



WEST OXFORDSHIRE  
DISTRICT COUNCIL

## WEST OXFORDSHIRE DISTRICT COUNCIL

Name and date of Committee	<b>AUDIT AND GOVERNANCE COMMITTEE – 19 MARCH 2026.</b>
Subject	<b>AUDIT AND GOVERNANCE ANNUAL REPORT</b>
Wards affected	NONE
Accountable member	Councillor Carl Rylett – Chair of the Audit and Governance Committee Email: <a href="mailto:carl.rylett@westoxon.gov.uk">carl.rylett@westoxon.gov.uk</a>
Accountable officer	Andrea McCaskie – Director of Governance and Regulatory Services Email: <a href="mailto:andrea.mccaskie@westoxon.gov.uk">andrea.mccaskie@westoxon.gov.uk</a>
Report author	Mathew Taylor – Democratic Services Officer Email: <a href="mailto:mathew.taylor@westoxon.gov.uk">mathew.taylor@westoxon.gov.uk</a>
Summary/Purpose	To provide a draft report of the activities of the Audit and Governance Committee to Council for the municipal year 2025/26.
Annexes	None.
Recommendation(s)	That the Audit and Governance Committee resolves to: <ol style="list-style-type: none"><li>1. Approve the draft version of the report for presentation by the Chair of the Audit and Governance Committee to Full Council on 20 May 2026.</li><li>2. Delegate authority to the Director of Governance, in consultation with the Chair of the Audit and Governance Committee, to make final changes and additions to the report following the meeting of the Audit and Governance Committee on 19 March 2026. Changes may include incorporation of suggestions from Committee Members on items for inclusion in the report from past meetings of the Committee, the addition of detail of the meeting of 19 March 2026 and other minor amendments.</li></ol>
Corporate priorities	<ul style="list-style-type: none"><li>• Working Together for West Oxfordshire</li></ul>
Key Decision	NO

Exempt	NO
Consultees/ Consultation	Audit and Governance Committee

## **1. EXECUTIVE SUMMARY**

- 1.1** It is considered good practice for an annual report on the work of the Audit and Governance Committee to be produced and presented to Full Council. The Committee has a responsibility under Part 3C of the Constitution to provide an annual report to Council. This reporting process enables the Committee to demonstrate the work undertaken in the year in discharging its responsibilities as laid out in the Council's Constitution.
- 1.2** The report contains a summary of the work of the Committee in the key areas of responsibility to date. The summary includes, Committee responsibilities, actions and decisions, themes of discussions from Members and Officers.
- 1.3** Within the recommendations to the report a delegation is sought for Officers to add detail of the work undertaken at the final meeting of the Committee (held on 19 March 2026).
- 1.4** The items brought to the Committee on 19 March 2026 will bring the work of the Committee for the full municipal year to a conclusion however it is not possible for this detail to be included in the report at this stage therefore amendments and additions will be required. The additions from the March meeting may include, but are not limited to, suggestions from Members of the Committee in relation to the items included from earlier meetings and reports already included in this report, and those arising from items presented at the meeting on 19 March 2026.
- 1.5** The final updated report containing full details of all meetings for presentation to Full Council is to be approved by the Director of Governance and Regulatory Services, in consultation with the Chair of the Committee, prior to publication of the Council agenda for the meeting on 20 May 2026.

## **2. BACKGROUND**

- 2.1** Part 1A.8 of the Council's Constitution states: "The Council has an Audit and Governance Committee responsible for overseeing the audit function, annual accounts and the work of the internal auditors, promoting and maintaining high standards of conduct of members and through its Standards Sub-Committee, determining standards matters".
- 2.2** Part 3C of the Council's Constitution, "Committee Functions", sets out the Committees that Council will establish to discharge certain functions (though Council retains the right to concurrent and overriding exercise of all functions). The Audit and Governance Committee is one such Committee.
- 2.3** Details of the areas for which the Audit and Governance Committee has responsibility can be seen in full in Part 3C of the Constitution.
- 2.4** In order to discharge its responsibilities, the Audit and Governance Committee comprises eleven Members. Members are appointed at Full Council in accordance with the regulations regarding political proportionality. For the 2025/26 municipal year, the Chair of the Committee was elected as Councillor Carl Rylett, the Vice-Chair was elected as Councillor Ruth Smith. The other Members of the Committee were Councillors Joy Aitman, Andrew Beaney, David Jackson, Edward James, David Melvin, Elizabeth Poskitt, Nigel Ridpath, Sandra

Simpson, Alex Wilson. No Executive Members can sit on the Audit and Governance Committee.

