CHELTENHAM
BOROUGH COUNCIL

Cheltenham Borough Council Audit, Compliance and Governance Committee Minutes

Meeting date: **22 April 2026**

Meeting time: **6.00 pm - 7.15 pm**

In attendance:

Councillors:

Adrian Bamford (Chair), Chris Day, Dr Cathal Lynch, Ben Orme (Vice-Chair), Julian Tooke, Dr David Willingham and Tabi Joy

Also in attendance:

Lucy Cater, Nathan Coughlin, Adele Taylor (Interim Director of Finance and Operations (S151 Officer)), Jon Whitlock (Head of Finance (Deputy S151 Officer)) and Kate Seeley (Investigation and Enforcement Manager, CFEU)

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1 Apologies

Apologies were received from Duncan Chittenden, and from Councillor Davies. Councillor Joy was present as a substitute.

2 Declarations of interest

There were none.

3 Minutes of the last meeting

The minutes of the meeting held on 23 February were approved as a true record and signed accordingly.

4 Auditor's Annual Report, 2024-25

Nathan Coughlin (NC) of Bishop Fleming introduced the first of his three reports, which close the audit process for 2024-25, highlighting the summary of output from the external audit process and providing more detailed work around value for money (VFM). This considers the arrangements the council has in place around three areas – financial stability, governance, and improvement in the 3 E's (economy, efficiency and effectiveness).

- regarding VFM, in the previous annual report, six points were raised, although not highlighted as significant risks or weaknesses. None of these have been closed in full, but progress has been made;
- one significant weakness was raised under the governance heading around the accounts process. The draft single entity accounts were not published by the statutory deadline and then required amendments as well as the addition of group figures to get to a final set of accounts. This was published in March, past the backstop date, so no overall opinion could be provided. Management have procedures in place to improve the process next year.

A Member commented that this was at least partly due to last year's exceptional circumstances, and the Director of Finance confirmed this. She said with new resource in the team, more planning and delegation of tasks, and discussions with the auditors about prioritisation and areas of focus, the team is getting up to speed and is already ahead of its position last year.

A Member wondered how realistic the statutory deadline for producing group accounts was, particularly as airport accounts weren't signed off until after that date. Also, on a practical level, he suggested that if the council's single entity accounts were ready but the group accounts to follow at a later date, this is unlikely to have a practical impact on the audit as there would be work on the single entity accounts to get on with and consolidation would be a relatively quick job. He asked if there are any practical implications to not hitting the statutory deadline for group accounts.

NC responded as follows:

- regarding the practical point, last year played out in that way, and work started around council numbers, but they were not final in several areas due to the exceptional circumstances. He would expect to see a process or mechanism where draft numbers can be produced and a full set of accounts published, even if these are modified later through the audit processes;
- the other six findings are not rated as significant weaknesses at this stage and progress has been made, though it has not been possible to close them off entirely. The short-term borrowing position has improved since the previous year, and ongoing capital projects will continue to be closely monitored. This is raised to ensure it is kept as an area of focus as much as anything;
- part of the mapping of risks to objectives was delayed but the strategy has been refreshed, allowing the opportunity to make sure the risks register maps into that;
- regarding procurement processes and contract management, action around putting an overarching strategy is work in progress;
- some points were rolled forward from the previous auditors around the inability to hit savings targets, improved from the previous year but not quite closed off.

The council is not far from achieving its targets, with £.06m rolled into the following year – so it is slippage more than anything else, having identified process and savings;
- workforce strategy was raised as an issue with the plan to put an overarching strategy in place, previously deferred on account of CBH coming in-house. This needs to be looked at;
- finally partnership strategy and register – management comments demonstrate that progress has been made post 2024-25, and this will be looked at again as part of the VFM work for 2025-26.

A Member noted a lot of discussion around efficiency savings targets had taken place, but that NC's comments confirmed a decent return for a public service organisation. He also noted that the auditors were satisfied that there was no significant weaknesses in council sustainability arrangements, and with budget setting and budgetary control arrangements. It also sets the record clear on the production of financial statements.

