



**Audit, Compliance and  
Governance Committee**

**Annual Report**

**May 2024—April 2025**

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# Foreword

## Councillor Adrian Bamford, Chair of Audit, Compliance and Governance Committee



As Chair, it is my pleasure to commend the 2024-25 Audit, Compliance and Governance Committee Annual Report. Thank you to all officers involved in its production. The environment and the times in which CBC currently operates are particularly challenging, but the professionalism and dedication of officers, committee members, and our external auditors, have enabled the high standards of governance to continue to be achieved throughout the year.

*Councillor Adrian Bamford*

September 2025

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### What is an audit committee?

“The purpose of an **audit committee** is to provide to those charged with governance **independent assurance** on the adequacy of the **risk management** framework, the **internal control** environment and the integrity of the **financial reporting** and annual **governance** processes. By overseeing **internal and external audit** it makes an important contribution to ensuring that effective assurance arrangements are in place.”

*CIPFA’s Position Statement: Audit Committees in Local Authorities and Police CIPFA, 2018*

# Introduction

The Audit, Compliance and Governance Committee is a core component of the Cheltenham Borough Council's governance structure and is designed to reflect best practice in this area of CBC's organisation. It is constituted by the council to have sufficient authority and resources to fulfil this vital role. 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 Audit, Compliance and Governance Committee can report its observations and any 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 Audit Compliance and Governance 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 Terms of Reference for the year in question (2024-25) which are reproduced in Appendix 1 for information. In October 2022, the Chartered Institute of Public Finance and Accountancy (CIPFA\*) published ***Audit Committees – Practical guidance for Local Authorities and Police***, an update of previous guidance from 2018. The guidance includes suggested Terms of Reference for Audit Committees which has been used as the basis for those adopted by CBC



\*CIPFA is the Chartered Institute of Public Finance and Accountancy, a UK-based international accountancy membership and standard-setting body. It believes that improving public services is the key to changing lives for the better and that good public financial management is central to achieving this ambition. Its educational and advisory services support its members, students and other public finance professionals throughout their careers – helping them add value to their teams and the organisations for which they work. Through its work, it helps to ensure public money is raised and spent with the highest degree of openness.

# The Committee


## Members

- Councillor Adrian Bamford (Chair)
- Councillor Ben Orme (Vice-Chair)
- Councillor Ashleigh Davies
- Councillor Chris Day
- Councillor Cathal Lynch
- Councillor Julian Tooke
- Councillor David Willingham

## CBC Officer leads:

- Paul Jones, Deputy Chief Executive and Section 151 Officer
- Claire Hughes, Director of Governance, Housing and Communities
- Victoria Bishop, Governance, Risk and Assurance Manager

## Regular attendees:

- Nathan Coughlin, Bishop Fleming – external auditors - reports to every meeting (Peter Barber, Grant Thornton, May-October 2024)
  - Lucy Cater, South-West Audit Partnership (SWAP) – internal auditors – reports to every meeting
  - Emma Cathcart, Counter Fraud and Enforcement Unit (CFEU) - reports twice a year
  - CBC Governance and Risk Management - reports twice a year
  - CBC Finance Team - reports to every meeting
  - John Chorlton, ICT Security (Publica) – reports once a year, in exempt session
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# Highlights of the Year


The committee met four times across the municipal year 2024-25:

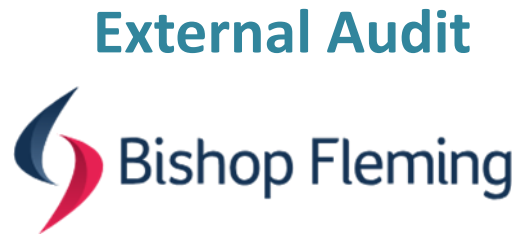
- 10 July 2024
- 22 October 2024
- 22 January 2025
- 25 February 2025

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

- the timely sign-off of the accounts to the amended timetable;
- an Annual Governance Statement that reflected the developments within the council;
- a positive opinion from the Head of Internal Audit in their Annual Report; and
- a Risk Management process that is embedded within the council

On the pages that follow is a summary of work undertaken in 2024-25.





In 2024, Bishop Fleming was appointed by Public Sector Audit Appointments Ltd (PSAA) as CBC's external auditor, taking over from Grant Thornton, who had held the role since 2012. The committee must:

- consider and review the external audit and all associated reports and documents;
- monitor and review actions required arising out of external audit recommendations; and
- review all matters relating to external audit.

The government inherited a broken local audit system in England, evidenced by a significant backlog of outstanding unaudited accounts. CBC was not affected as severely as some councils, but in July 2024, the government stated its intention to set a series of statutory backstop dates to clear the backlog and enable the system to recover. Bishop Fleming hopes to be back on track in 2025.

