

Audit Committee Annual
Report
2025/2026

20 May 2026

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FOREWORD BY CHAIR:

I am pleased to present this Annual Report outlining the work of the Audit Committee over the past 12 months. This has been a demanding and important period for the Council, and the Committee has played a vital role in providing independent assurance on governance, risk management, financial reporting, audit and ethical standards.

Throughout the year, the Committee has worked constructively with officers, internal and external audit and independent members to strengthen arrangements, respond to external audit findings and support the Council's ongoing improvement journey.

This report sets out the background to the Committee's work, summarises key activity and decisions, and identifies priorities for the year ahead.

BACKGROUND:

The Audit Committee is a key component of the Council's corporate governance framework. Its purpose is to provide independent assurance to Members on the adequacy and effectiveness of the Council's governance, risk management and internal control arrangements, together with oversight of internal audit, counter-fraud, external audit, risk management, information governance and financial reporting.

This report covers activity considered at Audit Committee meetings held in July 2025, October 2025, December 2025, February 2026 and April 2026 and reflects matters formally reported to, challenged by and agreed by the Committee in accordance with its Terms of Reference (approved in February 2026 and adopted by the Council in March 2026).

ROLE OF THE AUDIT COMMITTEE:

In discharging its responsibilities during the year, the Audit Committee provided oversight and independent challenge in relation to:

- The Council's governance arrangements and overall framework of assurance
- The effective identification and management of corporate risks
- The performance, independence and resourcing of Internal Audit and Counter-fraud arrangements
- External audit findings, value for money judgements and audit recovery
- The preparation, consideration and approval of the Statement of Accounts and the Annual Governance Statement

The Committee met regularly, was appropriately quorate at all meetings and benefited from the contribution of its independent members, who provided professional insight and effective challenge.

GOVERNANCE AND COUNCIL IMPROVEMENT:

A significant focus of the Committee's work during the year was its oversight of the Council Improvement Plan, which was developed in response to a statutory recommendation from the external auditor. The proposed action plan was endorsed by the Committee at a special meeting in January 2025 prior to approval by Council for adoption and inclusion on the work plan for the Audit and Overview and Scrutiny Committees respectively ensuring Member oversight of delivery of the action plan.

The Committee received regular progress updates at each meeting and scrutinised delivery across key themes including financial resilience, finance capacity and transformation, governance and compliance, leadership arrangements and estate management. Members challenged progress, capacity and sustainability, and sought assurance that improvements were being embedded. The Leader, Finance Portfolio Holder and Chief Executive also attended several of the Committee meetings to provide additional assurance, for example, with regard to the work of the Member Assurance Group which met weekly throughout the year to discuss progress on key improvement activities.

At the February 2026 Committee noted that the majority of improvement actions had been achieved, or were on track, and endorsed the proposal to align future improvement monitoring with established corporate planning and performance arrangements, allowing the Committee to refocus on broader audit and risk activity.

RISK MANAGEMENT:

The Committee maintained consistent oversight of the Corporate Risk Register throughout the year.

Members scrutinised the identification, scoring and mitigation of key risks, challenged the quality of risk narratives and sought assurance where risks were currently being managed outside the corporate register but had the potential to escalate.

Particular areas of focus included workforce capacity, children's services, financial sustainability, infrastructure and highways, and staff and member safety.

The Committee approved the closure of mitigated risks where appropriate and endorsed updates to the Risk Management Strategy, including clearer recognition of the Audit Committee's role.

INTERNAL AUDIT:

In line with its Terms of Reference, the Committee approved the Internal Audit Charter, Strategy and risk-based Annual Audit Plan for 2026/27, ensuring alignment with the new Global Internal Audit Standards.

The Committee received regular internal audit progress reports and considered the Internal Audit Annual Report for 2024/25 and approved the 2025/26 Internal Audit Plan. Delivery of the approved 2025/26 Internal Audit Plan was reviewed each quarter by the Committee, enabling Members to monitor progress against the plan, consider emerging findings, approve amendments to the plan where required and seek assurance that audit activity remained aligned to the Council's key risks.

In addition, the Committee received and discussed the quarterly performance measures and target information, to support oversight of the effectiveness and delivery of the internal audit service and progress of the Internal Audit Development Plan for the year was monitored.

