NORTH EAST LINCOLNSHIRE COUNCIL
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AUDIT AND GOVERNANCE COMMITTEE

16th April 2026 at 9.30am.

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

Councillors Boyd, Holland, Kaczmarek, Patrick and Shutt (substitute for Mickleburgh).

Mr. W. Leschenko (Independent Member)

Officers in attendance:

- Joanne Edgar (Commercial Lead Contracts and Relationships)
- Paul Ellis (Strategic Lead Business Practice and Performance (Data Protection Officer))
- Peter Hanmer (Head of Audit and Assurance)
- Simon Jones (Assistant Director Law and Governance)
- Guy Lonsdale (Section 151 Officer)
- John Padley (Cyber Security Technical Specialist)
- Leah Parsons (External Auditor, Mazars)
- Jo Paterson (Scrutiny and Committee Advisor)
- Jo Robinson (Assistant Director Policy Strategy & Resources)
- 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.51 APOLOGIES FOR ABSENCE

Apologies for absence were received for this meeting from Councillors Beasant, Hasthorpe and Mickleburgh.

AC.52 DECLARATIONS OF INTEREST

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

AC.53 MINUTES

The committee received the minutes of the Audit and Governance Committee meeting held on 29th January 2026.

Mr Leschenko suggested an amendment to the minutes at AC.42, Statement of Accounts and Accounting Policies as follows:-

Mr Lonsdale stated that East Riding of Yorkshire Council administers the council's pension fund. A question was raised regarding whether, during periods of pension fund surplus, the council set aside any savings from employer pension contributions to mitigate the risk of future pension fund deficits and to offset potential impacts on the Medium Term Financial Plan (MTFP).

RESOLVED -That the minutes of the Audit and Governance Committee meeting held on 29th January 2026 be approved, subject to the amendment made above.

AC.54 TRACKING OF RECOMMENDATIONS

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

At AC.62, local partnerships, it was noted that a date was to be agreed with the committee to commence a working group.

At AC.37, Children's Services governance arrangements, the Chair noted that the committee had asked for regular updates around this. The Chair asked Mr Lonsdale to provide a brief update on this.

Mr Lonsdale noted that the Government's Special Education Needs and Disabilities (SEND) reforms focused on earlier intervention and greater use of mainstream provision, alongside a new Code of Practice. Councils with Dedicated Schools Grant deficits, including this one, would receive a High Needs Stability Grant covering up to 90% of the deficit at March 2026, subject to a credible SEND recovery plan. It remained unclear how deficits after April 2026 would be treated, with councils seeking an extension to the statutory override.

At AC.41, Code of Governance and Annual Governance Statement 2024-25 Update, the Chair reported that discussions had taken place regarding the proposed working group but due to commercial sensitivity it was agreed this committee would not progress the work at this time. The matter would be revisited when appropriate and would remain on the tracking report for monitoring.

A member asked about timescales for the Working Group. Mr Jones advised that a decision was imminent and would likely be around June this year.

It was agreed that the Partnership Protocol item had now been dealt with and could be removed from the tracking report.

RESOLVED -

1. That the report be noted.

2. That the Partnership Protocol item be removed from tracking report.

AC.55 REFERRAL FROM AUDIT WORKING GROUP

The committee considered the referral below from the Audit Working Group:-

That presentations provided to the Audit Working Group in relation to Internal Reports should include an update on the status of all actions within the report.

The committee supported this referral for inclusion on the Audit Committee Tracking Report.

RESOLVED – That the referral from Audit Working Group be added to the Audit and Governance Committee's tracking report.

AC.56 EXTERNAL AUDIT PROGRESS REPORT.

The committee considered a report from the council's external auditors.

The external auditor highlighted some recent management role changes within their organisation, but confirmed there would be continuity in the audit team, with no disruption and a smooth handover with officers.

The external auditor reported that audit planning and risk assessments were underway, with no issues currently identified. The Audit Strategy Memorandum would be presented to the next meeting of this committee. The external auditor highlighted some key anticipated risks including management override of controls, valuation of land and buildings, defined pension liability, and a change in the engagement lead role.