- 2.5 Membership of the Audit and Governance Committee may also include up to two Independent non-elected persons, without voting rights. The Committee has opted to include such members, and these are currently Richard Deuttenburg and (from 3 December 2025) Victoria Field.
- 2.6 The current size of 11 Members, the addition of two Independent Persons and the rule that Executive Members cannot be members of the Audit and Governance Committee resulted from a self-assessment exercise which reported to Council on 19 March 2024.
- 2.7 Key Officers who regularly bring reports to the Committee are: Madhu Richards (Director of Finance (S151), Lucy Cater (Assistant Director SWAP), Emma Cathcart (Assistant Director – Counter Fraud and Enforcement Unit ('CFEU')), Cheryl Sloan (Assistant Director – Workforce Strategy and Transformation), Georgina Dyer (Head of Finance), Andrew Brown (Head of Democratic and Electoral Services), Kate Seeley (Investigation and Enforcement Manager CFEU), John Chorlton (Chief Technology Officer) and Andrea McCaskie (Director of Governance and Regulatory Services). The Council's External Auditor, Bishop Fleming, also periodically report to the Committee.
- 2.8 In discharging its responsibilities as set out in the Councils' Constitution the Audit and Governance Committee has met on five occasions in the municipal year on: 26 June 2025, 25 September 2025, 27 November 2025, 22 January 2026 and 19 March 2026. This report summarises the work of the Committee at those meetings.

### 3. WORK OF THE COMMITTEE BY TOPIC AREA FOR THE MUNICIPAL YEAR 2025/26

- 3.1 The work of the Committee can be broadly categorised under the following headings: Finance; Internal Audit; External Audit; Risk Management; Corporate Governance and Counter Fraud. Detail of the work of the Committee is given in sections 4 to 9 of the report grouped under these headings.

### 4. FINANCE

- 4.1 Members were required to review and approve the **Statement of Accounting Policies** ('the Policies') to be included in the 2024/25 Statement of Accounts. Members approved the policies in advance of the preparation of the Statement of Accounts 2024/25 which represented best practice. The Policies outlined the relevant accounting principles, bases, conventions, rules and practices applied by the Council in preparing and presenting financial statements and were prepared largely from the Chartered Institute of Public Finance & Accountancy ('CIPFA') guidance, adjusted as appropriate to be suitable for the Council and had been reviewed to ensure they align with the latest CIPFA Code of Practice on Local Authority Accounting (The Code) supported by International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs). It had been recommended by the Council's External Auditor, Bishop Fleming, that Members formerly approve the draft policies as this demonstrated that those charged with governance had the opportunity to consider and review Policies in advance of the process.

The Committee noted that changes in Policies were minimal, but those areas highlighted by Officers and considered by the Committee included:

- An accumulated absence reserve for TUPE employees. This was a notional amount based on unused annual leave prior to year end and was reviewed annually.
- The UBS Fund realised capital loss which was now recognised in the accounts. The Committee clarified that this was funded through earmarked reserves with no net impact on revenue budget or 2024/25 outrun position. This position was outside of the Council's control.
- The new requirement in IFRS16 for the treatment of leases that had been reflected in the policies.

The Committee resolved to approve the draft accounting Policies for 2024/25 and note the necessary amendments.

**4.2 Treasury Management Outrun** updates were received and noted by the Committee for Quarter 4 of 2024/25, Quarter 1 of 2025/26 and mid-term for the period 1 April 2025 to 30 September 2025. The updates advised the Members of the Committee of the treasury management activity and the performance of internal and external fund managers and included prudential indicators.

In noting the reports Members discussed the following:

- The performance of long-term investments, market conditions and cash reserves.
- The Council's compliance with Prudential Indicators, noting that these were largely complied with. The exception was observed as being on Interest Rate Exposure, however the Committee did not view this as a concern.
- Guidance on future balance of portfolios held by newly established Unitary Authorities was expected from central Government.
- The Benchmarking information sources in presented reports were confirmed to be from Arlingclose, the Council's Treasury Advisors.
- The potential timescales for a requirement of the Council to seek external borrowing for projects.
- The treatment of realised capital gains and losses at the point of Local Government Reorganisation.
- Ethical investments that were included in Treasury Management Strategy.

**4.3 Budget Strategy Papers** for Capital, Investment and Treasury Management were presented to the Committee for noting in relation to the 2026/27 budget setting process.