5 Audit Completion Report 2024-25

Although this was thoroughly reviewed at the last meeting, NC highlighted a couple of areas which have been amended in the final version:
- management were finalising the final set of accounts at the time of the last meeting; these were published in March, the statutory consultation period is over, so a line can now be drawn under those accounts. A disclaimed audit opinion has been drafted and is ready to go – a key step forward;
- it has not been possible to close down some work ongoing at the time of the last meeting and shown in the table due to lack of time. It should be easy to pick up certain areas next year and work out how to build back assurance.

A Member commented that a recommendation in the management letter places huge weight on control account and balance sheet reconciliations, and it is slightly concerning that Members haven't had the opportunity to look at the detail of this or see the working papers around the fixed asset register. The Head of Finance said all points are picked up in the Bishop Fleming report – we have a fully reconciled balance sheet and have processed all evaluations relating to 2024-25, but as this was past the backstop date, the auditors have not reviewed it. From the finance team's point of view, however, everything is up to date and ready to get going with 2025-26.

Another Member commented that these were always going to be a disclaimed set of accounts and there is a lot of misunderstanding about what exactly this means. NC explained that most local government accounts are disclaimed not because of any significant issues or concerns but because the finance teams or auditors don't have the resources to deliver sufficient information to support the audit process and get to a point where the auditors are comfortable to give an opinion. In CBC's case, this stems from the previous auditors being unable to resource the last year of audit contract controls and delays on the council's side in the production of the group accounts, although Bishop Fleming were fairly successful in completing most of the work around the balance sheet and income expenditure account for the period. The disclaimer is not about anything being wrong, simply about not having enough time to get all the work done; this is the case in most local authority disclaimers.

The Director of Finance added that once a disclaimer has been issued, it is all about building back assurance, which is why the audit planning process is so important. She reiterated that Bishop Fleming was unable to give an audit opinion in some areas because there wasn't time, not because of lack of evidence, reiterating that a significant number of local authorities have found themselves in a similar position.

6 Draft Accounting Policies 2025-26

The Chair proposed that this item be considered next and asked the Head of Finance to comment on the different types of valuation, in view of their impact on the accounting process, to help Members understand the valuation issues they need to consider.

The Head of Finance introduced his report, highlighting the following points:

- the draft accounting policies set the accounting framework to be used when preparing the accounts for 2025-26, ensuring that these are produced consistently, transparently and in line with accounting practice, including the CIPFA code and relevant accounting standards. The majority of policies are unchanged from 2024-25, with just two changes of a limited and technical nature to ensure continued compliance;
- the first policy change concerns the valuation of property, plant and equipment, now requiring the use of indexation between full valuations to provide greater clarity on how asset values are kept up to date between formal revaluation cycles. This will avoid any confusion around fluctuation of asset values and how it impacts reserves and balances in CBC's accounts;
- valuations going up or down have no impact on our usable reserves – they go into our unusable reserves, but still feed into our comprehensive income and expenditure statements before being reversed out of the movement in reserves statement (MiRS). As a local authority, how cash is managed is important, and the value of an asset going up or down has no impact on council tax requirement;
- the second change concerns intangible assets, with words in the policy updated to be consistent with the treatment of expenditure and clearly distinguish between capitalised and tangible assets and the costs required to be charged to revenue;
- it is important to make clear that neither of these assets impacts on the council strategy, service delivery or budgetary position; they are technical refinements designed to support transparency and consistency in audit assurance;
- these are draft policies; the finance team is working on the 2025-26 accounts, which will be brought to the committee as a final set of accounts later in the year.

In response to a Member's question regarding who will formally revalue property assets, the Head of Finance confirmed that in 2024-25, a full revaluation of every asset was carried out by an external value, then checked and challenged by an in-house property expert. For 2025-26, the finance team is working with Bishop

Fleming to understand changing accounting policy, given the full revaluation exercise last year, and will look for some external support around which indices to use.

A Member welcomed this clarification, that this is normal financial practice with no political dynamic at play.

