

ANNEX 1

# **Audit & Governance Committee Annual Report**

**Report of the work of the Audit & Governance  
Committee during 2025-26**

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## **Chair's Introduction**

As Chair, I am very pleased to present this annual report which sets out the role of the Audit & Governance Committee and summarises the work we have undertaken both as a committee, and through the support of the Audit Working Group during the financial year 2025/26.

The Committee operates in accordance with the good practice guidance produced by the Chartered Institute of Public Finance Accountancy (CIPFA), revised 2022. I am satisfied that we are functioning effectively and in accordance with these standards, providing an independent, high-level source of assurance that supports strong governance and sound public financial management.

This year we were delighted to welcome two new Independent Members, who joined the Committee in the summer of 2025.

Members continue to be well supported by officers across the Council, who provide high-quality reports and presentations to enable effective review. I would like to thank colleagues from Internal Audit, External Audit, Law & Governance, and Finance for their valuable contributions throughout the year.

Finally, I wish to express my sincere thanks to all officers, the Independent Members, the Deputy Chair, Councillor John Shiri, and my fellow Committee Members for their commitment and constructive support. Their collective efforts have significantly contributed to the Committee's work over the past year.

**COUNCILLOR ROZ SMITH**

Chair, Audit & Governance Committee

## Role of the Audit & Governance Committee

The Audit and Governance Committee operates in accordance with the 'Audit Committees, Practical Guidance for Local Authorities' produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) 2022. The Committee complies with the CIPFA's position statement. The Guidance defines the purpose of an Audit Committee as follows:

***Audit committees are a key component of an authority's governance framework. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. The committee's role in ensuring that there is sufficient assurance over governance risk and control gives greater confidence to all those charged with governance that those arrangements are effective.***

***The committee has oversight of both internal and external audit together with the financial and governance reports, helping to ensure that there are adequate arrangements in place for both internal challenge and public accountability.***

The key functions of the Audit and Governance Committee are defined within the Council's Constitution. In discharging these functions, the Committee is supported by the Audit Working Group.

## How the Committee has discharged its responsibilities during 2025/26

Key A&G Committee Activities	June 25	July 25	Sept 25	Nov 25	Jan 26	March 26
<b>Financial Reporting</b>						
Statement of accounts 2024/25						
Local Audit Reform: Audit Consultation Outcome						
Review of Treasury Management Annual Performance Report 2024/25						
Treasury Management Performance Report						
Treasury Management Annual Investment Strategy 2026/27						
Treasury Management mid-term review 2025/26						
Assessment of the Council's Financial Management, Controls & Governance						
Financial Management Code						
Financial Regulations Update						
Accounting Polices						
<b>Internal Audit</b>						
Annual Report of the Chief Internal Auditor 2024/25						
Internal Audit Strategy and Plan 2025/26						
Internal Audit Charter and Quality Assurance Programme 2025/26						
Reports from Audit Working Group						
Review of Internal Audit Reports and monitor of in-year progress						
<b>External Audit</b>						
External audit updates						
<b>Governance &amp; Risk Management</b>						
Annual Governance Statement (AGS) for 2024/25						
Review of AGS action plan						
Risk Management update						
Local Government Reorganisation Update						
Oxfordshire Fire & Rescue Statement of Assurance						
Oxford Fire & Rescue Annual Report						

Key A&G Committee Activities	June 25	July 25	Sept 25	Nov 25	Jan 26	March 26
Review of Appointment to Outside Bodies / Appointments to Outside Bodies						
Local Government Ombudsman annual report						
Monitoring Officer annual report 2024/25						
Annual Report of A&G committee 2025/26 – draft						
Whistleblowing annual report 2024/25						
Annual report of Health and Safety						
Audit Working Group Terms of Reference						
Constitution Working Group Member Champions						
Government Response to Strengthening the Standards Conduct Framework						
RIPA policy						
Officers Code of Conduct						
Electoral Fees and Charges						
Code of Corporate Governance						
<b>Counter-Fraud</b>						
Approval of Counter-Fraud Strategy and plan for 2025/26						
Anti-Fraud and Corruption Strategy						
Counter-Fraud Plan update						

The Committee is supported by the Audit Working Group (AWG):