On the recommendation of the predecessor external auditor, the Council's Constitution had been amended to update the Terms of Reference of the Audit and Governance

Committee to include the review of the three strategies presented as part of the annual budget setting process.

The Committee noted that:

- The Treasury Management Strategy now included an ethical investment approach. The management of this was with Arlingclose, the Council's Treasury Advisors, and the Committee requested that Arlingclose attend future Committee training sessions so this approach could be further explored. The Committee noted the balance between ethical investment and a requirement for returns to fund services.
- Sources and need for external borrowing were discussed, with the Committee noting that active lending markets were not the Council's preference should borrowing be required.
- The Council's position on procurement of plant, in particular waste vehicles in light of LGR, was explored. The Committee noted that an Overview and Scrutiny Task and Finish Group had been involved in recent work in this area with projects designed to be LGR resilient.

## 5. INTERNAL AUDIT

5.1 Throughout the year the Committee received three Internal Audit Progress Reports at its meetings in September, November and January. In addition, the Annual Opinion was received by the Committee, and, at the request of Members, an External Quality Assessment (EQA) report was brought to the Committee on the work of SWAP on internal audits.

5.2 The **Internal Audit Annual Opinion 2024/25** presented to the Committee was a summary of work undertaken by Internal Audit during 2024/25 and gave an overall opinion on levels of assurance resulting from the work. The Committee was advised that effective internal audit must be undertaken by relevant authorities, taking into account public sector internal auditing standards and guidance.

The Head of Internal Audit (SWAP Assistant Director's) Annual Opinion on the adequacy and effectiveness of internal controls within the Council was that a "reasonable" assurance level was given for the internal controls in place in the areas where audit activity had taken place. The Committee received assurance that, where operational control issues were raised in the audit reports, the risks associated with these were being actively managed by Management. This opinion contributed to the assurances available to the Head of Paid Service and the Council and underpinned the Council's own assessment of the effectiveness of its internal controls. The Internal Audit Annual Opinion must be taken into account when completing the Annual Governance Statement and Annual Statements of Accounts.

Members discussed: the potential operational risks associated with volatile Employee levels due to LGR; priority one open actions around Human Resources; The Climate Change

Operational Audit due to form part of the 2025/26 opinion; The availability of data protection training for Members and Employees; and how the Council monitored s.106 monies received and spent.

**5.3 Internal Audit Progress Reports** were brought to all Committee meetings to enable the Committee to monitor the work of Internal Audit and ensure that it remained effective.

The Committee noted that significant audits had taken place on the Counter Fraud Enforcement Unit (CFEU), with a reassuring and impressive result. The Committee received audits on the payroll controls of both the Council and Publica, giving Mid-reasonable and Mid-substantial opinions respectively. The Committee welcomed that procurement card policies and procedures had been implemented. The Committee considered the report on ICT disaster recovery in the Revenue and Benefits systems which resulted in a Low substantial opinion. In general terms the Committee had no concerns on Internal Audit work in their meetings.

**5.4** At the request of Members, and organised by The Monitoring Officer, the Committee received the **SWAP Internal Audit External Quality Assessment (EQA)** report. This report was considered the “audit of the auditor” and had been undertaken on SWAP by the Devon Assurance Partnership. It was noted that such an exercise should be undertaken at least once every five years. The Committee noted that SWAP had received an assessment of, “generally conforms”, which was the highest possible rating for such a report.

## **6. EXTERNAL AUDIT**

**6.1** The Council’s External Auditor, Bishop Fleming, reported two items to the Committee in the year.

**6.2 The Annual Report – Value for Money Arrangements and Recommendations 2024/25**, gave the Committee the External Auditor’s report and findings on the arrangements in place at the Council to achieve value for money as required under the National Audit Office (NAO) Code of Audit Practice.

The report focused on Criteria such as: financial sustainability; governance; and improving economy, efficiency and effectiveness. The Committee noted that no significant weaknesses in arrangements were identified by the External Auditor. The Committee was informed that some improvement recommendations had been made to the Council’s Senior Leadership Team (‘SLT’) to which the External Auditor was comfortable that all responses had been received.

Members of the Committee queried the position of the External Auditor on the Council’s decision not to undertake a peer review, despite LGR and the Publica reorganisation. The External Auditor advised that they were comfortable with this decision with good practice for peer reviews to be taken once every five years.