The Chair asked about timeframes for the completion of this work. It was confirmed the external audit team were still on track for the end of April for completion.

RESOLVED – That the report be noted.

AC.57 INTERNAL AUDIT UPDATE INCLUDING AUDIT PLAN 2026/27

The committee received a report from the Head of Internal Audit that provided the Audit and Governance Committee with an update of Internal Audit work. The report covered progress against the delivery of the 2025/26 audit plan, the 2026/27 audit plan, the updated audit charter, and the internal audit strategy

Mr Hanmer reported on progress with developing the audit plan noting that by the end of March, 45% of audits were complete, with lots of work in progress. Mr Hanmer further provided a detailed overview to the committee of the current position with the audits.

In terms of the implementation of actions there were no overdue actions in 2023-24 which was due to improvements in monitoring systems. It was noted that this has also been reinforced by the Leadership Team and Assistant Directors to ensure actions were implemented and this was a positive step for the team.

Mr Leschenko thanked officers for the completion of outstanding actions, he also asked about resourcing and whether there were challenges recruiting auditors, stressing the importance of trying to retain those we had currently.

Mr Hanmer noted that there were currently five FTE (Full Time Equivalent) staff plus himself. His team had also brought in a specific ICT work specialist and, overall, there was a good mix of age and experience within his team.

The Chair asked about the number of recommendations that had been implemented noting that it was good to see a high number of these, he asked whether the committee would have sight of the follow-up work. Mr Hanmer advised that this was built into the audit plan and the outcome would be incorporated into the Head of Audit Statement in July.

Mr Leschenko asked about the impact of AI (Artificial Intelligence). Mr Hanmer advised that an audit had been done on AI and this was something that remained on their agenda. There was also some CIPFA guidance around AI that he would share with the committee.

Mr Leschenko asked whether there were any concerns about compliance with the new GIAS (Global Internal Audit Standards). It was acknowledged that while overall compliance was as expected, an overall assessment would be provided in the Head of Internal Audit's annual report which, where appropriate, would identify any areas for further development.

A member commented on the relationship between internal audit and scrutiny in providing assurance. It was suggested that a list of internal audits be shared with each scrutiny panel to enable members to access internal audit work and gain assurance that appropriate controls were in place.

Mr Jones advised that there may be some conflicts constitutionally. Whereas this committee was a public forum that ensured that process and governance was in place and how the control environment was managed, scrutiny was about holding the executive to account and influencing policy.

RESOLVED –

1. That progress in the delivery of the 2025/26 audit plan and the outcome of audit issued since January 2026 be noted.

2. That the draft Audit Plan 2026/27 be endorsed.

3. That as part of the Audit Committee's responsibilities under Domain 3 of the Global Internal Audit Standards (GIAS), the updated Audit Charter be approved.

4. That the updated Audit Strategy for 2026/29 be noted.

AC.58 ANNUAL FRAUD REPORT

The committee considered a report from the Assistant Director Law and Governance on the prevention and detection of fraud, corruption and financial misconduct within North East Lincolnshire Council for the period April 2025 to March 2026. Mr Shepherd set out the background to the report and highlighted the key areas for consideration.

A member asked about those instances where no prosecutions had been pursued and asked if these were still classed as having been resolved.

Mr Shepherd explained that where a prosecution had not been pursued other sanctions were available to the council such as cautions. He explained that the council had the right to apply financial penalties and recalculate bills.

Another member raised concerns around empty homes, particularly instances where there had been a change of use and council tax and empty homes tax were not being paid.

Mr Leschenko asked what level of resource the council was investing in fraud and protection and the staffing levels within the fraud team. Mr Shepherd noted that the fraud team were still part of a shared service with North Lincolnshire Council. He further detailed the staffing structure within the fraud team.

A brief discussion ensued around resource, Mr Hanmer explained that if it was felt that more resource was needed, he would be required to provide a business case to be considered as part of the production of the medium term financial plan,

A member asked if officers had looked at different demographics, Mr Shepherd stated that they used data insights to better inform local trends.

RESOLVED –

1. That the Self-Assessment Checklist according to the Chartered Institute

for Public Accountancy and Finance, as detailed at Appendix 1 of the report now submitted, be noted.

