



**Melton  
Borough  
Council**

*Helping people | Shaping places*

# **Audit and Standards Committee Annual Report 2024/25**



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## Chairmans statement

I am pleased to present this year's Annual Report of the Audit and Standards Committee.

The Committee is accountable to Council and welcomes scrutiny of its effectiveness in fulfilling its terms of reference and its impact on the improvement of governance, risk and control within the authority.

This report covers the work of the Audit and Standards Committee during the period July 2024 to March 2025.

The Committee plays a key role in providing the Council with assurance in respect of the adequacy and effectiveness of the Council's systems of risk management, financial and internal controls and governance.

As usual, the Committee obtained its own assurance from multiple sources with the main source being provided through the reports of our internal and external auditors.

I would also like to recognise the significant work completed during this period to conclude the external audit of the last of the legacy council accounts. The Committee has considered a number of reports during the year in relation to these accounts. The Committee continues to reflect upon its own effectiveness through undertaking an annual self assessment.



Cllr Leigh Higgins

# 1 Introduction and Overview

- 1.1** The Audit and Standards Committee operates in accordance with the CIPFA Position Statement 2022: Audit Committees in Local Government. This position statement sets out the role 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.*

*In a local authority the full council is the body charged with governance. The audit committee may be delegated some governance responsibilities but will be accountable to full council.*

*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.*

- 1.2** This is important to ensure that the Council understands where things may go wrong and has controls in place to make sure that it mitigates against them. The functions that are discharged by the Committee are not Executive functions and cannot be discharged by the Executive.
- 1.3** The Committee consists of 10 members, politically balanced as set out below:

Councillor Leigh Higgins (Chair)  
Councillor James Mason (Vice Chair)  
Councillor Jim Adcock  
Councillor Ian Atherton  
Councillor Mike Brown  
Councillor Steven Carter  
Councillor Margaret Clay (May 2024 – July 2024)  
Councillor Christopher Evans (July 2024 – Present)  
Councillor Alison Freer  
Councillor Simon Orson  
Councillor Richard Sharp

- 1.4** In addition to members the following will also attend meetings:

- Director for Corporate Services (the Chief Finance Officer role as required by Section 151 of the Local Government Act 1972);
- The Solicitor to the Council in the role of Monitoring Officer;
- The Head of Internal Audit (HIA);
- The External Auditor.

Other Officers and Councillors may attend meetings as required.

**1.5** Terms of reference for the Committee are as set out in the Constitution

[Audit and Standards Committee: Terms of Reference.](#)

**1.6** For the 2024/25 Council year formal Committee meetings in addition to this meeting have been held on the following dates. Agendas and minutes are available to the public on the Council website. Public meetings are broadcast live on YouTube and remain available on YouTube:

23<sup>rd</sup> July 2024

24<sup>th</sup> September 2024

26<sup>th</sup> November 2024

28<sup>th</sup> January 2025

**1.7** In addition to the formal public Committee Meetings the Chair and Vice Chair meet quarterly with the Director for Corporate Services, Monitoring Officer and the Head of Internal Audit. These meetings discuss potential future agenda items, performance against development aims, Internal Audit performance and other matters such as changes to the regulation framework for audit, topical national fraud and other risk issues.

**1.8** Seminars are also held on topical issues nationally for Chairs and Vice Chairs of Audit Committees.

## **2 Summary of 2024/25**

**2.1** A training plan was presented to the committee at its meeting on 26<sup>th</sup> November 2024. In line with this plan training was delivered for new members to the committee. Training was also provided on the Statement of Accounts to prepare members for the forthcoming meeting that would consider the statements and the external auditors opinion prior to their approval.

**2.2** Key activities and considerations during the year were as follows:

- Reviewed and updated its terms of reference which are awaiting consideration by the Constitution Review Working Group prior to their submission to Council.
- Considered and noted the implications arising from the new Global Internal Audit Standards.
- Received and considered the internal audit annual opinion and report for 2023/24. This included the outcome against the plan, customer satisfaction with the service received, performance data on the service as well as an update on counter fraud activity;
- Approved the internal audit annual plan for 2024/25 following active engagement and consultation on its development;
- The Committee reviewed and approved the Internal Audit Charter and Strategy in March 2025. This is subject to annual review, in line with the Public Sector Internal Audit Standards;
- The Committee received updates on progress providing challenge and scrutiny on any weakness in internal control identified. Key findings from each internal audit assignment are provided for the Committee's consideration as part of the update reports. Where any assurance opinions of less than 'moderate assurance' have been given, members of the Committee would have had access to a full copy of the audit report. During 2024/25 to date there has been one audit review where compliance with controls was found to be limited and the service attended to update members on the steps being taken to address the recommendations made. At the final Committee meeting of the year there were 20 agreed management actions which were overdue for implementation of which 3 were high priority, 12 medium priority and low priority. Of these 15 were over three months overdue. The Committee pay rigorous attention to the non-implementation of recommendations at every meeting;
- Held an informal session in order to consider the factors taken into account in drafting the 2025/26 Internal Audit Workplan. This was then considered and approved at the meeting in March 2025;
- Considered and noted the draft Annual Governance Statement for 2023/24;
- Considered and noted the annual risk management report and received and noted a six monthly update on risk management;

- Received and noted an update on information governance;
- Considered and approved the Council's updated Regulation of Investigatory Powers Act (RIPA) policy and noted the update provided for the financial year 2023/24.

2.3 One significant area to note is the progress on the external audit of the Council's financial statements. There is a national backlog of external audit work due to a lack of external audit resources and Melton is no exception. Backstop dates were implemented by the regulators and in compliance with these the final statement of accounts for 2020/21, 2021/22, 2022/23 and 2023/24 were approved during the year and published. Alongside this the final Annual Governance Statements for these years were also considered and approved and published accordingly. It should be noted that draft statements subject to audit were published in a timely manner. The external auditors for this period are Ernst Young with new auditors taking over from the financial year 2023/24. As a result of the backstop dates hundreds of financial statements across the country will be published with "modified" opinions, which will vary depending upon the extent to which the auditor was unable to obtain evidence. Local authorities should not be unfairly judged based on disclaimed or modified opinions caused by the introduction of the backstop dates that are largely beyond their control and auditors will be expected to provide clear reasoning for the issuing of such opinions, to mitigate the potential reputational risk that local authorities may face. Modified opinions will affect the statements in subsequent years as assurance is normally gained from the previous years unmodified opinion. Our audit opinions for 2020/21 to 2023/24 were disclaimed.

2.4 The Chair and Vice Chair in consultation with committee members, the Director for Corporate Services and The Head of Internal Audit has updated its self-assessment using the checklist from the CIPFA publication *Audit Committees – practical guidance for Local Authorities*. This is contained at Appendix A. Appendix B includes the rationale for the scoring along with an action plan to address those areas where scope for improvement was identified. There was one area for improvement identified which related to the need for the committee to meet informally with the Internal Auditor and External Auditor without officers present. It is intended that this will be held prior to the first meeting of the new Council year.

2.5 During the self-assessment session members were particularly complimentary about the training they had received during the year. Members also considered the need for independent members on the committee and considered this was not necessary at this time and would revisit this should it become a mandatory requirement and work with other Leicestershire partners on any recruitment exercise.

**Written by: Chair of Audit and Standards Committee**

**Appendix A – Audit Committee Self-Assessment**

**Appendix B – Basis of Scoring and Action Plan**