**6.3** The Committee received the **Final 2024/05 Audit Findings Report (ISA260) and Statements of Account** from Bishop Fleming. This summarised the work of the External Auditor of the

Council's accounts as required under International Standards of Audit (UK) (ISAs) and the NAO Code of Audit Practice.

In summary, the External Auditors testing and review had not identified any significant issues, all considerations had been discussed with the Council's SLT and an opinion on the accounts of "unqualified" was given.

In addition to noting the report of the External Auditor the Committee approved the Statements of Accounts for 2024/25 including the Annual Governance Statement. Councillor Carl Rylett, Chair of the Audit and Governance Committee, signed the Letter of Representation on behalf of the Committee and the Council to Bishop Fleming to enable the opinion to be issued.

## **7. RISK MANAGEMENT**

**7.1** The Committee was presented with the Strategic Risk Register for the Council at two meetings and considered the Risk Policy and Opportunity Management Strategy:

### **7.2 Strategic Risk Register, Risk Policy and draft Risk and Opportunity Management Strategy**

The Committee was charged with approving the latest version of the Council's Risk and Opportunity Management Strategy ('the Strategy'). The Committee is also responsible for reviewing the Council's Strategic Risk Register at regular intervals.

The Risk and Opportunity Management Strategy set out the Council's approach to risk and opportunity management including defining these concepts, setting the Council's risk appetite and defining roles and responsibilities in this area. The Committee noted that there had been no significant changes to the Strategy, with the exception of changes in some roles and responsibilities due to services being transferred back to the Council. The Council's current risk appetite was noted as being "creative and aware". The Committee considered this appetite as appropriate for the Council.

Over the municipal year the Committee discussed and explored the following in the Council's Strategic Risk Register:

- The "red risks" on the Register, such as: Financial stability of the Council; English Devolution White Paper; NPPF and the 5-year housing land supply.
- The appropriateness of the risk level attributed to General Data Protection Regulations and Cyber-attacks.
- The process of reviewing the Strategic Risk Register internally was discussed. The Committee established that the SLT and risk owners regularly reviewed and updated the register.
- Members raised several potential new or increased areas of risk that they felt merited reassessment on the Risk Register.
- The Committee requested that Officers map the identified risks with the current risk appetite of the Council in future reports.
- The increased risk to Members who use their own devices was discussed.

As a result of this discussion an agenda item on Cyber Security was brought to the Committee in September 2025.

## 8. CORPORATE GOVERNANCE

8.1 The work of the Committee in Corporate Governance can be seen below:

8.2 The latest version of the **Local Code of Corporate Governance** ('the Code') for adoption by the Committee and the Council was presented to the Committee. The development of the Code is considered best practice for all Local Authorities.

The document set out the framework and overarching principles of Governance for the Council. The Code had been reviewed following the publication of the addendum in May 2025 of "Delivering Good Governance in Local Government Framework", though the Committee noted that the Council was already majority compliant.

In relation to this Code, Members queried: recruitment; communication procedures with Employees to ensure good governance; and the availability and source of key performance indicators in Officer reports.

Documents associated with the Code are discussed at section 8.3.

8.3 The Committee approved the **Annual Governance Statement (AGS) 24/25 & Annual Governance Action Plan (AGAP) 2025/26**. Regulation 4 of the Accounts and Audit Regulations 2011 required the Council to produce the AGS which sets out the Council's governance arrangements. The Audit and Governance Committee is charged with overseeing governance and as such is required to approve this document. The AGS is backward looking, detailing the governance arrangements which were in place for the previous financial year (2024/25). The AGS also shows the progress which was made against the AGAP for 2024/25.

The AGAP is a forward-looking document that set out the areas of improvement and focus for the current financial year (2025/26). The AGAP contained eight key actions: New service delivery; Council Constitution; business continuity; procurement; LGR/devolution; service plans; financial management; Council specific policies.

The Committee approved the two documents for sign-off by Chief Executive and the Leader of the Council and agreed to receive updates on progress against the key actions in the AGAP at future meetings. The Committee noted eight Key Actions were contained in the Action Plan, including three carried over from the previous year. However, progress had been made on all carried-over actions.

8.4 The Committee received an update on the number and status of Code of Conduct complaints received and considered by the Council's Monitoring Officer in the period 1 September 2024 to 31 March 2025 through the **Annual Summary of Member Code of Conduct Complaints**. The Committee is responsible for promoting high standards of ethical behaviour, including by developing, maintaining and monitoring the Members' Code of Conduct and as part of this it is required to receive a report, at least annually from the Council's Monitoring Officer with such a summary.

