



To be submitted to the Council at its meeting on 25th September 2025.

## **AUDIT AND GOVERNANCE COMMITTEE**

**17<sup>th</sup> July 2025 at 10.30am.**

**Present:** Mr. T. Render (in the Chair)

Councillor's Aisthorpe, Beasant, Boyd, Holland, Mickleburgh, Shutt  
(substitute for Patrick), Silvester and K. Swinburn (substitute for Hasthorpe).

Mr W. Leschenko (Independent Member)

### **Officers in attendance:**

- Gavin Barker (Audit Director, Mazars)
- Peter Hanmer (Head of Audit and Assurance)
- Damien Jaines White (Assistant Director Regeneration)
- Simon Jones (Assistant Director Law and Governance)
- Guy Lonsdale (Section 151 Officer)
- Jo Paterson (Scrutiny and Committee Advisor)
- Jo Robinson (Assistant Director Policy Strategy and Resources)
- Caroline Wilson (Strategic Lead – Risk and Assurance)

### **Also in attendance:**

- Councillor Harness (Portfolio Holder for Finance, Assets and Resources)
- Sue Wells (Chief Executive, Lincs Inspire)

## **AC.1 APPOINTMENT OF CHAIRMAN AND DEPUTY CHAIRMAN**

It was noted that at the Annual General Meeting of the Council held on 22nd May 2025, Mr. Tim Render had been appointed Chairman of this committee up to and including 17th July 2025, and that Councillor Boyd had been appointed Deputy Chairman of this Committee for the ensuing municipal year.

## **AC.2 APOLOGIES FOR ABSENCE**

Apologies for absence were received for this meeting from Councillor

Hasthorpe, Kazmarek and Patrick.

### **AC.3        DECLARATIONS OF INTEREST**

There were no declarations of interest made with regard to any items on the agenda for this meeting.

### **AC.4        MINUTES**

RESOLVED – That the minutes of the Audit and Governance Committee meeting held on 3rd April 2025 be approved as a correct record.

### **AC.5        TRACKING OF RECOMMENDATIONS**

The committee received a report from the Assistant Director Policy, Strategy and Resources on tracking of recommendations of the Audit and Governance Committee.

RESOLVED – That the report be noted.

### **AC.6        HEAD OF INTERNAL AUDIT REPORT AND OPINION**

The committee received a report from Head of Audit and Assurance which provided an annual report and opinion timed to support the Annual Governance Statement.

Mr Hanmer introduced the report and highlighted some key areas for consideration including improvement requirements to compliance with the council's procurement and contract management processes, the governance arrangements relating to the partnership with Humber and North Yorkshire Integrated Humber Board, homelessness, and ongoing risks within Children's Services around external placements. He also referred to the implementation of the new action tracking system.

The report provided satisfactory assurance on the council's arrangements for risk, governance and internal control, subject to the issues raised above. It was also confirmed that sufficient work had been carried out to provide a standards compliant risk-based opinion, and confirmation of compliance with audit standards.

A member asked about training in procurement and contract management and whether officers were satisfied there was enough skill set currently or whether the council needed more expertise. Ms Robinson agreed that more expertise was required in relation to contract management, and that they relied upon the services managing those contracts. She advised that there was a Contract Specialist post that the council were looking to recruit to in September that would work across the whole organisation.

A member referred to the breakdown on the implementation of audit actions from 2022/23 onwards and queried whether the manager had confirmed these had been implemented.

Mr Hanmer advised that managers had to provide evidence, and within the 2025/26 audit he would be undertaking 'deep dives' to test that they were satisfied that the evidence was reliable.

A member referred to the issue of homelessness stating that there was no up to date Homelessness Strategy in place.

Mr Hanmer advised that his team would be following up on the 2024/25 audit during the year ahead and this would include assessing whether a policy had been put in place.

The Chair suggested the committee look at this issue in more detail via an Audit Working Group.

Ms Robinson added that the council was looking to address some of these issues, including the Homelessness Strategy and homelessness in general, there was also a Housing Board that had been set up that would link into this.

It was agreed that an Audit Working Group be held to discuss the Homelessness and Section 75 audit reports.

A member asked about resources within the audit team.

Mr Hanmer advised that as reported to the committee in April, his team was now operating as a single service again and assured members that he had sufficient resources to complete the audit programme this year. Mr Hanmer now had a good mix of experienced staff and graduates, who were able to dedicate more time to the audit programme, overall, he was more confident about resources than over the previous years.

Under the audit work carried out, Mr Leschenko referred to the Cyber Assessment Framework (CAF) for Local Government and asked whether there were any concerns. Mr Hanmer stated that they had issued an audit in draft that specifically looked at recovery arrangements the council had within ICT should something go wrong and the audit took account of the CAF. Mr Hanmer also commented that the ICT audit was increasingly complex and that the risk was evolving all the time.

#### RESOLVED

1. That the report be noted.
2. That an Audit Working Group be held to discuss the Homelessness and Section 75 audit reports.

