

MINUTES of a meeting of the AUDIT AND GOVERNANCE COMMITTEE held in the Abbey Room, Stenson House, London Road, Coalville, LE67 3FN on WEDNESDAY, 23 APRIL 2025

Present: Councillor P Moulton (Chair)

Councillors D Everitt, D Cooper, G Rogers, J G Simmons and R Sutton

Officers: Ms K Beavis, Ms K Hiller, Mr P Stone and Ms E Lant

54. APOLOGIES FOR ABSENCE

Apologies were received from Councillor A Barker, Councillor R Johnson and Councillor N Smith

55. DECLARATION OF INTERESTS

There were no declarations of interest.

56. MINUTES

Consideration was given to the minutes of the meeting held on 5 February 2025.

It was moved by Councillor Sutton, seconded by Councillor Rogers and

RESOLVED THAT:

The minutes of the meeting held on 5 February 2025 be confirmed as an accurate record of proceedings.

57. COMMITTEE WORK PLAN

Consideration was given to the committee work plan.

The committee work plan was noted.

58. EXTERNAL AUDIT PLAN

The internal component of the report was presented by the Strategic Director of Resources. The external component of the report was presented by the Head of Public Sector Audit for Azets.

A discussion was had between Members and the Head of Public Sector Audit. Members were assured that External Auditors liaise with the Internal Audit Team and internal findings inform external risk assessments, but other external processes were independent. Regarding concerns about the finance system, the Head of Public Sector Audit informed the Committee that Azets would not duplicate any work the Council had undertaken but would assess the system controls in place which focused on adequacy, timeliness and value for money. It was also assured that Azets provided specific work with the Council's manual records.

The discussion continued with the Head of Public Sector Audit informing members that having disclaimed audit opinions was difficult but they had worked with other authorities in this position, so they were experienced. Azets would review the audit opinion of 2020-21 and would work to build assurance. Due to the current high-risk position of the Council, Members were informed that Azets would approach the work differently, using different testing procedures and larger samples, for example.

Chairman's initials

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

59. STANDARDS AND ETHICS REPORT - QUARTER 4

The report was presented by the Head of Legal and Support Services.

A brief discussion followed with the Head of Legal and Support Services about details within the complaints process.

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

60. DRAFT MEMBER CODE OF CONDUCT ANNUAL REPORT

The report was presented by the Head of Legal and Support Services.

A brief discussion followed with the Head of Legal and Support Services about the complaints process. A member suggested that it may be important to make Committee Members that have not sat on the Assessment Sub Committee more aware of complaint procedures. Members supported the idea of a Code of Conduct refresher training session being delivered. In response to concerns about attendance, the Head of Legal and Support Services assured that the training would be mandatory.

1) Members were thanked for their comments and the report was noted.

It was moved by Councillor Sutton, seconded by Councillor Simmons and

RESOLVED THAT:

2) Authority was delegated to the Head of Legal and Support Services and Monitoring Officer to make any minor amendments to the report following comments from the Audit and Governance Committee.

3) The Committee approved the Annual Member Conduct Report 2024/25 prior to submission to Council on 17 June 2025.

61. QUARTER 4 AUDIT PROGRESS REPORT

Prior to the presentation of the report, the Strategic Director of Resources sent the Committee an email containing responses to questions from the meeting of 5 February 2025. After some time consulting the responses, the Strategic Director of Resources suggested that the report be presented before addressing any follow up questions.

The report was presented by the Audit Manager.

A discussion followed. Some Members highlighted payroll, with one requesting an update about its system in the future. The Strategic Director of Resources contributed to the discussion with the following statement:

The Director of Resources provided the committee with an update on the actions he has taken recently to address the finance system issues and other related matters in improving the Council's finance systems and processes.

He advised Members that they will be aware that the finance system was implemented two years ago and confirmed that the Council is still experiencing issues impacting on the Council's ability to close down the accounts. The Council has to work with an implementation partner rather than directly with the system supplier, Unit4. The Council's

Chairman's initials

implementation partner is Embridge. Over the last two years, the Council has worked on the basis of finding a problem and raising a ticket. This process tends to involve a lot of back and forth and can be a lengthy process. However, the Council has progressed a lot of issues.

