Audit and Scrutiny Committee
16 July 2026

EXTERNAL AUDIT TRANSPARENCY REPORT

Head of Service:	Andrew Bircher, Assistant Director of Corporate Services
Report Author	Andrew Bircher
Wards affected:	(All Wards);
Appendices (attached):	None

Summary

To set out the Council's approach to improving transparency and lessons learned from prior year external audit findings

Recommendation (s)

The Committee is asked to:

(1) Note the report.

1 Reason for Recommendation

1.1 The committee asked for a report to be brought as part of its overall work programme surrounding the external auditor's findings of a lack of transparency in the Council's dealing with the external auditor and the raising of an issue of significant weakness in its 23/24 audit findings.

2 Background

2.1 At the Committee's meeting on the 6th February 2025, the Council's External Auditors presented their findings for year ending March 2024. In their findings report they raised a 'significant' weakness in respect of work done relating to the Council's Governance arrangements. Whilst they did not have an issue with the work itself and the rationale for doing so, they felt that they should have been informed at an earlier stage of the need to perform this work.

2.2 Following discussion of this matter at the meeting, the Committee requested a further report be brought to the Committee on the 17th July 2025. In summary, the Strategic Leadership Team's response was that the Council is committed to transparent decision-making and already follows good practice, including publishing papers, holding meetings in public where possible, maintaining scrutiny and audit oversight as well as other measures.

2.3 It accepts the auditor's comments around the need to ensure significant information is shared at an early stage and it has implemented measures to ensure opportunities to do this are formalised through meetings with the Director of Corporate Services (S151) and the Chief Executive.

2.4 In addition, the Leadership team stressed that restricted decisions are only used where absolutely necessary. The Council continues to promote openness and consider whether any further improvements are needed. The Director of Corporate Services (s151) added that in 2023/24, when the referenced External Auditors' finding was documented, the overall opinion was an unqualified audit opinion, which in order to come to that conclusion, the Council's arrangements would need to be satisfactory.

2.5 Following further discussion, it was requested that the report be brought back to the Committee in September 2025 to address the questions, queries and concerns raised by Members. It was also agreed that the Chief Executive would be present at the September meeting to respond to questions.

2.6 In the September 2025 report, more detail was added on how transparency has been strengthened in practice. The discussion in Committee considered the Council's arrangements for urgent decisions, exempt reports and transparency. Officers confirmed that the urgent decision process has been clarified, that great care continues to be taken to ensure reports are only deemed exempt where necessary, and that clear explanations for restricted items would continue to be provided in public papers.

2.7 The Committee also noted that regular engagement with external auditors and statutory officers had been introduced. It was further noted that external auditors will continue to review historic exempt reports and that progress will be monitored through existing performance and risk reporting arrangements.

2.8 At the November 2025 meeting, under the Work Programme item, Cllr Ames put forward his request for an item to be placed on the Committee's agenda. The Chair stated that in his opinion the matter had been dealt with at several meetings and particularly at the last meeting when the Chief Executive attended to respond to Committee's questions. It was agreed that this final report would be brought to committee to close this item. The original request was to bring it to the March 26 meeting but resource constraints have meant this is the earliest it has been able to be brought to committee.

2.9 At the February 2026 meeting, the council's External Auditors reported on the 2024/25 Statement of Accounts. In their Annual Report the External Auditors noted that the improvements in governance arrangements had been identified in relation to the previous weakness identified in 2023/24, and no new weakness had been identified. Therefore on p.21 of the report, they commented that "The LGA Peer Review also identified the need for a more transparent approach. We note that the Council has since updated its constitution, clarified delegation frameworks, and maintained regular and open engagement with audit, thereby addressing and closing the prior year's key recommendation."

2.10 In addition to the commentary above, the proposer of the item, Cllr Ames described the issue under consideration in an email (slightly edited) to the Assistant Director, Corporate Services:

2.10.1 Subject for discussion at next meeting

2.10.2 The circumstances around the apparent failure of the council to tell its auditors promptly or at all that it had made significant changes its governance arrangements which is said to have contributed to a finding by the auditors of a significant governance weakness.

