

Cheltenham Borough Council

Audit, Compliance and Governance

Committee

Minutes

Meeting date: 23 February 2026

Meeting time: 6.00 pm - 7.00 pm

In attendance:

Councillors:

Adrian Bamford (Chair), Ashleigh Davies, Chris Day, Dr Cathal Lynch, Ben Orme (Vice-Chair), Julian Tooke, Dr David Willingham and Duncan Chittenden

Also in attendance:

Claire Hughes (Director of Governance, Housing and Communities), Nathan Coughlin and Jon Whitlock (Head of Finance (Deputy S151 Officer))

1 Apologies

There were none.

2 Declarations of interest

There were no declarations of interest.

3 Minutes of the last meeting

The minutes of the meeting held on 28 January 2026 were approved as a true record and signed accordingly.

4 Audit Completion Report for year ending 31 March 2025

Introducing the item, the Chair commented on the unprecedented issues faced by the finance team during the period of the audit in question, and was sure that Members would bear this in mind when considering the report.

Nathan Coughlin (NC) of Bishop Fleming said the context of the report is important, and highlighted the key points.

He provided the following responses to Members' questions:

- last year, the main issue was the short timeline left from previous year to work on the disclaimed accounts from the previous auditors – just two months, presenting a challenge for both sides to get through everything. However, a good proportion of the work with management was achieved, and a full valuation from March 2025 was agreed, providing a line in the sand from which to build back;
- Bishop Fleming cannot finalise the Annual Audit Report until the external audit has been signed off, but as long as the final accounts are produced by management in the next week or so, followed by the consultation period, there should be just enough time to bring the report to the meeting on 22 April.

The Deputy S151 Officer confirmed that the airport wasn't audited until the end of November, group accounts couldn't be produced until that had been done, and the airport accounts haven't been consolidated due to the lack of resource.

In response to a further Member question, NC said that it is for management to say when all the required information ready to be audited. The Deputy S151 Officer said that as far as general balances and earmarked reserves are concerned, the position is finalised as long as the auditors are happy with what the finance team has produced – the position has not moved significantly since the summer. He said reserves are not an area where he would expect to make changes, and confirmed that he was happy that the revenue accounts will balance.

A Member reiterated the huge resourcing issues faced by the finance team, and said that although producing all the required information for the auditor is important, managing and keeping control of the day-to-day finances of the council must always be the Number 1 priority. NC confirmed that valuations on the balance sheet for property and heritage assets may seem huge, but movement in those is not as critical as the income and expenditure account on movements. He has had productive discussions about priorities with the Interim S151 Officer, and agreed that other statutory responsibilities such as budget setting for next year, making sure management accounts are produced, and other day-to-day works must come first. He said CBC's position is extremely unusual, and the team is further compromised by a number of projects including the return of CBH, Golden Valley, and sale of assets.

Moving on, responding to further Members' questions, NC said that:

- the statement on page 20 of the report *'Our work has not identified a material uncertainty related to going concern. We are satisfied that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate'* cannot be used to conclude that the council is not at

risk of issuing an S114 notice. The auditors have not identified anything to suggest the council is heading for an S114 but have not been able to complete all the work they would like to do in a going concern review. The value for money work is ongoing, and it also covers financial sustainability. There will be more around negative assurance in that area, and whether any significant weaknesses have been identified in CBC's arrangements to secure financial sustainability.

Members agreed that the resource situation is not helped by officers having to devote large amounts of time and effort to LGR and elections

In response to further questions, NC confirmed that:

- the new disclosure requirement requires the Annual Governance statement to explicitly document how the risk of an S114 notice has been assessed, and what activities and mitigations the council has in place to prevent it from happening. That consideration wasn't included in the drafts, but needs to be documented now and added to the accounts. The work is not yet concluded – Bishop Fleming is not aware of any issues at this stage but work is ongoing;
- to keep track of the situation, the committee can monitor a number of areas, including the financial sustainability of the council, being comfortable that arrangements and frameworks are in place, and operating effectively, that the budgeting process is being followed – management accounts up to date, forecasting, medium-term financial strategy - all of which are a challenge from a resource point of view;
- the auditor's opinion on the value for money (VFM) work for 2024-25 will be fairly clean, as it has been business as usual for those controls and processes, but the function of the committee is to ensure that they are still receiving that information and assurance, and that the process is working as it should;
- disclaimed accounts are not uncommon around the country, due to the capacity issues for external auditors around the country. Bishop Fleming are keen to correct this before LGR takes place;
- regarding ongoing issues around expenditure and income, there are still a handful of queries in some areas and work is ongoing - auditors cannot say at this stage that nothing will be material and there won't be a sample test if anything arises, but have not found anything at present. Work should conclude at the end of the week and an update will be provided at the next meeting;
- no issues around debtors and creditors have been identified since the report was drafted.

A Member expressed concern that the papers have been shared despite the confidentiality paragraph, resulting in some adverse public comments. The Monitoring Officer explained that this information is in the public domain, and another Member suggested that confidentiality clause is standard – councils must publish this information and public scrutiny is part of the audit process. NC confirmed that

the auditors recognise the council's duty to share information with the public, and the paragraph is more about the duty of care it owes to its client, the council.

Returning to Member questions, NC said that:

- regarding the green, amber and red assessments, the auditors have tried to be factual in reporting, but the council's perfect storm of difficult circumstances mean that they have not got final set of accounts to sign off. They will be reassessing where to start building back to provide assurance, and will also look for a plan from management about how they are making sure they can produce a set of accounts and evidence to support it on a timely basis for this year. As a minimum, they can do a full audit of the 2026 balance sheet and 2025-26 income and expenditure, with any work towards build-back a bonus, but this is very much driven by council management. The recent appointment of an interim S151 officer and increased capacity to complete the 2025-26 accounts is noted, and the Deputy S151 Officer confirmed that his team is working closely with NC on how they can build back better and provide assurance.

Due to unforeseen circumstances, it was agreed to conclude the meeting at this point.

5 Any other item the chairman determines to be urgent and requires a decision

There were none.

6 Date of next meeting

The next meeting is scheduled for 22 April 2026.

7 Exempt Minutes of last meeting

The exempt minutes of the meeting held on 28 January 2026 will be approved at the next meeting of the committee.