In March this year, the Director of Resources described how he contacted Embridge and requested a meeting with their senior management team to highlight his concerns. At that meeting he opined that two years after implementation, the Council does not have a system that is fit for purpose. He stated to Embridge that he wanted all outstanding issues resolved. The Director of Resources highlighted to Embridge three priority areas that need to be addressed these being: an automated bank reconciliation, an issue with direct debits, and automating the payment of invoices to suppliers. He asked for these three areas to be given priority. Additionally, he has requested that any outstanding tickets are identified and progressed quickly.

The Council has now been allocated a dedicated project manager from Embridge who is now working with the finance teams to expedite progress. Furthermore, there is now a regular meeting with Embridge to resolve these issues, and a project board will be established to oversee the projects. The Director of Resources stated that he has made it clear that he wants these issues resolved within a matter of weeks. Embridge has agreed to put a consultant on-site at NWL to get a real grasp of the issues. There appears to be some momentum with this approach, and the Director of Resources is optimistic that he will see progress in the next two to three weeks.

The Director of Resources went on to describe the approach the Council had taken at the time of implementing the new system, unfortunately, it is apparent that approach was not the correct one. He described how the Council now needs to move on in resolving the issues which must be done quickly.

The Director of Resources then went on to describe how he has sought independent advice to review our systems and processes and identify areas for improvement with a particular focus on Exchequer Services. The Council has procured support from the Chartered Institute of Public Finance and Accountancy (CIPFA), who have been working with the Council since March this year. CIPFA are regularly liaising with Embridge, our implementation partner, and pushing them to take action.

Additionally, there's been a focus on our exchequer systems and processes, aiming to improve them. This will help by ensuring our priorities include having an automated bank reconciliation process. This in turn will help us to progress the closedown process for our Statement of Accounts 2023/24.

The Director of Resources described how one of the major priorities with regard to the finance system is automating invoice payments. Invoices will be scanned and processed significantly quicker in comparison to the current process. The implementation of the software was due to be implemented in March, however, there are issues with this which are beyond the Council's control. The Council is aware that other local authorities are experiencing similar issues so the Council is not alone in this.

Additionally, the Council is working with our CIPFA colleagues to review the structure within the finance teams with a view to ensuring that the structure meets the needs of not only the finance service, but explores how it can support our services across the Council. The budget for 2025/26 approved additional budget for an Insurance Officer role. This will enhance our insurance processes.

In addition to the above, the Council has established partnership working with V4 to enhance its procurement processes ensuring compliance with procurement regulations, in particular ensuring compliance with the Procurement Act 2023 requirements.

Chairman's initials

The Director of Resources concluded by confirming that the Council is continuing to work with our new external auditors, Azets, and will discuss a detailed timetable for closedown of the Statement of Accounts 2023/24 with them in the coming days.

In response, a request was made by the Chair for an update on the progress of actions being taken by the Strategic Director of Resources and Finance at the next meeting, and to discuss possible actions of the Committee.

A discussion on the report began. The Audit Manager explained that some of the payroll-related, high priority recommendations would be managed by the implementation of an externally managed payroll service in May 2025. The Strategic Director of Resources added that this decision was unrelated to a lack of resources within the Council and would remove potential internal control issues.

The discussion progressed onto Capital Programme Management. A Member raised concerns that there were no recent updates to these recommendations. It was explained by the Strategic Director of Resources that these recommendations relate to forms and processes for Officers across the Council to understand what is required of them, so they are ready for Capital Strategy Group. It was assured that the group regularly meets and worked very methodically with proper governance arrangements in place. There have been changes in the capital accountant position in the past 18 months which has slowed down progress however the current accountant understands the work required to progress these recommendations. Another concern was raised about tracking the expenditure of these programmes but was reassured that documentation was maintained and work will be completed to meet the recommendation.

The Committee were informed by the Audit Manager about a Corporate Compliance Group which had been set up recently. This was set up to ensure that compliance testing was performed according to procedures.

As proposed by the Chair, Members discussed whether to request the Strategic Director of Communities to attend Committee, particularly to provide further assurance on the management of Asbestos in the district.

