



AUDIT AND GOVERNANCE COMMITTEE

23rd October 2025 at 10.30am.

Present: Mr. Paul Stone (in the Chair)
Councillors Beasant, Boyd, Crofts (substitute for Silvester), Holland, Kaczmarek and Patrick,

Officers in attendance:

- Carolina Borgstrom (Director of Economy, Environment and Infrastructure)
- Simon Jones (Assistant Director Law and Governance)
- Guy Lonsdale (Section 151 Officer)
- Claire Swainson (Strategic Lead Finance)
- Steve Turner (Audit Business Partner, Law and Governance)
- Caroline Wilson (Strategic Lead – Risk and Assurance)
- Paul Windley (Democratic and Scrutiny Team Manager)

Also in attendance:

- Councillor Harness (Portfolio Holder for Finance, Assets and Resources)
- Gavin Barker (Audit Director, Mazars)

AC.19 APOLOGIES FOR ABSENCE

Apologies for absence were received for this meeting from Councillors Hasthorpe, Mickleburgh, Parkinson and Silvester and from the second independent member Walter Leschenko.

AC.20 DECLARATIONS OF INTEREST

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

AC.21 MINUTES

RESOLVED – That the minutes of the Audit and Governance Committee meeting held on 17th July 2025 be approved as a correct record.

AC.22 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.

At AC.7, Mr Jones reported that the minutes of the Assurance Board from July 2025 would be circulated as soon as possible. He added that the minutes of the previous meeting had already been circulated to members of this committee.

RESOLVED – That the update be noted and that items AC.10 (Treasury Management 2024-25 Outturn Report) and AC.7 (Assurance Board minutes) be marked as complete and removed from the tracking report .

AC.23 UPDATE ON EQUANS TRANSITION ARRANGEMENTS

The committee received a report that provided an update on how the governance arrangements and risks had changed following the conclusion of the Equans contract on 30th June 2025.

It was proposed by Councillor Patrick and seconded by Councillor Crofts that the press and public be excluded as consideration of this item was likely to disclose Exempt information within paragraphs 3 and 4 of Schedule 12A to the Local Government Act 1972. This was agreed upon a vote.

RESOLVED – That the press and public be excluded for consideration of this item as it would disclose exempt information within paragraphs 3 and 4 of Schedule 12A to the Local Government Act 1972.

Having received the update, the committee was keen to understand any remaining risks and financial liabilities. There were also questions around re-procurement, lessons learned from the contract and how enforcement activity would be affected.

The committee thanked officers for the effective handling of the transition.

RESOLVED – That the update be noted.

The meeting was re-opened to the press and public at this point.

AC.24 STATEMENT OF ACCOUNTS, EXTERNAL AUDIT COMPLETION REPORT AND ANNUAL GOVERNANCE STATEMENT

The committee received a report from the Interim Section 151 Officer introducing the Annual Governance Statement for 2024/25 and seeking approval of the Council's statement of accounts. The committee also received the external audit completion report which appeared as a separate item on the agenda for this meeting but, because it related to the audit of the

statement of accounts, was considered together with the Interim Section 151 Officer's report.

Mr Lonsdale introduced his report and noted that the statement of accounts was important in reassuring residents that there was appropriate stewardship of public funds. Officers were now working towards final sign off of the financial statements by the end of February 2026.

Mr Barker was then invited to summarise the content of the External Audit Completion report. His overall impression was that the organization took pride in its financial statements. He noted that the audit was now substantially complete and there were unlikely to be any further changes. An update letter would be provided when the statements were ready to be signed off and he asked that this be shared with committee members. He anticipated that the sign off would be well in advance of the February deadline. Overall, he anticipated an unqualified opinion on the statement of accounts and no significant weaknesses had been identified in relation to value for money. He summarized the findings of the audit and highlighted that the significant weakness previously reported in Children's Services had now been removed due to the improvements made during the period of this audit, as highlighted in the most recent Ofsted inspection report.

The committee sought clarification on a number of points, including the management of exit packages, the Dedicated Schools Grant deficit, and the risk of call-in on the council's "Lender option, borrower's option" (LOBO) loans. Officers provided clarification on these points.

