

AUDIT & CORPORATE GOVERNANCE COMMITTEE
ANNUAL REPORT
2025/26

Contents

FOREWORD.....	3
1. INTRODUCTION	4
2. HIGHLIGHTS OF THE YEAR	4
3. SUMMARY OF WORK UNDERTAKEN	5
3.1 EXTERNAL AUDIT.....	5
3.2 INTERNAL AUDIT	5
3.3 RISK MANAGEMENT.....	6
3.4 CORPORATE GOVERNANCE	6
3.5 FINANCE.....	6
4. TRAINING & DEVELOPMENT	6
5. LOOKING FORWARD	7
6. FUNCTIONS OF THE AUDIT & CORPORATE GOVERNANCE COMMITTEE.....	8

FOREWORD

As Chair of the Audit and Corporate Governance Committee, I am pleased to present this Annual Report which sets out the role of the Committee and summarises the work and achievements we have undertaken as a committee during the financial year 2025/26.

It is my duty to commend the 2025/26 Audit Committee Annual Report.

Effective audit committees build strong relationships, so we intend to collaborate with management, external auditors, and other stakeholders.

In particular, it is pleasing to report that in such febrile times for local councils, that is, with the imminent prospect of fundamental changes, the first in half a century; because of *Local Government Reform* (LGR); Blaby District Council can rightly claim the status of a going concern, which is risk averse but has the resources and willingness to adapt to such challenges, financial or organisational, that may present themselves in the relative short and medium term. The aim and objective of BDC is to be the standard bearer of excellence for whatever form future LGR councils become in Leicestershire and Rutland.

My personal thanks as Committee Chair go to the BDC Finance Team from every level up to Director, the independent Internal Audit Team for their excellence in driving the work of the Committee plus providing its training programme and not least the Democratic Services Team that support the Committee so consistently well.

Our independently appointed external auditors Azets too deserve recognition and thanks. Clarity and timeliness of reporting is, like a breath of fresh air, most welcome.

Lastly, my thanks go to fellow Committee members, both elected and independently appointed for their consistent support through the quality and quantity of their questions and suggestions during our work.

Cllr Mark Jackson

Chair, Audit and Corporate Governance Committee

April 2026

1. INTRODUCTION

While there is no statutory obligation to have such an arrangement, Audit Committees are widely recognised as a core component of effective governance and therefore reflect good practice. The CIPFA (Chartered Institute of Public Finance and Accountancy) Position Statement also states that *“Audit Committees are a key component of an authority’s governance framework. Their function is to provide an independent and high-level resource to support good governance strong public financial management.”*

The Blaby District Council (BDC) Audit and Corporate Governance (ACG) Committee is properly constituted and as such is given sufficient authority and resources by the Council. In effect, the Committee has the right to obtain all the information it considers necessary and to consult directly with senior managers. In line with best practice the Committee can report its observations and concerns directly to the Council.

A local authority has a duty to ensure that it is fulfilling its responsibilities for adequate and effective internal control, risk management and governance, as well as the economy, efficiency, and effectiveness of its activities. The Committee has a key role in overseeing and assessing the internal control, risk management and corporate governance arrangements and advising the Council on the adequacy and effectiveness of those arrangements.

This role is reflected in the Committee’s Functions, as detailed in the Council’s Constitution. During May 2022 CIPFA published its update Position Statement on Audit Committees in Local Authorities and Police, this was supported by guidance, published in October 2022, ‘Audit Committees – Practical guidance for Local Authorities and Police’, an update from 2018.

2. HIGHLIGHTS OF THE YEAR

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

- a) Received and approved the 2024/25 Accounts.
- b) Received risk register updates at each of its meetings.
- c) Training received for Committee Members.
- d) Received and approved the Internal Audit Plan for 2025/26.
- e) Received and approved the External Audit Planning Report from the external auditors, Azets, for 2024/25.

3. SUMMARY OF WORK UNDERTAKEN

3.1 EXTERNAL AUDIT

- a) Received and approved the Statement of Accounts for 2024/25.
- b) Received and approved the Annual Audit Report 2023/24.
- c) Received and approved the Annual Audit Report 2024/25.
- d) Received and approved the External Audit Planning Report from the external auditors, Azets, for 2024/25.
- e) Received updates on a regular basis on the build back and backstop dates in relation to the audit assurance of the statement of accounts.

3.2 INTERNAL AUDIT

- a) Continued to oversee the internal audit arrangements for the Council.
- b) 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.
- c) Received and approved the Internal Audit Charter and Mandate.
- d) Received and approved the Internal Audit Strategy.
- e) 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.
- f) Monitored the delivery of the Internal Audit Plan for 2025/26 through regular update reports presented by the Audit Manager.
- g) Received and considered the results of internal audit work performed in respect of each Directorate.
- h) Monitored the progress made by management during the period to address identified control weaknesses (recommendations).

