NORTH EAST LINCOLNSHIRE COUNCIL
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AUDIT AND GOVERNANCE COMMITTEE

16th July 2026at 10.30am.

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

Councilor's Beasant, Boyd, Bright, Charlesworth, Crofts, Kaczmarek, Mayne, and Patrick.

Mr W. Leschenko (Independent Member)

Officers in attendance:

- Liz Brummer (Head of Finance)
- Peter Hanmer (Head of Audit and Assurance)
- Nichola Hallas (Engagement Lead, Mazars)
- Simon Jones (Assistant Director Law and Governance)
- Makhosi Mazibia (Audit Manager, Mazars)
- Jo Paterson (Scrutiny and Committee Advisor)
- Caroline Wilson (Strategic Lead – Risk and Assurance)

AC.1 APPOINTMENT OF CHAIRMAN AND DEPUTY CHAIRMAN

It was noted that at the Annual General Meeting of the Council held on 21st May 2026, Mr. Paul Stone had been appointed Chairman of this committee and that Councillor Kaczmarek had been appointed Deputy Chairman of this Committee for the ensuing municipal year.

The Chair highlighted the ongoing schedule of audit committee training and the commitment to address any identified gaps through self-assessment.

AC.2 APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor Mill for this meeting.

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 16th April 2026 be approved as a correct record.

AC.5 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.

Under AC.62, Local Partnerships, the Chair highlighted an action from a previous meeting to establish a working group for local partnerships. It was noted that this group still needed to be set up, particularly now that we had the new committee members for 2026/27.

The Chair asked Mr Jones and Ms Paterson to look at arranging a date for this working group over the summer, with a view to a report being brought back to the next Audit Committee meeting.

Under AC.41 Code of Governance and Annual Governance Statement, the Chair highlighted that there was an action to convene a Working Group to look at governance arrangements around Corporation Road Bridge. It was noted that this still needed to take place.

The Chair asked the Monitoring Officer for an update on the matter.

Mr Jones provided an update, stating there were no new developments regarding governance or risk. An update on the project's critical path would be provided to scrutiny in September.

Mr Jones highlighted the legal risks associated with public discussion of a working group, and the need for carefully managed terms of reference (ToR) due to ongoing commercial sensitivities, which might limit full transparency at this stage.

Members emphasised the importance of transparency where possible.

The Chair noted that the primary initial task of the working group would be to establish its Terms of Reference, taking into account the commercial sensitivities outlined.

The Chair asked Ms Paterson to email committee members to ask for interest in the initial discussion around the terms of reference of the working group.

The Chair asked that the responsible officer for this action was updated from Councillor Holland no longer a committee member, to Councillor Patrick for accuracy. Ms Paterson agreed to amend this on the tracking report.

RESOLVED:-

1.That the report be noted.

2.That a date be arranged over the summer with members for the Local Partnerships Working Group to commence.

3. Ms Paterson to email committee to ask for interest in the initial discussion around the terms of reference of the Corporation Road Bridge Working Group.

4. The responsible Councillor for the Corporation Road Bridge action item be changed to Councillor Patrick on the Tracking Report.

AC.6 HEAD OF INTERNAL AUDIT REPORT AND OPINION

The committee considered a report from Head of Internal Audit that provided an annual report and opinion for the Audit and Governance Committee.

Mr Hanmer set out the background to report and highlighted the key issues for consideration.

A member raised concerns about two Priority 1 in relation to Homelessness s actions and the ongoing Priority 1 status in relation car parking requesting more detail on action plans and potential service impacts. In terms of Section 38 expenditure delay, officers clarified that delays were due to reprioritisation of other audits, not a lack of resources.

A member highlighted recurring issues in car parking enforcement, noting previous audit findings and the need for service improvement. The Chair reiterated that this committee's role was to focus on assurance and internal controls, which was distinct from scrutiny's role.

Members discussed the ICT Health Check, seeking assurance that appropriate actions were being taken to address the findings. Officers advised that a written update could be provided to Members by the Head of ICT.

A brief discussion occurred regarding the aspiration for "substantial assurance" versus the current "satisfactory assurance" and the practicalities of achieving higher levels across all areas.

RESOLVED –

1.That the report be noted.

2. The Head of Audit and Assurance to share the Homelessness Follow-up Audit Report and the Car Parking enforcement Audit Report with the Committee Members.

3. The respective Directors/ Assistant Directors for Homlessness and Car Parking enforcement be asked to attend a future Audit Working Group. This

should include a written update on the actions raised in the reports.

4. That the Head of ICT provide Members with a written update on the ICT Healthcheck.

AC.7 INTERNAL AUDIT QUALITY AND ASSURANCE AND IMPROVEMENT PROGRAMME

The committee considered a report from Head of Audit and Assurance which provided the Quality Assurance and Improvement Programme for 2026/27.