## **AC.7 RISK MANAGEMENT ANNUAL REPORT**

The committee received a report from the Assistant Director Law and Governance that provided the Audit and Governance Committee with an overview of the council's risk management activities during 2024/25.

Mr Hanmer introduced the report and highlighted some key areas for consideration which included undertaking some deep dives around the Strategic Risk Register (SRR) and looking at controls and actions previously raised by the committee. There would also be some training with Risk Champions taking place next week which would include updating the toolkit.

The Chair noted that the system was there, but he was not confident that everyone was using it effectively. Ms Wilson explained how officers filtered through all the risks and gave each a percentage rating.

Mr Leschenko asked for more details about the escalation process. It was noted that the audit had picked up that an escalation process was missing.

In response to further queries around the different types of risks, Ms Wilson explained that in terms of the escalation process it was the Corporate Governance Group and Assurance Board that decided if a risk was either operational or strategic. Mr Hanmer assured members that new and emerging risks featured as standard items on agendas with Heads of Services. It was recognised that items needed to get onto the risk register before they become an issue or risk.

The Chair asked whether the committee could continue to receive the minutes from the Assurance Board. Ms Wilson noted that the Assurance Board was now part of the Senior Leadership Team (SLT) and it was confirmed that the relevant minutes from SLT that related to this area of the committee would be circulated to the committee.

Another member noted that a number of risks had changed from strategic to corporate and asked whether any benchmarking had been undertaken to determine this and what tools were being used.

Mr Hanmer noted that it was intended that the new policy would include corporate risks, and subsequently it would be determined what these corporate risks would be and how they would be reported to the audit committee. In terms of the SRR there had been lengthy discussions over what constitutes a strategic risk and what did not.

Mr Jones added that North East Lincolnshire was a complex organisation and the council's working definition of a strategic risk is one that may disrupt the council's strategic objectives and officers had tried to join up the strategic risks to fit those parameters.

Mr Leschenko asked officers to elaborate on the definition of 'risk maturity'.

Mr Hanmer advised that this related to how much risk the council was prepared to take, and this would vary from risk to risk.

## RESOLVED

1. That the progress in managing risk during 2024/25 be noted.
2. That the relevant minutes from the recent Assurance Board which was

now part of the Senior Leadership Team (SLT) be circulated to the committee.

## **AC.8 CIPFA FINANCIAL MANAGEMENT CODE OF PRACTICE**

The committee received a report from the Section 151 Officer, which set out the standards of financial management for local government bodies.

Mr Lonsdale introduced the report and highlighted some key areas for consideration.

A member asked whether the peer review for North East Lincolnshire had formed part of the self-assessment. Mr Lonsdale confirmed that this had not been part of the work. In terms of financial sustainability this was something monitored by external audit.

Under the self-assessment, a member referred to long-term financial planning noting that significant overspends were assessed for service delivery impact on the Medium Term Financial Plan (MTFP). The member asked how the council would look to mitigate overspends.

Mr Lonsdale explained the process that was undertaken when the budget was set, including ensuring strong communication between services and not operating in isolation.

A brief discussion ensued around homelessness and temporary accommodation with members being particularly concerned that this was a cross-cutting issue. Members were interested in the new Housing Board and asked whether there was a social housing representative that sat on this board.

Officers were not aware that a social housing representative sat on this board as the new board had only just been formed, officers would update members in due course.

Mr Leschenko asked how the council ensured it was getting value for money with its partnerships. Mr Lonsdale explained that partnership governance had been a real focus for the council noting that partnerships were constantly changing.

The Chair reiterated that partnership governance was a key responsibility of the Audit Committee.

**RESOLVED –**

1. That the requirement to adhere to the CIPFA Financial Management Code of Practice be noted.
2. That the findings within the updated self-assessment be noted.

## **AC.9 DRAFT ANNUAL GOVERNANCE STATEMENT**

The committee considered a report from the Assistant Director Law and Governance that laid out the council's governance framework and how it obtained assurance that the governance framework was operating as intended and where applicable those areas for further focus in 2025/26.

A member referred to the governance challenges for 2025/26 and considered that library services needed to be included.

Mr Jones advised that the public consultation had just finished, and those responses would now go forward to Cabinet and there were no governance concerns in terms of library services generally.

A member raised ongoing concerns about empty properties, the Chair explained that more detail would be provided when the Annual Governance Statement came back to this committee for comment.

Mr Leschenko asked about the three lines of defence. Mr Hanmer explained that an assurance map was used that detailed the three lines of assurance which was now appended to the report.

RESOLVED –

1. That the Annual Governance Statement be adopted by the council, subject to any changes that may be required up to the approval of the statement of accounts.
2. That the assurance map at Appendix 2 of the report now submitted be noted.

## **AC.10 TREASURY MANAGEMENT 2024-25 OUTTURN REPORT**

The committee received a report from the Section 151 Officer that contained details of treasury management arrangements, activity and performance during the 2023/24 financial year.