2. That the Annual Fraud Plan for 2026/27, at Appendix 2 of the report now , be noted.

AC.59 ANNUAL INFORMATION GOVERNANCE AND SECURITY REPORT

The committee considered a report from the Assistant Director Policy Strategy and Resources providing the annual information governance and security report for the 2025 calendar year for approval.

Mr Ellis set out the background to the report and highlighted the key items for consideration. It was noted that his team had seen an increase in Freedom of Information (FOI) requests.

A member raised a query regarding whether data held by the council was shared with partner organisations, and, if so, what checks and assurances were in place to ensure partners' General Data Protection Regulations (GDPR) compliance.

Mr Ellis confirmed that the council maintained a register of information sharing arrangements and shared information with partners, including the police, where a legal gateway existed. Information sharing agreements were in place with partner organisations which were supported by appropriate due diligence.

He further stated that DPIA (Data Protection Impact Assessments) were undertaken to assess risks, including controls such as system access restrictions, multi-factor authentication, and post-access monitoring, to ensure GDPR compliance.

A member referred to the reported training compliance levels of 99% GDPR training, and 92% relating to cyber compliance. The member asked what actions were being taken to address the outstanding compliance gaps.

Officers explained that training compliance data represented a snapshot in time and where mandatory training was not completed, officers contacted managers to notify them of outstanding training. If training remained incomplete, network access may be removed.

Mr Ellis advised that both topics were covered as part of the corporate induction for new starters,and that the training must be completed within one month.

Mr Leschenko queried whether FOI requests were being drafted with the assistance of AI. Mr Ellis confirmed that requests were becoming much more detailed in their content which indicated that AI was probably being used He also stated that an AI Development Group would be looking at what the impact of AI would be within this area.

RESOLVED – That the Annual Information Governance and Security Report for the 2025 calendar year, as detailed at Appendix 1 of the report now submitted, be approved.

AC.60 ANNUAL VALUE FOR MONEY REPORT

The committee considered a report a report from the Interim Section 151 Officer seeking to provide assurance on the effectiveness of the council's VFM (Value for Money) arrangements. Mr Lonsdale set out the background to the report and highlighted the key items for consideration.

Mr Lonsdale noted that the previous VFM qualification was linked to an inadequate Ofsted judgement in Children's Services which had been removed. The council still continued to have a higher number of children looked after and therefore this would remain a focus going forward.

Mr Leschenko queried whether the VFM assessment sufficiently reflected the role of procurement, noting the scale and significance of procurement activity. He asked whether it could be assumed that VFM was being achieved through the procurement process.

A member asked whether the Mayoral office incorporated any specific VFM principles.

Mr Jones noted that the position of Mayor was a civic honor. He commented that where relevant VFM considerations applied, and that the role was politically neutral, serving to promote the council's objectives and ambitions.

RESOLVED – That the report be noted.

AC.61 ANNUAL PROCUREMENT REPORT

The committee considered a report from the Assistant Director Policy Strategy and Resources outlining the key procurement activities undertaken by the council during the calendar year 2025. Ms Edgar set out the background to the report and highlighted the key items for consideration.

Mr Leschenko queried a statement at the end of the report regarding the e-tender system contract coming to an end later this year. He asked whether sufficient work had been undertaken to prepare for the contract expiry and expressed concern about the potential risks associated with changing arrangements.

Ms Edgar explained that alternative options were being explored, based on systems already implemented within the previous council she worked for, using the same software and service levels. She further advised that contingency arrangements were in place, which were hoped would not be required, with the ambition being to have any new system operational as quickly as possible.

A member noted that reported off-contract spending appeared to have increased, and raised queries regarding the overall value, duration, and main areas of this spend. It was explained that such spend was not always truly off-contract, as contracts may exist but had not yet been added to the register, which in some cases was an administrative issue that could be readily addressed.

Ms Edgar advised that this area had been actively reviewed since the last financial year. Also, the Assistant Director group reviewed the top ten areas of spend, alongside other identified areas on a quarterly basis. Work was ongoing to ensure all relevant contracts were captured on the register, supported by the implementation of clear procedures and processes.