The Committee also received and considered all internal audit reports and follow-up reports issued during the quarter, providing Members with the opportunity to scrutinise findings in detail, challenge management responses and seek assurance on the implementation of agreed actions. Where appropriate, confidential reports on investigations and whistleblowing's were considered in private session, allowing Members to discharge their responsibilities while safeguarding sensitive information. Members also sought assurance that lessons learned from investigations (if applicable) were being embedded across the organisation.

COUNTER FRAUD:

During the year, the Audit Committee undertook work to oversee and provide assurance on the Council's Counter Fraud arrangements, recognising this area as critical to protecting public funds and maintaining public trust.

The Committee approved the Anti-Fraud and Corruption Strategy, alongside a suite of supporting policies including the Whistleblowing Policy, Anti-Bribery Policy, Anti-Money Laundering Policy and the Fraud and Corruption Prosecution Policy. In approving these documents, Members provided challenge to ensure that the policies were current, proportionate, legally compliant and clearly articulated expectations for staff, Members, contractors and partners.

The Committee received a mid-year performance update of the Annual Counter Fraud Plan, receiving assurance on investigative activity, prevention work, referrals and outcomes and approved the Counter Fraud Plan for 2026/27.

INFORMATION GOVERNANCE:

Information Governance was a distinct and regular area of assurance for the Committee during the year. Members received detailed reports on the Council's performance in responding to Freedom of Information (FOI) and Subject Access Requests (SARs), compliance with GDPR training requirements, and the management and reporting of data breaches.

The Committee noted improvements in several performance measures while also recognising increasing demand and capacity pressures. Members challenged timeliness, training compliance – including for agency staff – and the effectiveness of controls and escalation processes. The Committee also supported proposals to procure new case management systems to improve resilience, operational efficiency and risk management.

In recognition of the significance of this area, the Committee agreed that Information Governance should remain a standing area of assurance, with six-monthly update reports to support ongoing oversight.

EXTERNAL AUDIT:

The Committee maintained close oversight of its relationship with the Council's external auditors, Forvis Mazars.

Members received and considered audit progress reports, the Auditor's Annual Report for year ending 31 March 2025, value for money commentary and the implications of statutory backstop arrangements and disclaimed audit opinions.

The Committee provided sustained challenge on audit readiness, organisational capacity and the actions required to rebuild assurance over future years.

FINANCIAL REPORTING:

The Committee reviewed the unaudited draft 2024/25 Statement of Accounts and Annual Governance Statement in October 2025 and, in February 2026, approved the audited accounts and supporting statements in line with the statutory backstop requirements.

COMMITTEE EFFECTIVENESS:

The Committee prioritised member development supported training with two Audit Committee specific training sessions provided by the Local Government Association during the year and being well attended. The Committee also reviewed and endorsed updated Terms of Reference prior to submission to Council.

Throughout the year, the Committee demonstrated a strong commitment to effective governance through constructive challenge, informed debate and engagement with senior officers and auditors.

The introduction of the independent members onto the Committee in February 2025 has provided invaluable contributions over the year.

NEXT STEPS FOR THE FORTHCOMING YEAR:

During the coming year, the Audit Committee will continue to build on the work undertaken and will focus on:

- Ongoing oversight of governance, risk management and assurance arrangements.
- Monitoring progress in rebuilding audit assurance and improving financial reporting timeliness.
- Scrutiny of key corporate risks, emerging areas of concern and recommence deep dives into specific risks included within the Corporate Risk Register.
- Continued oversight of internal audit delivery and implementation of recommendations.
- Maintaining effective counter-fraud and information governance arrangements.

The Committee will also keep its own effectiveness under review to ensure it continues to add value and provide robust independent assurance to Council.

CONCLUSION:

Over the past 12 months, the Audit Committee has played a central role in supporting the Council through a period of focused and sustained improvement.

Through sustained scrutiny, challenge and assurance across governance, risk, audit, and financial reporting, the Committee has discharged its responsibilities in line with its Terms of Reference and has contributed positively to transparency, accountability and organisational resilience.

This report is based solely on matters formally considered by the Audit Committee during the period covered.

Bury
Council