Mr Lonsdale introduced the report and highlighted some key areas for consideration.

The Chair touched on the costs of borrowing and asked whether these could be spread over a longer period of time, and whether the prudential indicators needed to be refreshed.

Mr Lonsdale advised that officers had tried to focus on the strategic direction of things and needed to improve on forecasting. There were lots of capital challenge meetings taking place which were important when budgeting in a wider organisation such as North East Lincolnshire where officers were reliant on information coming back from individual services.

A member asked about Lender Option Borrower Option (LOBO) Loans.

Mr Lonsdale noted that there was lots happening with these currently and officers had tried to reprofile and re-finance that debt where possible.

A member referred to the capital expenditure, particularly the approved budget for Quarter 2. It was noted that the appendix to the quarterly finance report included some additional context to delivery changes.

A member asked about new borrowing for capital projects and asked whether the council borrowed for a specific period of time and then re-financed it.

Mr Lonsdale confirmed that the council borrowed for different terms, and that the council tried to ensure that all its external borrowing did not mature at the same rate. The prudential indicators guided the council's overall borrowing limits and helped it remain focused on affordability.

**RESOLVED** - That a full report detailing the shortfall in the capital expenditure budget spend for 2024-25 and providing assurance on future spend be submitted to a future meeting of this committee.

**RECOMMENDED TO CABINET :**

That the further concerns of the Audit and Governance Committee over the costs of borrowing, in particular for capital projects, be forwarded to Cabinet.

## **AC.11      INTERNAL AUDIT PLAN 2025-26**

The committee received a report from the Head of Audit and Assurance which provided assurance to the Audit and Governance Committee on the content of the 2025/26 Internal Audit Plan and that it was compiled in line with the standards. The report also included the updated Audit Charter, the Audit Strategy and the Quality Assurance and Improvement Plan.

Mr Leschenko asked about peer reviews and whether these were considered when officers formed their opinions. It was confirmed that when reports were produced from Ofsted and CQC inspections, assurance was taken from these where applicable.

The Chair thought it was important that Internal Audit should report on engagement by management with Internal Audit, particularly the finalisation of reports. Mr Hanmer further advised that in line with the new standards requiring auditors to examine root causes they would ask managers to organise closure meetings within twenty working days of the issue of the draft report, which gave an indicator of how well management was engaging with audit.

A member referred to working with the voluntary sector within the Audit Plan for 2025-26 and asked how the council were assured that they were engaging the right people. Mr Hammer explained that this would be ascertained with the relevant Assistant Directors during the audit.

RESOLVED

1. That the Internal Audit Plan 2025/26 be approved.
2. That the Audit Charter, the Audit Strategy and the Quality Assurance and Improvement Plan be noted.

## **AC.12      EXTERNAL AUDIT STRATEGY MEMORANDUM 2024/25**

The committee received the Audit Strategy Memorandum for North East Lincolnshire Council for the year ending 31<sup>st</sup> March 2025.

Mr Barker introduced the report and highlighted some key areas for consideration.

A member referred to the value for money section of the report and how the council ensured that it made informed decisions and effectively managed its risk and asked whether external audit attended council leadership meetings to understand how this was assessed.

Mr Barker stated that they did not attend council leadership meetings and relied on discussions with managers.

Mr Jones advised that there was some degree of consultation with external auditors.

RESOLVED – That the report be noted.

## **AC.13      AUDIT PROGRESS REPORT**

The committee received a report that provided the Audit and Governance Committee with information about progress in delivering their responsibilities as the council's external auditors.

Mr Barker introduced the report and highlighted some key areas for consideration.

The Chair felt we could take assurance that the council's finance team undertook their work in a timely way to get the audit opinion completed by the deadline.

RESOLVED- That the report be noted.

## **AC.14      GOVERNANCE ARRANGEMENTS FOR THE COMBINED AUTHORITY UPDATE**

The committee agreed that the presentation be circulated to all members outside of the meeting and that any questions be directed to the Scrutiny



and Committee Advisor for a response.

RESOLVED – That the presentation be circulated to members of the Audit Committee outside of the meeting.

#### **AC.15      EXCLUSION OF THE PRESS AND PUBLIC**

RESOLVED – That the press and public be requested to leave on the grounds that discussion of the following business was likely to disclose exempt information within paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).

#### **AC.16      LEISURE PARTNERSHIP UPDATE**

The committee received a presentation on the above.

Members were given the opportunity to ask questions further to which responses were provided by officers.

RESOLVED- That the presentation be noted.

#### **AC.17      STRATEGIC RISK REGISTER**

The committee agreed to defer this item to the next scheduled meeting.

RESOLVED – That the Strategic Risk Register be deferred to the next scheduled meeting of this Committee.

#### **AC.18      ISSUES FOR DISCUSSION WITH THE INTERNAL AND EXTERNAL AUDITORS**

There were no issues for discussion with the external auditors.

There being no further business, the Chair declared the meeting closed at 1.05pm.