During the year 2024-25, the committee:

- received and considered the audit plan to review the financial statements; and
- received and considered the detailed results of the external auditor's work in relation to the audits for both 2022-23 and 2023-24 financial statements of the council. The committee was pleased to note that the auditors had given a largely favourable commentary within its Annual Reports detailing the Value for Money arrangements.

Due to the backstop arrangements, the council received a disclaimed opinion for both financial years 2022-23 and 2023-24. This means that the external auditor was unable to obtain sufficient appropriate audit evidence to state, in their opinion, whether the financial statements were properly put together and free from material error. Irrespective of the audit process, the council as continued to produce accurate and timely finance reports as part of its internal system control.

## Internal Audit



Internal auditing is provided by Southwest Audit Partnership (SWAP) Internal Audit Services, a not-for-profit internal audit partnership dedicated to improving the efficiency and productivity of public sector organisations across the southwest and helping them manage their risks. The committee is required to:

- consider the annual internal audit report and opinion;
- monitor the on-going operational audit plan and audit planning process;
- agree internal audit plans; and
- review internal audit performance and monitoring of actions required by audit recommendations.

During the year 2024-25, the committee:

- continued to oversee the internal audit arrangements for the Council. This included approving the review of the Internal Audit Charter which outlines the terms of reference of the department and is aligned to the Public Sector Internal Audit Standards;
- received and approved the Internal Audit Annual Report for 2023-24. This included the Annual Audit Opinion on the adequacy and effectiveness of the framework of control, risk management and governance within the Council. The Committee was pleased to receive a positive opinion;
- received and approved the Internal Audit Plan for 2024-25. The plan ensures that internal audit resources are prioritised towards those systems and areas which are considered to be most at risk or which contribute most to the achievement of the Council's corporate objectives. It is designed to enable the Head of Internal Audit to give an opinion at the end of the year, but is flexible to ensure it remains relevant throughout the year;
- monitored the delivery of the Internal Audit Plan for 2024/25 through regular update reports presented by the Head of Internal Audit;
- received and considered the results of internal audit work throughout the year;
- monitored the progress made by management during the period to address identified control weaknesses; and
- monitored the performance of the Internal Audit team through the regular update reports.



## Counter Fraud and Enforcement



In conjunction with the Monitoring Officer, the council must ensure that the highest standards of probity and public accountability are demonstrated. This includes counter fraud and anti-corruption arrangements, which are provided by the Counter Fraud and Enforcement Unit (CFEU).

The CFEU is a partnership of councils (Forest of Dean, Cotswold, West Oxfordshire, Tewkesbury, Stroud and Cheltenham) and was formed to mitigate fraud risk and reduce criminal activity and financial loss in each member council's jurisdiction. It provides:

- counter fraud, investigative and criminal enforcement support;
- housing and tenancy fraud prevention and detection services; and
- acts as an in-house support service supplying preventative activities, proactive drives and reactive investigations.

During the year 2024-25, the committee:

- received direct reports detailing activities and results of the Counter Fraud and Enforcement Unit for 2023-24 and a mid-year update for 2024-25. Activities cover preventative, proactive and reactive work streams;
- agreed the focus areas for work streams in 2024-25 to include grants verification and polygamous working mitigation;
- approved the updated Whistle-Blowing Policy, highlighting key legislation and the roles and responsibilities of Members, officers and other parties; and
- received annual assurance relating to the council's procedures relating to surveillance and the acquisition of communications data.

## Risk Management

Risk management is the culture, process and structure directed towards effective management of potential opportunities and threats to the council achieving its priorities and objectives.

CBC officers are responsible for writing and reviewing the council's risk management strategy with appropriate risk management procedures. The committee is required to:

- ensure that the risk strategy is in place;
- ensure that risk management procedures are carried out satisfactorily, and
- provide on-going monitoring and review of the strategy.

During the year 2024-25, the committee:

- continued to oversee the council's risk management arrangements and strategy, including updates to the strategy and policy in October 2024;
- received a summary of risk management activity during 2024-25; and
- supported the implementation of a new risk management software called Verto to assist with project risks and corporate risks, with a future goal to manage operational risks via that platform too.

## IT Security PUBLICA

The council's cyber security is managed by Publica, which provides services to Cheltenham Borough Council, Cotswold District Council, Forest of Dean District Council, West Oxfordshire District Council, Ubico, the Cheltenham Trust and Publica. As part of its overview of risk management, Members of Audit, Compliance and Governance Committee receive an annual report from the Chief Technology Officer at Publica, in exempt session.