7 External Audit Plan 2025-26

NC said the accounting policies set the tone for some of the risk areas in the audit plan for this year, and took Members through two key areas:

- audit risks are essentially the same as the previous year, with a lot around making sure technical valuations are correct in the financial statements and balance sheets. The three around land and buildings, investments properties, and heritage assets are based on expert views, though CIPFA guidance has moved for land and buildings - revaluations are required only every five years, with indexation used in between to keep valuations up to the appropriate levels. This is the first year, but from Year 2 onwards, it will be for the council to find the appropriate indexes – most council assets are based on building cost indices;
- this links to building back assurance and discussions have already taken place with management about how to get back on track with these. The proposal is that we effectively audit the revaluation process completed for March 2025 with one year on top to get back to a position we are happy with as an effective and efficient way to build back assurance;
- there is a significant risk around management override control for all external audits – consideration of management ability to bypass control environments and how results can be mistaken through estimates and judgements in financial statements. Work has been done using a journals analysis tool, taking full transactional lists from the finance system, to look at the way numbers are being processed directly into the finance system rather than being pushed through service ledger processes to look for significant adjustments;
- the other risk area concerns IFRS 16 leases – management had done some work around this last year and had some advice around how certain leases should be accounted for. It will be repeated as a risk area this year, to look at further with management and ensure the process is understood;
- there is a high level plan in place for building back assurance with PPE fixed assets;
- this year is about pulling together a detailed risk assessment and plan how to build back to ensure a full audit balance sheet for March 2026, with full transactional history for 2025-26. We need to work out what testing needs to be completed in areas other than PPE, where we have an agreed approach. There is a difficulty in some areas where transactional testing has not been completed for one or two years, so Bishop Fleming will need to complete this exercise alongside the audit to come up with a detailed plan they can share later in the year. From experience with other councils, they understand the challenges, risks and judgements they have to make around certain balances, and aim to have some element of qualification in the 2026-27 accounts opening balances, but a clean audit opinion in 2027-28, ahead of LGR.

Regarding LGR, a Member wondered how much certainty we have around consistency of approach to audits and estimates in judgements when we consolidate positions across the councils, and whether an overview will be needed at some point. NC confirmed that this won't be difficult in some areas, which are guided by the very detailed CIPFA code, but in areas requiring some judgement the different approach to valuations and indices taken by different organisations will need to be looked at. Discussions about how this will be done are ongoing, and it is likely to need some simplification, but there will be no requirement to re-audit all that has been done in the preceding year.

In response to a Member's question about what was included when calculating the materiality level, NC said this is not straightforward but was happy to share more detail in future. It starts from CIES expenditure levels and makes adjustments for certain items that are stripped out from there, then is 2% of that.

In view of the discussion today, a Member commented that they believe we are not expecting anything other than a disclaimed set of accounts in 2026-27, with a view to completing the process as described.

8 Internal Audit Plan 2026-27 and Internal Audit Charter and Mandate 2026-27

The Assistant Director SWAP said the plan has been developed following conversations with Members, Publica officers, and senior officers, and informed by work undertaken by previous audit teams. She invited Members to approve it so that her team can start work on the 2026-27 audits. The Charter and Mandate are standard documents which also require approval.

A Member suggested amending the summary of outcomes of the risk assessment from 'national issues' to 'international issues' in view of the global situations and international impacts we are currently seeing. The Assistant Director SWAP agreed to do this **ACTION**

In response to a further question, she confirmed that there is provision in the plan for SWAP officers to attend LGR meetings if and when required, but that had not been necessary to date.

She invited Members to get in contact if they identify anything they think should be added to the plan over the year – it is flexible and items can be added or reprioritised as necessary.

RESOLVED THAT:

- **the proposed 2026-27 Internal Audit Plan and the Internal Audit Charter and Mandate 2026-27are approved.**

9 Internal Audit Update, April 2026

The Assistant Director SWAP introduced her report, highlighting the following:

- there is one final report concerning reconciliations, which was given a mid-substantial assurance when the report was drafted, but the audit has since been completed with revenues and benefits, council tax and the NDR report, and income streams and the licensing report issued – this will be included in the opinion report in July;
- a quarterly review of accounts payable duplicate payments is also included in the papers, and there are no further issues with that;
- since the progress report was drafted, seven of the ten open agreed actions for recharging mechanisms and the voids review have been closed;
- three remain open: 6813, 7474 and 7477. All three are work in progress, and the team will continue to gather evidence to close these off before the next meeting.