Ms Robinson noted that the report information was currently based on the calendar year, with a recommendation made to align reporting to the financial year. This would mean that in future the report would be brought to this committee during Quarter 2 of the financial year.

A member referred to contract management within the report, highlighting the role of line managers in managing contracts, procurement issues, and SLAs (Service Level Agreements). It was noted that guidance was available, and that more robust arrangements were needed to ensure that officers responsible for contracts were appropriately supported and able to manage them effectively, including through basic contract management practices.

Ms Edgar noted that contract management training and guidance was a key area of focus and that officers had met with a number of contract managers to assess their needs. She further added that practice across the organisation was mixed, with many examples of good practice alongside areas for improvement. Work was underway to implement a contract management toolkit and e‑learning, aligned with the council's contract procedure rules, to support more consistent and robust contract management, which would be launched in due course.

RESOLVED –

1. That the Annual Procurement Report for the calendar year 2025, as detailed at Appendix 1 of the report now submitted, be noted.

2. That the Annual Procurement Report move from a calendar year to a financial year reporting basis, aligning procurement performance reporting with the financial accounting arrangements.

3. That from 2026/27 the Annual Procurement Report be scheduled for consideration by Audit and Governance Committee in Quarter 2 rather than Quarter 1, to ensure that full year performance information was available.

AC.62 ANNUAL REPORT OF THE AUDIT AND GOVERNANCE

COMMITTEE 2025/26

The committee considered a report from the Chair presenting the Annual Report of the Audit and Governance Committee prior to it being reported to Full Council.

Mr Stone stated that his report set out the work undertaken over the year, providing assurance that identified issues had been addressed. It highlighted areas where challenge has led to improvement, while also identifying where further work was required.

Mr Leschenko asked whether the Audit Committee could be more actively involved in the self-assessment. Mr Hanmer advised that this was just a draft self-assessment and the purpose of today was to consider its content.

The Chair suggested greater committee involvement in the self-assessment, to better understand members' skills and expertise and to ensure the committee had the right skill set. It was suggested that this work be revisited later in the year.

Members suggested some amendments to the self-assessment, noting that the section on whether the committee made recommendations was an area that could be strengthened and improved.

A member also suggested that sections 14–17 lacked sufficient detail to enable the committee to effectively evaluate Elected Member development and identify areas of weakness.

RESOLVED –

1. That the self-assessment, as detailed at Appendix 2 of the report now submitted, be noted.

2. That the suggested improvement actions in Section 4 of the report now submitted be noted.

3. That the annual report of the Audit and Governance Committee 2025/26 be approved and presented to Full Council.

4. That delegated authority be given to the Chair and Deputy Chair to make any additions or amendments to the report resulting from the outcome of this meeting.

5. That members of this committee have increased involvement in the individual self assessment for the 20026/27 annual report.

AC.63 AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME 2026/27

The committee considered a report presenting the committee's proposed work programme for 2026-27 for approval.

The Chair asked that the work programme now reflect that the Annual Procurement Report would be brought to the committee later in the year, aligned with the financial year.

The following were also suggested: -

- That the Annual Audit Committee report be included within the April 2027 meeting.
- That a briefing note on Local Government Reorganisation be submitted to the September 2026 meeting.
- That the Internal Audit Update be scheduled for the November 2026 meeting rather than the September 2026 meeting.
- That the Whistleblowing Policy and Annual Risk Report be added to the April 2027 committee meeting.
- That the National Procurement Strategy review be added to the July 2026 meeting.

RESOLVED – That the proposed work programme for the Audit and Governance Committee for 2026/27 be approved, subject to the above amendments.

AC.64 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.65 STRATEGIC RISK REGISTER

The committee considered a report from the Assistant Director Law and Governance that provided the Strategic Risk Register as at 2nd April 2026.

Members raised concerns that the risk register focused on events rather than clearly articulating the underlying risks. Officers agreed to take this feedback to the Assurance Board and update the register accordingly.

RESOLVED – That the strategic risks identified on the Strategic Risk Register be noted.

AC.66 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 12.04pm.