Key Audit Working Group activities	Dec 25	March 26
Internal Audit of Strategic Contract Management 2024/25		
Internal Audit of Income Collection Street Works & Parking 2024/25		
Internal Audit of Safeguarding Transport 2025/26		
Internal Audit of School Attendance 2025/26		

## 2025/26 Key Achievements:

- The Committee and the Audit Working Group (AWG) have continued to review and monitor material weaknesses identified from the internal audit reports with Senior Managers attending to provide assurance on how the issues were being addressed. This has supported the implementation of the actions plans to deliver the required improvements in key areas for the Council.
- The Committee is pleased to note through review of the Internal Audit reports and monitoring by the Committee and AWG, of the agreed management actions that significant weaknesses in the system of internal control are being prioritised and addressed.
- The Committee has provided effective scrutiny of the treasury management strategy and policies. Receiving regular reports of activity, reviewing the treasury risk profile and adequacy of treasury risk management processes has contributed to good performance in this area.
- The Committee and AWG continue to consider key topics / areas of risk, seeking assurance from lead officers in the relevant areas that robust processes are in place. Areas considered during 2025/26 have included Whistleblowing, Health & Safety, Financial Management, Risk Management and follow up of audits including Strategic Contract Management, Income Collection Street Works & Parking, Safeguarding Transport and School Attendance.

## Our work in 2025/26

The key activities of both the Committee and the Audit Working Group are captured in the tables above. In summary:

### Financial Reporting

The Committee is responsible for the review and approval of the annual statement of accounts on behalf of the Council. The Committee has received regular updates on progress from the external auditors and officers.

The Committee receives and reviews the results of the Financial Management Code annual self-assessment. The Committee also considered a high-level assessment of the Council's financial management, controls and governance and associated risks, considering the context of councils that have sought Exceptional Financial support and/or issued S114 notices to date.

The Committee receives reports from the Treasury Management Team, exercising its stewardship role. The Committee reviewed the Treasury Management Outturn Report 2024/25, the Treasury Management Mid-term Performance Report 2025/26 and the Treasury Management Strategy Statement and Annual Investment Strategy 2026/27.

## **Internal Audit**

The Committee approved the Internal Audit Strategy for 2025/26, including the annual audit plan. The Committee receives regular progress reports from the Chief Internal Auditor, including summaries of the outcomes from Internal Audit work. Through the Audit Working Group, the Committee monitors the progress with the implementation of management actions arising from audit reports.

Upon finalisation of an internal audit report, the executive summary is included in the quarterly update report to the Audit & Governance Committee. The Committee will request the Audit Working Group consider in more detail any internal audit reports which are graded Red and any Amber reports where the Committee wants further assurance on. Senior Managers are asked to attend the Audit Working Group and explain how the issues identified are being addressed and the progress with implementation of the agreed management actions.

In response to Internal Audit reports the Committee and the Audit Working Group, has looked in detail at the following areas: Strategic Contract Management (overall conclusion graded Amber), Income Collection Street Works and Parking (overall conclusion graded Amber), Safeguarding Transport (overall conclusion graded Red) and School Attendance (overall conclusion graded Red).

The Committee has continued to monitor the resourcing of Internal Audit. The Committee recognises the challenges in recruitment in this area and continue to be updated regarding the recruitment and retention strategies being adopted, which includes the recruitment of apprentice auditors within the team.

The completion of the Internal Audit Plan and the annual statement of the Chief Internal Auditor is produced for the Committee at the end of the financial year. Based on the evidence of the reports presented to the Audit Working Group and the Committee, the team continues to provide an effective challenge and therefore assurance on the key risk activities.

The Committee also met with the Chief Internal Auditor in a private session during November 2025 and is satisfied Internal Audit are free to carry out their duties without restrictions.

The Committee approves the Internal Audit Charter on an annual basis; this was approved at the June 2025 meeting.

As previously reported, the Monitoring Officer undertook a review of the effectiveness of Internal Audit in Autumn 2023, with the findings presented to the Committee in November 2023. The review concluded that there was a strong level of satisfaction with both the quality and effectiveness of the service. A further review is scheduled to take place in 2026. In addition, an external assessment of Internal Audit, which is completed once every five years, was reported to the Committee in January 2024. The assessment confirmed that the service is fully compliant with the Public Sector Internal Audit Standards. Internal Audit has also completed its annual self-assessment for 2025/26 against the new Global Internal Audit Standards for the UK public sector, which has again confirmed full conformance.

