
Governance & Audit Annual Report 2025/26

Governance & Audit Committee

Decision to be taken by:

Date of meeting: 16 March 2026

Lead director: Amy Oliver, Director of Finance

Useful information

- Ward(s) affected: All
- Report author: Claire Gavagan
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- Report version number: 1

1. Summary

- 1.1. To present to the Council the report of the Governance & Audit Committee setting out the Committee's work and achievements over the municipal year 2025/26.
- 1.2. This report was presented to the Committee for approval at its meeting on 16 March.

2. Recommendations

- 2.1. The Governance & Audit Committee is recommended to approve this report for submission to the Council, subject to any amendments that it may wish to make.
- 2.2. Council is recommended to receive this report.

3. Scrutiny/Stakeholder engagement

N/A

4. Background and options with supporting evidence

- 4.1. The The Committee's terms of reference approved by Council require the submission of an annual report on its activities, conduct, business and effectiveness. The CIPFA* guidance on Audit Committees states that the audit committee should be held to account on a regular basis by Council, and that the preparation of an annual report can be helpful in this regard.
(* CIPFA – the Chartered Institute of Public Finance and Accountancy).
- 4.2. Following the Committee's approval, this report will proceed to Council.
- 4.3. The Governance & Audit Committee considered a wide range of business in fulfilment of its central role as part of the Council's system of corporate governance, risk management, fraud and internal control. It conducted its business in an appropriate manner through a programme of meetings and fulfilled the expectations placed upon it. Its membership was expanded to include an additional independent member, meaning the committee now has two independent members, in line with CIPFA guidance. Both members are recent appointments and were introduced at the November 2025 meeting, as the three-year term for the previous independent member had come to an end.

5. Detailed report

- 5.1. The Committee's terms of reference are regularly reviewed. They formally confer upon it the role of 'the board' for the purposes of the Public Sector Internal Audit Standards, which are the recognised professional standards for local authority internal audit. The Standards are the mandatory elements of the Institute of Internal Auditor's International Professional Practices Framework, interpreted and adopted for local government by CIPFA.
- 5.2. During the municipal year 2025/26, the Committee met on seven occasions (including this meeting). All meetings were properly constituted and quorate. The Committee's terms of reference require it to meet at least four times during the year. The Director of Finance, internal audit and various officers attended meetings of the Committee. In addition, and in the interests of providing the full range of legal, constitutional and financial advice and expertise, the Committee was supported by the City Barrister & Head of Standards or his representatives.
- 5.3. Members may recall the CIPFA publication "Audit Committees – Practical Guidance for Local Authorities." The guidance notes 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 and strong public financial management."
- 5.4. Further to this, it notes the purpose of the committee is to provide those charged with governance with independent assurance of the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes.
- 5.5. It is considered that Governance & Audit Committee continued to meet the requirements for an effective Audit Committee. In summary the reasons for this are:
 - The Committee meets regularly, and its chair and membership are sufficiently independent of other functions of the Council. Meetings are conducted constructively, are free and open and are not subject to political influences;
 - The Committee's terms of reference provide a sufficient spread of responsibilities covering internal and external audit, risk management and governance;
 - The Committee plays a sufficient role in the management of Internal Audit, including approval of the audit plan, review of Internal Audit's performance and the outcomes of audit work, together with management's responses to recommendations made;
 - The Committee received reports from Grant Thornton as the Council's external auditor and maintained an overview of the external audit process, including the fees charged; and
 - The Committee was updated on changes in governance and local authority finances during the year.
- 5.6. It is recognised that Committee members need suitable training. Arrangements

continue to be made to provide training on relevant topics. The Committee may also request informal briefings on key topics.

- 5.7. The committee continues to be supported by two independent members
- 5.8. Taking all the above into account, the Committee has continued to make an important contribution to the effectiveness of the City Council's internal control and corporate governance frameworks. It is a central component of the Council's system of internal control.
- 5.9. The key outcomes from the Committee's work included:
 - a Internal Audit**
 - The Committee considered the Internal Audit annual plans and monitored delivery and outcomes during the year. The Committee also received the Internal Audit annual reports and opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control for 2024/25.
 - The Committee reserves the right to summon relevant officers to attend its meetings to discuss in more depth specific issues raised by Internal Audit reports. This has helped to maintain the profile of the Committee and its role in promoting adherence to procedures and improved internal control.
 - The Committee also approved an updated internal audit charter and were informed of work by the internal auditors to support senior management in assessing its conformance with the new Code of Practice for the Governance of Internal Audit in UK Local Government.
 - b Counter-Fraud**
 - The Committee maintained an effective overview of the Council's measures to combat fraud and financial irregularity. Specifically, the Committee:
 - Considered counter-fraud reports, which brought together the various strands of counter-fraud work with data on the various types of work carried out by the teams involved.
 - Reviewed and supported the Council's participation in the National Fraud Initiative.
 - Approved the Council's updated Anti-Fraud, Bribery and Corruption Policy, and Anti-Money Laundering Policy.
 - c External Audit**
 - The Committee considered the external auditor's plans and progress and the outcomes of this work, with particular reference to the annual audit of the Council's statutory financial statements and value for money arrangements.
 - The Committee was kept updated on the national issues with local authority accounts and audit, which delayed the finalisation of the Council's statutory statement of accounts. The Committee monitored progress and asked questions about the impact.
 - The Committee received the 2024/25 Audit Findings Report at its meeting in February 2026, allowing the Statement of Accounts for 2024/25 to be published with an unqualified audit opinion. The committee noted recommendations for management from external audit, including improvements needed to some of the processes involved in the production of the Statement of Accounts, such as accounting for property, plant and

equipment.