Mr Hanmer confirmed that a programme was in place to provide assurance on audit quality and included actions for further development.

RESOLVED - That the content of the Quality and Improvement Programme be noted.

AC.8 RISK MANAGEMENT ANNUAL REPORT 2025/26

The committee considered 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 2025/26.

Ms Wilson set out background to the report and highlighted the key issues for consideration.

Mr Leschenko questioned the lack of explicit financial cost allocation for risks, particularly reputational ones, suggesting that financial values should be more clearly documented.

In terms of the Risk Management Policy Review it was noted that the current policy included four levels of financial risk assessment, however members felt there should be more prescriptive figures or ranges.

A discussion ensued around Risk Maturity and clarification was provided that "risk maturity" referred to the organisation's capability in managing risk, not the probability of a specific risk occurring.

A member referred to the Operational Risk Register and raised historical concerns about the operational risk register not being shared in full with the Committee Mr Jones clarified that high-scoring operational risks should be escalated to the Strategic Risk Register, and the committee's constitutional terms of reference typically focused on strategic risks.

Officers confirmed that the risk management toolkit training was now available and an e-learning package was being developed., and Once complete the e-learning package would be made available to members.

A Member asked for an example of AI use for risk identification. Officers provided the example of using AI to identify triggers and effects for risks and expected controls

RESOLVED-

1.That the report be noted.

2.That the Chair commit to discussing operational risks in more detail with the Head of Internal Audit and Monitoring Officer prior to the next meeting.

3.That the Strategic Lead (Risk and Governance) bring the list of corporate risks to the November meeting.

4. That, if necessary, the Head of Audit and Assurance review the Risk Management Policy to mandate the inclusion of financial figures or ranges against risk categories.

AC.9 CIPFA FINANCIAL MANAGEMENT CODE OF PRACTICE

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

Ms Brummer set out the background to the report and highlighted the key areas for consideration.

A discussion ensued around budget savings and reserves, it was noted that required budget savings were proportionately lower than in previous years, and the three-year settlement provided greater certainty. The Council's approach to reserves and insurance provisions was also discussed by members.

A member raised a recurring trend of forecasted overspends at mid-year consistently reducing by year-end, questioning the accuracy of initial forecasts. Ms Brummer explained that forecasts relied primarily on service director’s predictions, particularly in volatile, demand-led services like Children's and Adults' Social Care, and that finance provided the relevant challenge and support.

The Chair reiterated that the committee's role was to assure the robustness of budget monitoring processes, not to conduct deep dives into specific budget lines. The Internal Audit's role was to test the compliance of services with these processes.

RESOLVED -

1. That the requirement to adhere to the Code be noted.

2. That the findings within the updated self-assessment be noted.

3. That a further discussion on budget monitoring processes would be deferred until the outcomes of relevant audit reports were available.

AC.10 ANNUAL GOVERNANCE STATEMENT 2025/26

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 2026/27

Ms Wilson highlighted the background to the report and highlighted the key areas for consideration.

A member provided context on the CQC inspection methodology, noting that the new system made it difficult for councils to achieve better than "requiring improvement," and that methodology changes were anticipated. However, in response Officers said that as the Council had been assessed as "require improvement" it needed to be referred in the Annual Governance Statement.

In terms of the Annual Governance Statement Action Plan, the action plan for 2026/27 will be included I the final version which will accompany the audit audited accounts.

Another member raised specific concerns about the lack of suitable accommodation for homeless individuals and families, citing examples and suggesting proactive engagement with housing associations for priority placement, and felt that this should be referred to in the Annual Governance Statement.

RESOLVED –

1. That the Audit Committee recommended the adoption of the AGS by the Council subject to any changes that may be required up to the approval of the statement of the accounts. .

2.That the Strategic Lead (Risk and Audit) take the comments around suitable accommodation for homeless individuals and families back to the relevant directors.

AC.11 TREASURY OUTTURN REPORT 2025/26

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

Ms Brumer set out the background to the report and highlighted the key areas for consideration.

A member requested more detailed information on capital programme slippage, which was noted as being available in a Cabinet report.

The cost of £1 million related to local government reorganization was noted.

In response to a query, it was noted that the council assesses borrowing needs daily and does not actively manage capital projects to slow borrowing.

RESOLVED - That the report be noted.

AC.12 EXTERNAL AUDIT STRATEGY MEMORANDUM 2024/25

The committee considered the report from the Council's External Auditors.

The External Auditors set out background to the report and highlighted the key areas for consideration.

The External Auditor advised that materiality levels had been set, and risk assessments were being finalised.

It was confirmed that external audit work was on track to meet the November deadline for completion.

RESOLVED – That the report be noted.

AC.13 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.14 ISSUES FOR DISCUSSION WITH 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 12.55pm.