was nearly complete, with a supporting toolkit already rolled out to relevant staff.
- Support had begun for the procurement team in response to new legislation, focusing on improving transparency and procurement responsibilities.
- A collaborative fraud awareness webpage was being developed with local partners, offering advice, reporting tools, and localised scam information, with launch expected soon.
- Debt recovery from business grants continued, with clarification pending on liability for defaults after the extended transfer date.
- Investigations into council tax and housing data anomalies were ongoing, with revenue and loss avoidance figures reported, alongside training delivered to enforcement officers across six councils.
- Reviews ensured only eligible applicants remained on the housing list, helping reduce emergency housing costs.
- Investigations into council tax reduction fraud, staffing issues, and code of conduct breaches had been undertaken based on enforcement referrals.
- An annual update on surveillance and communications data access was provided, confirming all overt activity followed internal oversight procedures.

The Chair shared that the Chief Executive of the Public Sector Fraud Authority, Mark Fiesman, had visited and praised the Counter Fraud and Enforcement Unit (CFEU) for its effective operation on the Council's behalf.

The Committee asked the Head of the Counter Fraud and Enforcement Unit whether she was assured that internal controls and whistleblowing systems were sufficient. The Head of Service expressed interest in including agency and contractor payroll data to strengthen delivery. The Committee was advised that internal measures ensured appropriate staff management and role fulfilment.

The Deputy Chief Executive Officer informed the Committee that the CFEU was responsible for the Council's Anti-Fraud and Corruption Policy, focusing on fraud prevention and rigorous investigation, potentially leading to prosecution. The team also played an educational role, raising awareness among councillors and staff, particularly regarding procurement and cybersecurity risks. Training materials, such as the "Dodgy Dave" case, were used to illustrate how fraud can escalate across council operations.

RESOLVED: The Audit and Governance Committee NOTED the CFEU Update Report.

14 Whistleblowing Policy

The Committee highlighted that a key factor in the success of any whistleblowing policy was guaranteeing anonymity for whistle-blowers. It was noted that fear of reprisals or disbelief often prevented individuals from coming forward, especially in sensitive cases, and that providing absolute reassurance was essential to encourage disclosures.

The Committee asked whether there was assurance that the policy was being used and that staff felt informed and safe to speak up. The Head of Service confirmed that whistleblowing allegations had been received and were handled appropriately. A recent internal campaign had been launched to promote the policy and support staff in coming forward.

The Deputy Chief Executive Officer noted a minor but meaningful change in the whistleblowing policy, replacing the term “informer” with “whistle-blower.” This change was intended to reinforce a positive culture around whistleblowing, reassuring staff that raising concerns was a responsible and protected action and not an act of disloyalty. The update aimed to support a culture where whistleblowing was treated seriously and confidentially, reflecting the responsibility of all employees and managers.

RESOLVED: The Audit and Governance Committee APPROVED the recommendation to approve the Whistleblowing Policy and to authorises the Monitoring Officer to approve future minor amendments to the Policy in consultation with the Counter Fraud and Enforcement Unit, Legal Services and the Leader of the Council.

Voting record:

For - 4, Against - 0, Abstentions - 0, Absent/Did not vote - 0

15 Annual Standards Update

The Committee received an update on Code of Conduct complaints and related standards matters for the year ending 31 March 2025. Key points included:

- 39 formal complaints were received, consistent with the previous year and significantly higher than two years prior. Most complaints related to town and parish councillors.
- Allegations included bullying and harassment, failure to treat others with respect, and failure to declare interests. Complaints were increasingly complex and often involved multiple allegations.
- Many complaints were dismissed at the initial assessment stage as councillors were not acting in an official capacity, a distinction that was often unclear, particularly on social media.

- There was a growing trend of complaints being used as tools for personal disputes or retaliation.
- The volume and complexity of complaints had become resource-intensive, with more cases being referred to the Counter Fraud and Enforcement Unit.
- The Council engaged with Operation Forward, a national initiative on councillor safety, including a briefing with Gloucestershire Constabulary.
- A consultation on reforms to the standards system had closed in February. The response from the Committee for Standards in Public Life was included in the report, with potential legislative changes anticipated but no confirmed timeline.
- Members were encouraged to support good conduct and governance in their interactions with town and parish councils, recognising both the challenges and the valuable work being done.

The Committee discussed the adoption and application of the Code of Conduct across local councils. It was confirmed that all town and parish councils had been required to have a Code of Conduct since 2011 with no indication that any had failed to adopt one.

Concerns were raised about the lack of consistent induction or training for new or co-opted parish councillors. This was identified as a potential factor in the rise of conduct-related complaints.

The Committee noted that while all town and parish councils had adopted a Code of Conduct, many based on the National Association of Local Councils' model, some may not have reviewed their codes in recent years. Members were encouraged to prompt local councils to review their codes, especially if not updated within the last three to four years.

RESOLVED: The Committee APPROVED the appointment of Cllrs Robbins, Mansilla, and Wilkins as members of the Standards Hearing Sub-Committee.

Voting record:

For - 4, Against - 0, Abstentions - 0, Absent/Did not vote – 0

RESOLVED: The Audit and Governance Committee NOTED the update for the financial year 2024 – 2025 and the Committee on Standards in Public Life's response to the Government's consultation: "Strengthening the standards and conduct framework for local authorities in England".

16 2024/25 Draft Accounting Policies

The Committee was informed of three key accounting changes since the previous year:

- Adjustments had been made to account for the value of unused staff leave, with some employees now included on the Council's balance sheet following phase 1 of the Publica transition.

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- The IFRS 9 Statutory override for historic pooled fund investments made before 1 April 2024 was extended, affecting the Council's accounting treatment of those assets.
- The Council was reviewing its lease arrangements in line with the new IFRS 16 standard, as referenced in the external audit plan.

The Committee noted that, had the Council held a significant number of leases, assessment under IFRS 16 could have been complex and time-consuming due to the subjective judgment required to determine whether a lease conveyed the right to control the use of an identified asset.

The Deputy Chief Executive informed the Committee that most of the IFRS 16-related work involved reviewing contracts across the Council to identify potential leases. Following this review, only one qualifying lease had been identified. This lease would be recognised on the balance sheet under property, plant, and equipment, with a corresponding liability. The process was considered relatively straightforward in this case, though it was acknowledged that larger authorities might face more complexity.

The Committee sought confirmation that the new lease accounting rules (IFRS 16) and the extension of the pooled investment statutory override (IFRS 9) had been fully considered and reflected in the Council's 2024/25 financial statements. The Chief Accountant confirmed that a thorough review had been undertaken to identify all relevant lease arrangements.

The Deputy Chief Executive Officer informed the Committee that the statutory override for pooled fund investments had been flagged as a risk in the Medium-Term Financial Strategy for the past two years. Originally due to end on 31 March 2025, the override would have required the Council to recognise potential valuation losses in the 2024/25 accounts. To mitigate this, additional treasury income had been allocated to earmarked reserves.

The recent extension of the override removed the immediate risk, allowing the accounts to be prepared without using reserves. It was noted that any new pooled fund investments would not be covered by the extension; however, there were no current plans to increase such holdings.

RESOLVED: The Audit and Governance Committee APPROVED the Draft Accounting Policy 2024/25.

Voting record:

For - 4, Against - 0, Abstentions - 0, Absent/Did not vote - 0

The Committee noted that the following items were scheduled for the next meeting on 14 July:

- Treasury Management Outturn
- Draft Annual Governance Statement

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- Internal Audit Annual Opinion
- Draft Statement of Accounts for 2024/25

The Meeting commenced at 4.00 pm and closed at 6.00 pm