On the Annual Governance Statement, Mr Jones noted that the Assurance Board had suggested some minor amendments relating to the Integrated Care Board arrangements and Local Government Reorganisation.

The Chair thanked the Finance team for their work in preparing the statement of accounts and Mr Barker for his presentation.

RESOLVED –

1. That the External Audit Completion Report be noted.
2. That the Annual Governance Statement for 2024/2025 approved for sign off by the Chief Executive and Leader, subject to updated wording to reflect the External Auditor's opinion on the Statement of Accounts and minor changes proposed by the Assurance Board regarding the Integrated Care Board arrangements and Local Government Reorganisation.
3. That the Statement of Accounts for 2024/2025 be approved.
4. That Management's response to external audit's (Mazars) request for information be noted.
5. That the updated Going Concern Assessment be noted.

There being no further business and no issues for discussion with the external auditors, the Chair declared the meeting closed at 12.11 p.m.



AUDIT AND GOVERNANCE COMMITTEE

6th November 2025 at 10.30am.

Present: Mr. P. Stone (in the Chair)

Councilor's Beasant, Boyd, Bright (substitute for Holland), Crofts (substitute for Hasthorpe), Mickleburgh, Shutt, Parkinson, Patrick and Silvester.

Mr W. Leschenko (Independent Member)

Officers in attendance:

- Sam Buckley (Strategic Lead, Finance)
- Peter Hanmer (Head of Audit and Assurance)
- Guy Lonsdale (Section 151 Officer)
- Jo Paterson (Scrutiny and Committee Advisor)
- Julie Poole (Assistant Director - Children's Assurance, Partnership and Evaluation)
- John Shepherd (Lead Officer, Fraud)
- Caroline Wilson (Strategic Lead – Risk and Assurance)

Also in attendance:

- Councillor Harness (Portfolio Holder for Finance, Assets and Resources)

AC.25 APOLOGIES FOR ABSENCE

Apologies for absence were received for this meeting from Councillors Hasthorpe and Holland.

AC.26 DECLARATIONS OF INTEREST

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

AC.27 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.

The Chair asked whether a date had been set for the Working Group to look at homelessness and Section 75 audit reports.

Ms Paterson would liaise with officers around organising a date for the working group.

RESOLVED -

1. That the report be noted.
2. That a date be organised to hold the Working Group to look at homelessness and Section 75 audit reports.

AC.28 TREASURY MANAGEMENT 2025-26 MID-YEAR REPORT

The committee received a report from Section 151 Officer that contained details of treasury management arrangements, activity and performance during the first half of the 2025-26 financial year.

Mr Lonsdale gave a brief summary of the key headlines from the report.

A member commented on the financial terminology used within the report and encouraged more plain English to be used within reports. Mr Lonsdale acknowledged the point made and explained that this was largely due to this technical area of finance.

Another member asked whether the council had benchmarked with other authorities over its investments. Officers advised that they shared best practice with other councils.

A member asked about interest rates and the rate at which these fluctuated. Mr Lonsdale explained that interest rates were discussed monthly at the Treasury Strategy Group which informed the Treasury Strategy. Also, there was a focus on short term borrowing which gave better Value For Money (VFM) at the present time. Mr Lonsdale further advised that finance officers were quite prudent with capital investment decisions, and this was something they continued to monitor.

A member asked about the projected level of debt in the next financial year noting there was a forecast overall debt of £200M. Mr Lonsdale advised that the council's overall debt was increasing to support delivery of the Capital Programme.

The member also asked for some examples of income streams used to offset borrowing. Mr Lonsdale noted that the most significant capital investment the council had was in Freshney Place.

A member asked whether there were any ethical elements to investments. Mr Lonsdale noted that the vast majority of the council's investments went through the government's Debt Management Office and due diligence undertaken on money market investments.

A further detailed discussion ensued around interest rates, with members asking what action was being taken with things such as project estimates. Mr Lonsdale explained how the capital finance requirement was driven by the Capital Investment Programme, noting that there had been some reprofiling. Mr Lonsdale assured the committee that officers were constantly refreshing their assumptions through the Treasury Management Strategy Group.