The Committee noted that the number of complaints received in the period was relatively low (5) and all had been concluded and resolved at the assessment stage. The Standards Sub-Committee therefore did not need to meet within the reporting period.

The Committee queried training on complaint procedures for Parish and Town Councils and requested more guidance on the registration and declaration of interests, which Democratic Services were requested to action.

- 8.5** The Committee approved and adopted the Council's **Whistleblowing Policy** and, in so doing, authorised the Director of Governance and Regulatory Services, in consultation with the Head of the Counter Fraud and Enforcement Unit, Head of Legal Services and Leader of the Council, to make future minor amendments. The new policy updated and replaced the existing Whistleblowing Policy with minor amendments in order to highlight key legislation, clarify the roles and responsibilities of Members, Officers and other parties and to improve clarity and understanding.

The Committee expressed a wish to ensure adequate training was available for those receiving whistleblowing reports. Members also queried procedures for occasions when they received reports and were advised to contact the Monitoring Officer in such cases.

- 8.6** The Committee noted the **Annual Local Government and Social Care Ombudsman ('the Ombudsman') Letter and Complaints Statistics** for the period 1 April 2024 to 31 March 2025. The information is provided to give insight into the Council's approach to complaints, and for consideration as part of the Council corporate governance processes. The Ombudsman is available for complaints where the Council's own internal complaints procedure has been exhausted. The letter detailed complaints which had been escalated to the Ombudsman in the period.

The Committee noted that there had been thirty-four complaints in total. Eleven complaints escalated to the Ombudsman, six of these had been immediately dismissed, four went to preliminary hearings, and one complaint had been investigated and subsequently upheld.

## **9. COUNTER FRAUD**

- 9.1** The Committee received an update on counter fraud activities, including the updated **Fraud Risk Strategy 2025, Fraud Compliance Report and Fraud Response Plan**.

The Committee noted that the Council has a duty to prevent and counter fraud, the most common crime in the UK, and, as the body charged with governance, it was appropriate for the Committee to receive regular updates on the Council's counter fraud activity.

The Fraud Risk Strategy had been updated and reviewed to ensure that it reflected current risks, legislation, government standards and the CFEU approach. The strategy identified areas of high-risk to Local Government and appropriate responses to those risks.

The Fraud Compliance Report summarised the activities in fraud risk mitigation that the CFEU has committed to.

The Fraud Response Plan provided a quick reference guide for employees, contractors, Councillors, members of the public and third-party organisations regarding the reporting of fraud, theft or corruption.

As part of the discussion Members considered areas of non-compliance including data-analytics. Members asked for more detail on third party and contractors' access to and awareness of the Whistleblowing Policy, which had been previously approved and adopted. Additional background was requested on recruitment vetting

A detailed discussion took place on the considerations that Officers would take into account in a decision to pursue a case of fraud. As part of the exploration Officers gave the example of the successful prosecution of a former employee with polygamous employment which was noted to be a good result for the CFEU and had demonstrated good internal and external approaches to fraud.

## **9.2 Cyber Security**

An update was brought to the Committee on the Council's actions on Cyber Security. The detail of the report and minutes for this item are exempt from publication, due to the likely disclosure of exempt information as described in paragraph 7 of Schedule 12A of the Local Government Act 1972 and are therefore not included in this report.

## **10. ALTERNATIVE OPTIONS**

10.1 The Chair of the Audit and Governance Committee could not report back to Council on the work of the Committee in the year. This would not be considered good governance practice and contrary to the Constitution.

## **11. CONCLUSIONS**

11.1 The above draft report forms the basis for the final full report on the work of the Audit and Governance Committee for the municipal year 2025/26 to be taken by the Chair of the Committee to Full Council. With the agreement of the Committee, the final report will be updated and agreed with the Chair of the Committee prior to publication with the Council agenda five clear working days prior to the meeting on 20 May 2026.

## **12. FINANCIAL IMPLICATIONS**

12.1 There are no financial implications arising from this report.

## **13. LEGAL IMPLICATIONS**

13.1 There are no legal implications arising from this report.

## **14. RISK ASSESSMENT**

14.1 The Audit and Governance Committee has a role in overseeing the Council's risk management arrangements but there are no risk implications arising directly from this report.

## **15. EQUALITIES IMPACT**

**15.1** There are no equalities implications arising from this report.

**16. SUSTAINABILITY IMPLICATIONS**

**16.1** None.

**17. BACKGROUND PAPERS**

**17.1** None

(END).