MINUTES of a meeting of the AUDIT AND GOVERNANCE COMMITTEE held in the Abbey Room, Stenson House, London Road, Coalville, LE67 3FN on WEDNESDAY, 4 JUNE 2025

Present: Councillor R Sutton (Chair)

Councillors P Moult, D Everitt, D Cooper, R Johnson, G Rogers, J G Simmons, and A Wilson

Independent Members: Mrs E Hutchinson, Mr P Montgomery

Officers: Mr A Barton, Ms K Beavis, Mrs A Crouch, Ms K Hiller, Ms H Panter, Ms B Leonard and Ms E Lant

External Audit: Ms L Hinsley, Ms H Parks

1. APOLOGIES FOR ABSENCE

Apologies were received from Councillor R Boam and Councillor N Smith.

2. DECLARATION OF INTERESTS

There were no interests declared.

3. MINUTES

Consideration was given to the minutes of the meeting held on 23 April 2025.

It was moved by Councillor J Simmons and seconded by Councillor G Rogers and

RESOLVED THAT:
The minutes of the meeting held on 23 April 2025 be confirmed as accurate records of proceedings.

4. COMMITTEE WORK PLAN

Consideration was given to the inclusion of any items on the work programme.

The Head of Finance informed the Committee that there will be an addition of two extra meetings to approve accounts from 2023/24 and 2024/25.

It was agreed, at the suggestion of a member, that the Head of Finance would work with External Auditors to provide a progress plan.

The work plan was noted.

5. EXTERNAL AUDIT PLAN 2024/25

The Head of Finance presented the report and introduced the Audit Director for Azets.

A discussion followed. In response to a member, it was explained to the Committee that the plan was to achieve a full, clean, unmodified unqualified opinion by 2027-28 which required a lot of work. The Audit Director and Key Audit Partner would provide regular updates on progress and areas where assurance has been achieved. It was also likely that before 2027-28, disclaimed or modified opinions would still be likely. This timeline was chosen because of local government reorganisation which would ensure the Council had sufficient assurance before then.

A member expressed keenness for the Committee to assist in improving assurance and asked how the Committee could achieve this. The Audit Director for Azets recommended that the Committee built a detailed understanding of how management have responded and managed these problems. This included identifying root causes, resolutions, monitoring, managing time frames effectively and what the processes were, in relation to these, involved. It was also suggested that the Committee could work to understand the full extent of ongoing Council work, look for gaps to seek assurance on and potentially request a root cause analysis in response to a query from a member with regard to the implementation and procurement of the financial software.

Value for money was discussed by the Committee. The Audit Director and Key Audit Partner explained that they would be receiving financial statements for 2023/24 and 2024/25 over the summer and intend to report both years on the 30 November with the plan to continue to do so on that date annually.

The Committee were also informed that fees for the auditing work were set by the Public Sector Audit Appointments and that they were working through discussions with Auditors and Councils around the fee plans to address concerns from both sides. The Committee would be further updated when there was more information.

The report was noted and Members were thanked for their comments.

6. STATEMENT OF ACCOUNTS 2023/24 UPDATE

The report was presented by the Head of Finance.

A discussion followed. It was agreed that the Head of Finance would circulate, once available, an update regarding funding from the Ministry of Housing, Communities and Local Government to support clearing the backlog and restoring audit assurance. The Head of Finance informed the Committee that there had been progression working with Embridge by meeting fortnightly to resolve Unit 4 queries; and would provide the Committee with a written response.

It was established between the Committee and the Head of Finance that questions from the Committee regarding this item would be sent by email to the Head of Finance in between meetings with further updates provided at the next meeting. The Head of Finance also agreed to provide the Committee a summary of the project plan so the Committee could view the progress being made.

It was moved by Councillor G Rodgers, seconded by Councillor J Simmons and

RECOMMENDED THAT:

The Committee recognises and endorses the steps being taken by the Director of Resources to resolve the delays to the publication of these accounts.

Members were thanked for their comments and the update to the Statement of Accounts for 2023/24 was noted.