A member asked whether the council benchmarked with other authorities over its borrowing position. Mr Lonsdale noted that the council did benchmark its external borrowing position with other councils noting that we were slightly above average for the size of the council and highlighting that other authorities were significantly above average.

The Chair acknowledged that the council was compliant with the prudential indicators which indicated we were doing the right things around the Treasury Management Strategy. Members were also assured that ultimate responsibility sat with the Section 151 Officer and robust government arrangements were in place for full Council approval of the Treasury Management Strategy.

RESOLVED – That the report be noted.

AC.29 HALF YEARLY FRAUD UPDATE 2025/26

The committee received a report from the Assistant Director Law and Governance which highlighted the work that had been undertaken for the prevention and detection of fraud, corruption and financial misconduct, within North East Lincolnshire Council for the period April to September 2025.

Mr Shepherd set out in detail some of the key highlights within his report, notably, the council's responsibility to investigate fraud both internally and externally. He explained work underway to tackle one of the most challenging areas which was council tax fraud. He further referred to the Economic Crime and Corporate Transparency Act 2023 legislation.

A member asked about the number of properties in the borough that were non-compliant with council tax and suggested this information be shared with the council's Empty Properties Team. Mr Shepherd assured the committee that his team worked jointly with the Empty Properties Team and were currently looking at these type of properties.

Another member asked about business rates and qualifying for Business Rate Relief. Mr Shepherd advised that one investigation was underway currently around this, and explained that the challenge was around people not informing the council where they had properties.

A further discussion ensued around empty properties, with members asking about exemptions and absent landlords. Mr Shepherd explained how they tackled these properties and that further work needed to take place with the council tax team. Also, the National Fraud Initiative was useful in supporting their investigatory work.

Members asked for figures around the number of absent landlords and how confident officers were that the data being used was robust. Mr Shepherd explained that they used reliable data sources such as Companies House and the Department for Work and Pensions (DWP).

The Chair asked about the Anti-Fraud and Corruption Strategy and when this was due to be brought to this committee for approval. It was confirmed this would be in March or April next year.

Mr Leschenko wished to commend the work being undertaken by Mr Shepherd and his team and asked if they had access to any data matching tools which would assist them with their investigations. Mr Hanmer noted that audit specialists within his team were currently using Analytics, Artificial Intelligence and other tools to get behind the data.

RESOLVED – That the report be noted.

AC.30 INTERNAL AUDIT UPDATE

The committee received a report from the Head of Audit and Assurance which provided an update on the delivery of internal audit work up to 30th September 2025. Mr Hanmer set out in detail some of the key highlights within his report.

A member referred to the implementation of agreed actions noting that thirteen actions relating to 2023/24 were overdue and fifteen relating to 2024/25.

Mr Hanmer explained that reminders were sent regarding outstanding actions and confirmed that since this time the figure had reduced. Mr Hanmer assured the committee that a list of outstanding actions was sent to relevant Assistant Directors for the service requesting an updated report within their areas.

The Chair felt an update on the 2023-24 actions would be useful given this was some time ago. Mr Hanmer advised that his next report would incorporate the updated figures.

Mr Leschenko asked what the escalation process was for outstanding actions. Mr Hanmer advised that the next stage would require escalation to the relevant Assistant Director, also outstanding actions were taken to the Assurance Board which was attended by the Leadership Team.

A member asked whether the Equans transition had impacted this and whether any outstanding actions had transferred over. Mr Hanmer confirmed that actions relating to areas previously carried out by Equans had been carried forward into the database of agreed actions, and advised that an audit was due on those financial services impacted by the ending of the partnership such as payroll, creditors' payments, income and contracts transferred over.

Mr Leschenko referred to Appendix 1, summary of completed work, noting

that there was an issue around Council Charge Cards and wished to understand if this was due to people not adhering to guidance.

Mr Hanmer advised that root cause analysis formed part of their audit reporting, and agreed the cause was not necessarily adherence to guidance but officer behaviour. There was now an agreed action plan in place, and new guidance had been issued. There would also be a follow-up audit at the end of the financial year which would help determine whether adherence to guidance had improved.