In January 2025, the committee was updated on various aspects of the team's work, including disaster recovery and annual compliance testing, as well as future risks around AI and Quantum computing. The committee:

- noted the continuing efforts in cyber security over the past 12 months, and had the opportunity to ask questions.

## Corporate Governance

The committee is required to:

- appraise the framework of internal control to provide reasonable assurance of effective and efficient operations;
- ensure arrangements operate to evaluate and report on compliance with the local code of corporate governance with an annual review of the code, and
- review internal and external reports and assessments in respect of corporate governance.

In addition, in conjunction with the Monitoring Officer, it must ensure that the highest standards of probity and public accountability are demonstrated. This includes anti-fraud and anti-corruption arrangements, which are provided by the Counter Fraud and Enforcement Unit (CFEU).

During the year 2024-25, the committee:

- considered changes to the refreshed Local Code of Corporate Governance prior to approval. The Code reflects the core principles and requirements of the CIPFA/SOLACE 'Delivering Good Governance in Local Government Framework';
- considered the draft and final Annual Governance Statement for 2023-24 on behalf of the council, showing how the council complied with the Local Code of Corporate Governance and highlighting areas of continued progress;
- monitored progress against the Audit, Compliance and Governance action plan; and
- received and considered at each meeting its own forward plan for the year ahead, ensuring that all relevant areas are covered during the year.

## Finance

The committee is required to:

- review and approve the annual statement of accounts and statement of internal control produced by CBC's finance team;
- consider whether appropriate accounting policies have been followed; and
- consider whether there are any concerns arising from the financial statements.

During the year 2024-25, the committee:

- considered and approved the audited Statement of Accounts for 2022-23 and 2023-24 on behalf of the Council.

## Information Requests

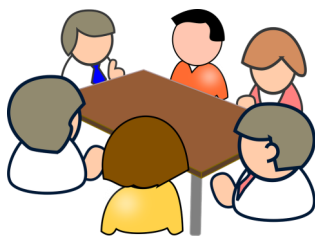
Cheltenham Borough Council is responsible for ensuring that it meets its legal requirements under the Freedom of Information Act (2000) and the Environmental Information Regulations (2004). The committee is required to:

- consider the Information Requests Annual Report, which details the council's handling of information requests made during the previous year.

At its meeting in July 2024, the committee:

- reviewed the council's performance for 2023-24;
- was reassured that despite an increase in requests and resourcing issues within the council, standards are being maintained; and
- made suggestions as to how some of the issues could be addressed.

# Training and Development



## New Member Induction

Audit, Compliance and Governance Committee welcomed four newly-elected Members in May 2024 – Councillors Davies, Day, Lynch and Orme – all of whom underwent mandatory training, including fraud training, before their first meeting in July, together with other Members of the committee.



## Chair's Briefing

From September 2024, the Chair of Audit, Compliance and Governance Committee has met with the Deputy Chief Executive, Paul Jones, in advance of each meeting, to discuss the upcoming agenda items and gain further insight into any issues arising. This has resulted in more informed and effective chairing of the meetings, and is now written into the process



## Local Enforcement Plan—Overview and Scrutiny Committee, 09 September 2024

Following concerns arising from internal audit about planning enforcement, Members of Audit, Compliance and Governance Committee were invited to join Overview and Scrutiny Committee colleagues at their meeting on 09 September 2024, to pre-scrutinise and contribute to the draft Local Enforcement Plan before it was considered by Cabinet on 26 November 2024. Members shared their many thoughts on all aspects of the council's approach to enforcement, its disappointing record, and its recent struggles with recruitment, and welcomed the officers' suggestion that a summary of points raised at the meeting would be addressed in the Cabinet report.

# Looking Forward

## Merger with Standards Committee

At its meeting on 23 January 2025, the constitution working group considered a proposal to merge the functions of Audit, Compliance and Governance Committee and Standards Committee, and appointing Independent Persons to join Audit, Compliance and Governance Committee.

The role of the Standards Committee was to promote and maintain high standards of conduct among Members, and it was supported by two Independent Persons. Since the Standards Committee had not met in full for two years, with only one sub-committee being convened during that time and the national trend towards merging the responsibilities of Audit Committees and Standards Committees, it was considered the appropriate option for CBC, particularly as the impact in terms of workload for Audit, Compliance and Governance Committee would be minimal. The existing chairs of Standards and Audit, Compliance and Governance Committees were supportive of the proposed way forward.

This proposal was subsequently agreed by Full Council in February 2024. It will provide a more streamlined governance structure by allowing one committee to have focused oversight of governance matters, so fitting well within the existing title of the committee. It will also provide some independent assurance to the committee through the addition of Independent Persons.