7. FOLLOW UP TO OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS

Updates to outstanding Internal Audit recommendations were provided by the Strategic Director of Communities and the Head of Human Resources and Organisation Development.

A discussion followed the update from the Strategic Director of Communities. Concerns were expressed about a lack of response and the timeliness of implementation for asbestos-related improvement, but members were assured by the update and the progress made to ensure the Council were managing asbestos effectively on an operational level. In addition, the Strategic Director of Communities had put in place a more robust process to keep on top of Audit trackers.

It was explained that due to current data being fragmented, officers had decided to resurvey all properties and build a new digital, accessible system which will include regular resurveys.

Staffing concerns were raised. The Strategic Director of Communities informed the Committee that recently the service had now in place a fully recruited housing management team and new repairs management; in particular some of the new recruits were external candidates that may bring new views on service progression.

It was explained to the Committee that asbestos in homes was in secure locations and was safe if undisturbed, and the Council managed asbestos in situ which was the recommended approach. Tenants receive asbestos information packs on tenancy commencement or swap. If a property was sold, the new owner received the information pack, but the Council had no control over changes of ownership beyond that point.

The Strategic Director of Communities was thanked for the update and the chair introduced the Head of Human Resources and Organisation Development who provided an update.

Concerns were raised about internal audit recommendations going back a long time. It was explained by the Audit manager that owners of audit recommendations could choose to accept risks and not implement recommendations, but that would be clearly communicated to the Audit Committee.

Members enquired about apprenticeships in the Council. The Head of Human Resources and Organisation Development informed the Committee that there were 4 internal and 2-3 external apprentices, with the plan to implement succession planning for hard-to-fill roles and external funding was being explored to employ more.

In response to a member asking what assurances could be given to employees during the process of devolution, the Head of Human Resources and Organisation Development explained that although assurances couldn’t be given, the Council were updating candidate packs, providing FAQs to hiring managers and most roles were unlikely to be affected by the local government reorganisation.

The Head of Human Resources and Organisation Development informed the Committee that development of a new recruitment dashboard was being undertaken to provide better oversight to managers and the Corporate Leadership Team.

A member sought assurance regarding pensions to which the Head of Human Resources and Organisation Development informed the Committee that there were no confirmed plans of changes being made to the Local Government Pension Scheme (LGPS). The LGPS was highlighted as being attractive to applicants, with contributions of 27-28%, and that changes to this would likely impact recruitment and retention but this was highly unlikely.

The Head of Human Resources and Organisation Development was thanked for the update and members were thanked for their comments.

8. INTERNAL AUDIT STRATEGY

The report was presented by the Audit Team Manager.

A discussion followed. Concerns were raised about perceived internal weaknesses; but assurance was given that these were potential risks, not current issues and that the Corporate Leadership Team (CLT) was supportive of Internal Audit.

Another concern was that there may be a culture of tolerance toward delayed recommendation implementation. It was clarified by the Audit Team Manager that there may have been a problem in the past, but the strategy contained performance indicators that were reliant on CLT and managers, which included the implementation of recommendations.
Recommendation extensions werereviewed and approved by CLT and there were new performance targets aimed to improve implementation rates. In addition to that, the Committee was informed of new processes in development to help the Committee respond to recommendation extensions, with the plan to include that in a training package for all members.

It was moved by Councillor P Moult, seconded by Councillor J Simmons and

RECOMMENDED THAT:

The Committee approve the Internal Audit Strategy 2025/26 – 2027/28.

9. TREASURY MANAGEMENT STEWARDSHIP REPORT 2024/25

The report was presented by the Head of Finance.

Following the report, a member commented that the Council's use of Treasury Management Advisors had resulted in a good performance and therefore a good approach.

In response to a question, the Head of Finance explained to the Committee that a reduction in short-term investments and an increase in cash and cash equivalents was due to classification differences in types of investments.

The report was noted, and Members were thanked for their comments.

The meeting commenced at 6:30pm

The Chair closed the meeting at 8:30pm

Chair's signature