It was moved but Councillor R Sutton, seconded by Councillor J Simmons and

RESOLVED THAT:

The Strategic Director of Communities to attend the next Audit and Governance Committee

After the motion, a member continued the discussion suggesting inviting another Head of Service to provide further assurance and updates regarding resources, recruitment and retention. It was suggested by the Head of Legal and Support Services that the Head of Human Resources was the most appropriate Officer.

It was moved by Councillor R Sutton, seconded by Councillor J Simmons and

RESOLVED THAT:

The Head of Human Resources to attend the next Audit and Governance Committee.

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

Chairman's initials

62. AUDIT PLAN

The report was presented by the Audit Manager

1)The report was noted.

It was moved by Councillor Simmons, seconded by Councillor Rogers and

RESOLVED THAT:

2) The Draft 2025/26 Internal Audit Annual Plan subject to any comments made under recommendation 1.

63. INTERNAL AUDIT CHARTER

The report was presented by the Audit Manager.

It was moved by Councillor Rogers, seconded by Councillor Sutton and

RESOLVED THAT:

The Committee approved the Internal Audit Charter at Appendix 1 of the report.

64. UPDATE ON ACTION PLAN IN RESPONSE TO ANNUAL AUDIT OPINION 2023/24

The report was presented by the Strategic Director of Resources

A discussion was had between Members, the Strategic Director of Resources and the Audit Manager. A member expressed disappointment that Internal Audit were not receiving invitations for Audit to attend DMT/SMT meetings or being involved in new grants. The Audit Manager assured that progress was being made. Internal Audit were being invited into more work within other teams with more work to be done. Projects, as well as grants, have been included and the team have considered controls, particularly to have duplication removed. The Business and Service plan processes were beginning to involve audit, also. The Strategic Director of Resources added that Business Services Planning will be involving Internal Audit. They will also remind colleagues to involve Internal Audit in Business Services Planning, projects and grants in future Corporate Leadership Team meetings.

The progress against the actions agreed in response to the Annual Internal Audit opinion 2023/24 was noted.

65. ANNUAL GOVERNANCE STATEMENT 2023-24

The report was presented by the Strategic Director of Resources.

A Member briefly reiterated concerns about workforce capacity in relation Principle E of the CIPFA/SOLACE principles.

It was moved by Councillor Simmons, seconded by Councillor Everitt and Members voted for the recommendations, with one abstention received from Councillor R Sutton.

RESOLVED THAT:

The Committee approves the Annual Governance Statement 2023/24.

Chairman's initials

66. APPOINTMENT OF INDEPENDENT MEMBERS OF AUDIT AND GOVERNANCE COMMITTEE

The report was presented by Strategic Director of Resources.

A brief discussion followed. Members commented that the appointment was great news, and the Committee was lucky to have recruited independent members with such expertise.

It was moved by Councillor Simmons, seconded by Councillor Cooper and

RESOLVED THAT:

The Committee approved the appointment of Paul Montgomery and Emma Hutchinson as Independent Persons on the Audit and Governance Committee.

67. CORPORATE RISK UPDATE

The report was presented by Strategic Director of Resources

A member expressed that further risks to the Freeport and Local Plan should be included. In response, the Strategic Director of Resources agreed to refer this to Planning colleagues.

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

68. SIRO (SENIOR INFORMATION RISK OFFICER) ANNUAL REPORT

The report was presented by the Head of Legal and Support Services

A Member thanked the Head of Legal and Support Services for a comprehensive and thorough report.

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

69. AUDIT AND GOVERNANCE COMMITTEE ANNUAL REPORT 2024/25

The report was presented by the Strategic Director of Resources

It was moved by Councillor Everitt, seconded by Councillor Simmons and

RESOLVED THAT:

The Committee approved the Draft Annual Report 2024/25 prior to submission to Council on 17 June 2025.

70. EXCLUSION OF PRESS AND PUBLIC

RESOLVED THAT:

In pursuance of Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the remainder of the meeting on the grounds that the business to be transacted involves the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Act and that the public interest in maintaining this exemption outweighs the public interest in disclosing the information.

Chairman's initials

71. IT HEALTH CHECK RETEST UPDATE

The report was presented by the ICT team manager.

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

The meeting commenced at 6.30 pm

The Chair closed the meeting at 9.02 pm

Chairman's signature