d Risk Management

- The Committee maintained a regular overview of the Council's risk management arrangements. This included the Council's strategic and operational risk registers, identifying potential emerging risks to the Council and its services, together with the Risk Management Strategy and Policy and the Corporate Business Continuity Management Strategy.

e Corporate Governance

- The Committee fulfilled the responsibilities as 'the board' for the purposes of the City Council's conformance to the Public Sector Internal Audit Standards.
- The Committee maintained its oversight of the Council's corporate governance arrangements. The Council's updated assurance framework, which maps out the process for collating the various sources of assurance and preparing the Council's statutory Annual Governance Statement, was reviewed and approved by the Committee.
- The Committee approved the Annual Governance Statement for 2024/25.
- This annual report to Council is part of the governance arrangements, through giving a summary of the Committee's work and contribution to the good governance of the City Council and demonstrating the associated accountability.

f Financial Reporting

- The Committee received and approved the Council's statutory Statement of Accounts for 2024/25 and associated external audit reports. It approved the Council's letters of representation, by means of which the Council gives assurance to the external auditor that there were no significant items not reflected in the Council's accounting statements. As noted above, the Committee were kept updated on the delays in finalising the accounts and audit.
- The external auditor's Annual Governance Reports were issued to the Committee as 'those charged with governance' and considered accordingly. In these reports, the auditor confirmed that his audit opinion on the Council's financial statements would be expected to be 'unqualified'.

g Procurement

- The Committee were asked to provide feedback on the revised contract procedures rules for changes introduced by the Procurement Act 2024, prior to them being considered by Council.
- The Committee raised concerns about the use of procurement waivers, including the increase in the number of waivers, which was primarily due to increased financial controls that have been put in place, which identified spend without contracts.

h Complaints

- The committee received an annual update on the delivery of the complaints service for 2024/25, including complaints raised with the Local Government and Social Care and Housing Ombudsman.
- The committee requested additional details on Ombudsman reports going forwards.

i Other Work

During the year the Committee also received updates and reports on the following areas:

- Health & Safety
- Insurance

5.10. Conclusions

- The Committee met the requirements of its terms of reference as mentioned above and has fulfilled the good practice guidance issued by CIPFA.
- It is the view of the Director of Finance (the s151 officer) that the Governance & Audit Committee made a significant contribution to the good governance of the City Council. Through its work, it has reinforced the Council's systems of internal control and internal audit and has given valuable support to the arrangements for corporate governance, legal compliance and the management of risk.

6. Financial, legal and other implications

6.1. Financial implications

An adequate and effective Governance & Audit Committee is a central component in the governance and assurance processes intended to help ensure that the Council operates efficiently, cost effectively and with integrity. Its support for the processes of audit and internal control will help the Council as it continues to face financially challenging times.

Signed: Claire Gavagan, Assistant Director of Finance
Dated: 27 February 2026

6.2. Legal implications

The Governance & Audit Committee aids the fulfilment by the Council of its statutory responsibilities under the Accounts and Audit Regulations 2015 by considering the findings of a review of the effectiveness of the Council's system of internal control. It is an important part of the way in which the duties of the responsible financial officer under s151 of the Local Government Act 1972 are met.

Kevin Carter, Head of Law – Commercial, Property and Planning
5 March 2026

6.3. Climate Change and Carbon Reduction implications

The areas of responsibility of the Committee all contribute to the council's effective delivery of actions towards the City Mayor's strategic priority for achieving a Climate Ready Leicester, as set out in the Climate Ready Leicester Plan 2023-28. This includes the identification and management of risks arising from the climate emergency, as set out in

the Strategic Risk Register.

Phil Ball, Sustainability Officer, Ext 372246
5th March 2026

6.4. Equalities

The work undertaken by the committee provides confirmation for full Council, as the body charged with governance, that arrangements in place are up to date, fit for purpose, communicated and embedded, monitored and routinely complied with. There are no direct equalities implications arising from the report. Corporate governance is the system by which local authorities direct and control their functions and relate to their communities. It is founded on the basic principles of openness and inclusivity, integrity and accountability.

Surinder Singh, Equalities Officer, Ext 37 4148
5 March 2026

6.5. Other Implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

OTHER IMPLICATIONS	YES/NO	PARAGRAPH REFERRED
Equal Opportunities	No	
Policy	No	
Sustainable and Environmental	No	
Crime and Disorder	No	
Human Rights / People on low incomes	No	
Corporate Parenting	No	
Health Inequalities Impact	No	

7. Background information and other papers:

Agendas and minutes of the Governance & Audit Committee meetings in 2025/26.

8. Summary of appendices:

N/A

9. Is this a private report (If so, please indicated the reasons and state why it is not in the public interest to be dealt with publicly)?

No

10. Is this a “key decision”?

No