- i) Monitored the performance of the Internal Audit team through the regular update reports.

3.3 RISK MANAGEMENT

- a) Continued to oversee the Council's risk management arrangements.
- b) Received quarterly corporate risk updates.
- c) Reviewed the progress made by the Council to identify and address corporate risks. This included consideration of the Corporate Risk Register.

3.4 CORPORATE GOVERNANCE

- a) Ensured the work plan for the year ahead, covered all relevant areas during the year.
- b) Reviewed the Annual Governance Statement prior to it being considered by Cabinet.

3.5 FINANCE

- a) Reviewed and approved the proposed Accounting Policies to be used in the preparation of the 2024/25 Statement of Accounts.

4. TRAINING & DEVELOPMENT

- a) Members have completed a self-assessment against CIPFA Guidance for Local Authority Audit Committees. The assessments will be used to inform an ongoing training programme for Members and assist in the recruitment of a second independent member.
- b) Members have received training in respect of Global Internal Audit Standards and expanded their understanding of Internal and External Audit Functions.

5. LOOKING FORWARD

- a) The Committee approved the work programme for the 2026/27 financial year setting out the receipt of regular update reports and annual assurance reports.
- b) The Committee will continue to closely monitor the publishing of the Council's Statement of Accounts.
- c) Continued training and development, as required, of Members in line with the CIPFA Position Statement.
- d) Begin the recruitment of a second independent person to the Committee following the update of the skills and knowledge audit for committee members.
- e) Continue to review the functions of the Committee in line with the CIPFA Position Statement.

6. FUNCTIONS OF THE AUDIT & CORPORATE GOVERNANCE COMMITTEE

FUNCTIONS

1. Governance, Risk and Control

- To review the council's corporate governance arrangements against the good governance framework, including the ethical framework, and consider the local code of governance.
- To monitor the effective development and operation of risk management in the council.
- To monitor progress in addressing risk-related issues reported to the committee.
- To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- To consider reports on the effectiveness of financial management arrangements, including compliance with CIPFA's Financial Management Code.
- To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- To review the assessment of fraud risks and potential harm to the council from fraud and corruption.
- To monitor the counter fraud strategy, actions and resources.
- To review the governance and assurance arrangements for significant partnerships or collaborations

2. Financial and Governance Reporting

Governance Reporting

- To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, including the head of internal audit's annual opinion.
- To consider whether the annual evaluation for the Annual Governance Statement fairly concludes that governance arrangements are fit for purpose, supporting the achievement of the authority's objectives.

Financial reporting

- To monitor the arrangements and preparations for financial reporting to ensure that statutory requirements and professional standards can be met.
- 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 council.

- To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

3. Arrangements for audit and assurance

External audit

- 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 by PSAA or the authority's auditor panel as appropriate.
- To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.
- To consider specific reports as agreed with the external auditor.
- To comment on the scope and depth of external audit work and to ensure it gives value for money.
- To consider additional commissions of work from external audit.
- To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.
- To provide free and unfettered access to the audit committee chair for the auditors, including the opportunity for a private meeting with the committee.

Internal audit

- To approve the internal audit charter.
- To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.
- To approve 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.
- To approve significant interim changes to the risk-based internal audit plan and resource requirements.
- To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.
- To consider any impairments to the independence or objectivity of the head of internal audit arising from additional roles or responsibilities outside of internal auditing and to approve and periodically review safeguards to limit such impairments.
- To consider reports from the head of internal audit on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include:
 - updates on the work of internal audit, including key findings, issues of concern and action in hand as a result of internal audit work
 - regular reports on the results of the QAIP

- reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN), considering whether the non-conformance is significant enough that it must be included in the AGS.
- To consider the head of internal audit's annual report, including:
 - the statement of the level of conformance with the PSIAS and LGAN and the results of the Quality Assurance and Improvement Programme (QAIP) that support the statement (these will indicate the reliability of the conclusions of internal audit)
 - 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 AGS).
- To consider summaries of specific internal audit reports as requested.
- 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 authority or there are concerns about progress with the implementation of agreed actions.
- To contribute to the QAIP and in particular to the external quality assessment of internal audit that takes place at least once every five years.
- To consider a report on the effectiveness of internal audit to support the AGS where required to do so by the accounts and audit regulations.
- To provide free and unfettered access to the audit committee chair for the head of internal audit, including the opportunity for a private meeting with the committee.

4. Accountability Arrangements

- 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.
- To report to full council on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.
- To publish an annual report on the work of the committee, including a conclusion on the compliance with the CIPFA Position Statement