A Member was reassured to hear that a number of actions have been closed.

In response to a Member's question about the agreed action around poor document storage, she confirmed that this relates both to problems in locating important documents and the need for a better filing system. What people are saving is being looked at, and preliminary meetings are being held with a company which provides the system about where documentation is being saved.

A Member asked what is happening with agreed actions 7076 and 7077; LC said she will email and copy to the Director of Finance **ACTION**

10 Counter Fraud and Enforcement Unit Report

The Head of Service CFEU introduced the report which includes the usual information about operational work, where savings and loss avoidance have been identified, and highlighted the following:

- last year's work focussing on procurement is almost complete – a procurement risk register will be created and provided to staff, together with information and toolkits on the procurement hub;
- work on high-risk areas and specific risk registers will continue next year, and the team will also be focussing on fraud awareness for everyone, trying to make it more relatable and applicable to different service areas. Training will cover off the relatively new Economic Crime and Corporate Transparency Act (ECCTA) which Members may have seen a briefing note on;
- the multi-agency approach to fraud group is aimed at members of the public, not just council staff, and should be shared with constituents, family and friends who are concerned about fraud or might have been targeted – it provides practical advice on what to look out for, how to protect against it, how to report it, and where to get support. Members are encouraged to spread the word;
- the report also includes work around the national fraud initiative and savings generated in the initial review, the housing waiting list review and loss avoidance that arises from that, and some results from individual reactive enforcement cases.

Members were pleased to note how active the unit continues to be and welcomed the positive report.

One Member commented that the council probably only receives 10% of the £100k of council tax recovered, and also that loss avoidance related to council housing is not only financial but also relates to the fairness and equity of the process, making sure those on the waiting list are housed in fair order. He thanked the team for their work.

11 Corporate Risk Register Update, April 2026

On behalf of the Interim Governance, Risk and Assurance Officer, the Director of Finance introduced the item, saying there was very little movement since the last meeting – 34 risks unchanged, 7 reduced, and 5 added, 2 of which are confidential, reflecting current global instability. Despite the lack of movement, she assured Members that the risks are reviewed on a regular basis, and may not have any significant movement due to their nature.

In response to a Member's query, she said the Medium Term Financial Strategy (MTFS) risk concerns the uncertainty and difficulty in planning and how this drives behaviour, but since it was put in place, the council has received a 3-year financial settlement, which provides more certainty on funding and allows the council to respond in a different way. It is important to continue to come up with long-term solutions, however, for all the reasons discussed earlier around the value for money report and delivery of savings.

In response to another query concerning the prioritisation of capital resources in risk 145, the Head of Finance said this risk relates back to the budget considered by Council in February, and concerns reassessment of the capital programme for the coming years, in light of LGR, and the risks around borrowing, interest rates and financing the capital programme, and the affordability of the debt on the annual revenue budget. This is all being reviewed and will be updated in the outturn report in July.

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

There were no other items.

13 Date of next meeting

The next meeting is scheduled for Wednesday 15 July at 6.00pm.

The Chair reminded Members of the following training sessions which they are advised to attend:

- Standards training, 6.00pm, 23 June, via Teams

- Audit, Compliance and Governance training, 5.00pm, 15 July

He thanked Councillor Willingham and Councillor Orme, who are standing down at the upcoming election, for their time on the committee, and wished other Members well.

14 LOCAL GOVERNMENT ACT 1972 - EXEMPT INFORMATION

RESOLVED THAT:

- **in accordance with Section 100A(4) Local Government Act 1972 the public be excluded from the meeting for the remaining agenda items as it is likely that, in view of the nature of the business to be transacted or the nature of the proceedings, if members of the public are present there will be disclosed to them exempt information as defined in paragraph 3, Part (1) Schedule (12A) Local Government Act 1972, namely:**

  Paragraph 3: Information relating to the financial or business affairs of any particular person (including the authority holding that information)

15 Exempt Minutes, 28 January 2026

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

16 Confidential Risk Register Update, April 2026

Members considered and commented on the update.