RESOLVED –

1. That the report be noted.
2. That a further update on the 2023-24 outstanding audit actions be provided to this committee in due course.

AC.31 RISK MANAGEMENT POLICY

The committee received a report from the Assistant Director Law and Governance which provided the Audit and Governance Committee with an update on the development of the Risk Management Policy, allowing the committee to provide comment before the policy was approved by the portfolio holder.

Mr Hanmer set out in detail some of the key highlights within his report.

A member referred to the financial risks within the Risk Evaluation Matrix at Appendix 2. The member wished to understand what represented an ‘insignificant cost’ compared with one that was ‘severe’.

Mr Hanmer suggested that if the committee felt it necessary, his team could work with the finance team to set limits to understand what was classed as a more major financial risk. Another member concurred that setting limits would be easier to understand where the risk was now and where it would be in future years.

Mr Leschenko asked about the risk appetite five themes. Mr Hanmer emphasised that risk appetite standards were only a guide, and every risk was treated separately. The intention was that once the risk appetite had been achieved, there should not be many actions to complete, and actions and resources to reduce risk scores would be focused on those risks which were higher than the risk appetite.

RESOLVED – That the report be noted.

AC.32 MEDIUM TERM FINANCIAL PLANNING PROCESS

The committee received a presentation from the Section 151 Officer on the financial and business planning process.

The presentation focused on the following: -

- Budget and Medium-Term Financial Plan (MTFP) Timelines
- Current high level planning assumptions
- Context – risk and opportunity
- Current MTFP (February 2025)
- Current 2025/26 Performance and key issues
- Fair Funding Review
- Integrated Revenue and Capital
- Budget and Next Steps

Members made the following comments:-

- Was the council undertaking a sensitivity analysis given that things might change? It was confirmed that funding remained highly uncertain, particularly due to the delay in the Fair Funding Policy Statement. However, as part of the MTFP process, scenario planning was undertaken to model best-case, worst-case, and mid-range outcomes based on varying funding assumptions.
- There was still great uncertainty around Local Government Reorganisation (LGR). Also, was there any emergency planning for things such as another major health crisis? It was confirmed that reserves were held for any future pandemics, and it was hoped that additional funding would be provided for such instances in future.
- The Chair touched on the Fairer Funding Review and the benefits to this authority and asked whether any transition arrangements were in place over the coming years. Ms Buckley advised that they were always looking forward to what the funding was telling them but noted any change in government could change the political landscape. The key was that the adequacy of reserves would help protect the council going forward.

RESOLVED – That the presentation be noted.

AC.33 CHILDREN'S SERVICES GOVERNANCE ARRANGEMENTS

The committee received a report from the Director of Children's Services that sought to update the Audit and Governance Committee on progress made since the last update in January 2025.

Ms Poole set out the report in brief which focused on strengthening the governance arrangements across Children's Services, the council and the wider workstream.

Mr Leschenko wished to note that the work that was taking place was very encouraging.

A member asked about preparation for inspections and enquired whether a named person coordinated all the documentation. Ms Poole advised that she

was the named evaluation link. Herself and a number of Assurance Officers looked after the oversight and cross services responsibility.

A member asked about Special Educational Needs and Disabilities (SEND) and whether there were any targets and figures to support this. Also, the member asked for an update on the new SEND school that was to be built.

Ms Poole provided assurance around practices that were in place such as the SEND Partnership Board which provided oversight into this key area. In terms of an update on the new School, Ms Poole would liaise with the Service Director of Education, Inclusion and Integration to provide an update on SEND to a future Audit Committee meeting.

Another member noted that work around SEND featured within the work programme for the Children and Lifelong Learning Scrutiny Panel.

RESOLVED –

1. That the report be noted.
2. That a further update around SEND be provided at a future meeting of this committee.

AC.34

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.35

STRATEGIC RISK REGISTER

The committee received a report from the Assistant Director Law and Governance that provided the Audit and Governance Committee with the Strategic Risk Register as of 21st October 2025.

Members made some suggestions around how the Strategic Risk Register could be presented in future. Members raised a few queries to which officers agreed to follow up and provide a response.

RESOLVED – That the Strategic Risk Register be noted.

AC.36

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 12.30pm.