The terms of reference of the two committees have been combined to form new terms of reference (see Appendix 1) but in practice means that general standards or code of conduct matters, such as updating the code of conduct, will be considered by the Audit, Compliance and Governance Committee, and that any standards hearings will take place via a sub-committee which would be drawn from the main committee.

Mr Duncan Chittenden, who acted as the Independent Person on Standards Committee for many years, has since been co-opted to Audit, Compliance and Governance, and attended the July 2025 meeting.

# Contacts

**Chair of Audit, Compliance and Governance**

Councillor Adrian Bamford

**Vice-Chair of Audit, Compliance and Governance**

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## Appendix 1

### Terms of Reference

<b>AUDIT, COMPLIANCE AND GOVERNANCE COMMITTEE (made up of 7 members)</b>	
<b>Function</b>	
<b>General</b>	
Provide a broad-based audit role across all areas of the Authority, while promoting and ensuring effective internal control and independent assurance mechanisms	
<b>Internal Audit</b>	
Consider the internal audit annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Authority's corporate governance arrangements	
Provide on-going monitoring of the operational audit plan and audit planning process	
Agree internal audit plans (ensuring that internal audit work is planned with due regard to risk, materiality and supports the attainment of the Authority's aims and priorities)	
Review internal audit performance	
Monitor and review the actions required arising out of audit recommendations	
<b>External Audit</b>	
Consider and review the external audit and inspection letter and all associated reports and other documents	
Consider and review external audit reports	
Monitor and review actions required arising out of external audit recommendations	
Contribute to the forward work plan of the Authority's external auditors (insofar as they relate to the Authority)	
Review all matters relating to external audit, including audit and inspection planning, action points and reports	



Ensure effective liaison between external and internal audit and any other inspection agency
To be consulted on any proposals for the appointment of the council's external auditor
<b>Risk Management</b>
Ensure that an appropriate corporate risk management strategy is in place
Ensure that risk management procedures are satisfactorily carried out
Provide on-going monitoring and review of the risk management strategy
<b>Annual Statement of Accounts</b>
Review and approve the annual statement of accounts and statement of internal control, 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 needs to be brought to the attention of the Authority
Ensure appropriate arrangements operate for the development of the Statement on Internal Control
Review the annual report to members from the external auditor to those charged with governance on issues arising from the audit of the statement of accounts
<b>Corporate Governance Framework</b>
Ensure systematic appraisal of the Authority's control environment and framework of internal control to provide reasonable assurance of effective and efficient operations
In conjunction with the Monitoring Officer, ensure that the highest standards of probity and public accountability are demonstrated including anti-fraud and anti-corruption arrangements
Ensure arrangements operate to evaluate and report on compliance with the local code of corporate governance and to periodically review the code
Review internal and external reports and assessments in respect of corporate governance

Ensure and maintain effective liaison with the Corporate Governance Group	
<b>Standards</b>	
(a)	<p>To promote and maintain high standards of conduct and to assist Members and Co-opted Members to observe the Code of Conduct and to:</p> <ul style="list-style-type: none"> <li>• advise the Council on the adoption or revision of the Code;</li> <li>• monitor the operation of the code; and</li> <li>• provide advice and training.</li> </ul>
(b)	<p>To promote and maintain high standards of conduct in Parish Councils and to assist Parish Councils to observe the Code of Conduct, and to:</p> <ul style="list-style-type: none"> <li>• advise Parish Councils on the adoption or revision of Codes of Conduct;</li> <li>• monitor the operation of their Codes; and</li> <li>• provide advice and training the Parish Councillors.</li> </ul>
(c)	Determine applications for dispensations which have been made by Members of the Borough Council and which have not been determined by the Monitoring Officer under authority delegated to them.
(d)	Prepare, monitor and review Codes and Protocols to support the Code of Conduct and recommend to Council accordingly.
(e)	Consider reports from the Monitoring Officer on the number of complaints received under the Code of Members' Conduct and the decisions taken by the Monitoring Officer in consultation with the Independent Person(s) on such complaints.
(f)	Consider and determine the appropriate action on matters referred by the Monitoring Officer in relation to the assessment of complaints where the Monitoring Officer has been unable to exercise their delegated authority.
(g)	<p>Receive summary reports from the Monitoring Officer:</p> <ul style="list-style-type: none"> <li>• on complaints that have been investigated where 'no breach' of the Code has been found to have occurred; and</li> <li>• on complaints where a 'breach' of the Code has been found but where it has been possible for a local resolution to be agreed.</li> </ul>
(h)	Adopt procedures for the hearing of cases of a 'breach of the Code' finding upon investigation via a Hearings Sub-Committee