## **External Audit**

The Council's external auditors, Ernst and Young, attended committee meetings, providing regular updates on their work plan and any matters arising.

The Committee met with the external auditors in a private session in November 2025. The Committee is satisfied that they are free to carry out their duties without restrictions. The Committee are also assured that if identified, External Audit would bring any material issues to the attention of the Committee.

The Council's audited Statement of Accounts for 2023/24 was published on 10 February 2025. A disclaimed audit opinion was issued as a result of the delays to the audit process and the wider requirements arising from the local audit reset. The Council's external auditors advised that they did not have sufficient resources available to undertake the detailed audit procedures required to obtain sufficient and appropriate audit evidence to support an unmodified audit opinion. Consequently, the Council received a disclaimed opinion on the 2023/24 financial statements.

Notwithstanding this, the external auditors informed the Committee that, in completing their work on the 2023/24 accounts, they undertook significant testing of the 2022/23 closing balances in order to build assurance over those balances. The 2024/25 Statement of Accounts was published on 30 June 2025, and the external audit opinion was issued in February 2026. As a result of the significant audit testing undertaken and the rebuilding of assurance over the brought-forward balances from 2022/23, the Council received a qualified audit opinion on the 2024/25 financial statements. Oxfordshire County Council is among the authorities to have secured an improved audit opinion as a result of the local audit reset.

## **Governance & Risk Management**

The Committee approved the Annual Governance Statement (AGS) for 2024/25. This included improvement actions for 2025/26, within the following areas: Directorate Schemes of Delegation, Review of Members and Officers fiduciary responsibilities, Contract Management, Executive Officer Decisions, Code of Practice on Good Governance for Local Authority Statutory Officers, Appointment of Independent Members of the Audit & Governance Committee, Independent Remuneration Panel, and Inspections Review: Readiness and Sharing Learning.

The Committee and AWG receives and considers updates from officers on key topics/areas of risk such as seeking assurance that robust risk management, governance and internal control processes are in place. Regular risk management updates are provided to the Committee.

The Committee also considered the annual report of the Monitoring Officer; the annual report of the Local Government and Social Care Ombudsman; the annual report of Health & Safety; and the Fire and Rescue Service Annual Statement of Assurance, the RIPA policy, and the annual report of Whistleblowing. There were no material issues or concerns arising.

The Committee approved for the Constitution Working Group to be reconvened, tasked with reviewing the Council's Constitution and making recommendations for improvement where necessary, with progress amendments being made to the Audit & Governance Committee in the first instance, ahead of presentation to Council for approval.

## **Counter-Fraud**

The Audit & Governance Committee receives annually the Counter Fraud Strategy and work plan. The Committee is regularly updated on progress on delivery of the work plan for counter fraud.

The Chief Internal Auditor provided regular updates to the Committee on any reported matters of suspected fraud, including investigations. Outcomes of investigations are reported to and monitored by the Committee. The Committee plays a key role in monitoring the effectiveness of the Council's counter fraud arrangements.

The Committee received a report on Whistleblowing from the Monitoring Officer, that highlighted there have been few cases and where these have arisen, they have been investigated appropriately.

## **Audit & Governance Committee self-assessment**

At the end of 2022, CIPFA (the Chartered Institute of Public Finance and Accountancy) issued updated guidance and a revised Position Statement for local authority audit committees. The guidance recommends that committees undertake a regular self-assessment against the standards set out in the 2022 framework.

In February 2023, the Audit & Governance Committee completed this self-assessment, which included a review of core knowledge and skills. As previously reported, the exercise concluded that at the time the Committee demonstrated a strong level of performance against good practice principles. It confirmed that the Committee was well-constituted, has an appropriate skills and knowledge base, and was operating in full compliance with the CIPFA 2022 Position Statement. The assessment also confirmed that the Committee effectively fulfils its terms of reference and appropriately escalates key issues during the year.

A key recommendation within the CIPFA 2022 guidance is that local authority audit committees include two Independent Members. The Committee was pleased to welcome two new Independent Members in the summer of 2025, ensuring continued alignment with best practice.

The next self-assessment is scheduled to take place in June 2026.