2.10.3 Given that the council has implied that its failure to tell GT (Grant Thornton, the external auditors) of changes to its governance arrangements played a major role in a finding of a significant weakness, it is necessary for the committee (and public) to understand as clearly as possible how this failure arose and whether the means by which the council intends to avoid a recurrence are appropriate.

2.11 Further particular questions were asked:

2.11.1 When GT became aware of the changes to its governance arrangements and how

2.11.2 Exactly why they were not told earlier, including the mechanism by which they should have been informed

2.11.3 What GT said to council officers when they discovered that the changes had been made, including how significant an issue they considered both the changes and the failure to tell them were

2.11.4 Why the committee was not told promptly that GT had challenged the council over the failure to tell them about the changes

2.11.5 What part the failure to tell GT played in the finding of a significant weakness, compared to the failure to disclose the changes publicly, as cited in the GT February 2025 findings

2.11.6 Why the council did not disclose to the committee and the public earlier the extent to which the failure to tell GT about the changes led to the finding of a significant weakness

2.11.7 How the proposed remedy of "regular catch ups with the external auditor to ensure that any issues can be discussed and raised outside of the normal audit timetable" relates to the reason why GT were not told through routine channels.

3 Commentary on the points above

3.1 Taking each of the points above separately:

3.1.1 Question: When GT became aware of the changes to its governance arrangements and how

3.1.2 Commentary: When they reviewed the CPC report as part of the 23/24 External Audit, prior to reporting to A&S.

3.1.3 Question: Exactly why they were not told earlier, including the mechanism by which they should have been informed

3.1.4 Commentary: It is unclear why this was not raised earlier through the normal communication process (meetings with s151 officer) but the officers concerned are no longer with the council and therefore cannot provide that information.

3.1.5 Question: What GT said to council officers when they discovered that the changes had been made, including how significant an issue they considered both the changes and the failure to tell them were

3.1.6 Commentary: We are unable to comment on what GT said to officers, as those staff no longer work for the Council. The Chief Executive, Finance Director and Grant Thornton have all said that lessons have been learned from the process and GT are satisfied that it has been addressed.

3.1.7 Question: Why the committee was not told promptly that GT had challenged the council over the failure to tell them about the changes

3.1.8 Commentary: The GT report along with management commentary was taken to the next scheduled Committee as soon as the work had been completed.

3.1.9 Question: What part the failure to tell GT played in the finding of a significant weakness, compared to the failure to disclose the changes publicly, as cited in the GT February 2025 findings

3.1.10 Commentary: The issue as to when GT were informed was the primary reason GT noted the issue as a significant weakness

3.1.11 Question: Why the council did not disclose to the committee and the public earlier the extent to which the failure to tell GT about the changes led to the finding of a significant weakness

3.1.12 Commentary: The issue was reported to the committee at the first meeting after it had been completed in February 2025.

3.1.13 Question: How the proposed remedy of “regular catch ups with the external auditor to ensure that any issues can be discussed and raised outside of the normal audit timetable” relates to the reason why GT were not told through routine channels.

3.1.14 Commentary: By providing more opportunity for an effective ongoing dialogue, where issues can be raised and discussed early and over time, rather than at prescheduled audit fieldwork meetings which tend to have specific pre-programme issues / controls / process etc.

4 Risk Assessment

Legal or other duties

4.1 Equality Impact Assessment

4.1.1 None arise from this report.

4.2 Crime & Disorder

4.2.1 None arise from this report.

4.3 Safeguarding

4.3.1 None arise from this report.

4.4 Dependencies

4.4.1 None.

4.5 Other

4.5.1 None.

5 Financial Implications

5.1 **Section 151 Officer’s comments**: This matter does not have any financial implications.

6 Legal Implications

6.1 **Legal Officer’s comments**: None for the purposes of this report.

7 Policies, Plans & Partnerships

7.1 **Council's Key Priorities**: The following Key Priorities are engaged:

- None

7.2 **Service Plans**: The matter is not included within the current Service Delivery Plan.

7.3 **Climate & Environmental Impact of recommendations: None**

7.4 **Sustainability Policy & Community Safety Implications**: None

7.5 **Partnerships**: None

7.6 **Local Government Reorganisation Implications**: None

8 Background papers

8.1 The documents referred to in compiling this report are as follows:

Previous reports:

- A&S 30th September