

MINUTES of a meeting of the AUDIT AND GOVERNANCE COMMITTEE held in the Abbey Room, Stenson House, London Road, Coalville, LE67 3FN on WEDNESDAY, 12 NOVEMBER 2025

Present: Councillor R Sutton (Chair)

Councillors P Moulton, R Boam, D Cooper, D Everitt, R Johnson, G Rogers, J G Simmons, N Smith and A Wilson

In Attendance: Councillors

Officers: Ms K Beavis, Ms K Hiller, Mr P Stone and Mrs C Hammond

External Audit: Ms L Hinsley and Ms H Parks

#### **94. APOLOGIES FOR ABSENCE**

There were no apologies for absence.

#### **95. DECLARATION OF INTERESTS**

There were no interests declared.

#### **96. MINUTES**

Consideration was given to the minutes of the meeting held on 6 August 2025.

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

RESOLVED THAT:

The minutes of the meeting held on 6 August 2025 be confirmed as accurate records of proceedings.

#### **97. OUTSTANDING ACTIONS UPDATE**

Consideration was given to any outstanding actions on the Outstanding Actions log.

The Outstanding Actions log was noted.

#### **98. COMMITTEE WORK PLAN**

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

The work plan was noted.

#### **99. STATEMENT OF ACCOUNTS UPDATE**

By affirmation of the Committee, it was agreed that item 8 be moved to precede item 6.

The report was presented by the Strategic Director of Resources.

After the presentation, there was a discussion between Councillors and the Strategic Director of Resources. The Committee were assured that the Finance team were committed to closing the accounts, as soon as possible, with the aim of completion being in December. There were arrangements in place and the Finance Project Steering Group meeting weekly. An update was provided to the Committee regarding the Unit 4 finance

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system. The system was explained to be functioning as expected, with some updates being required, particularly around reconciliation. It was explained that collaboration to improve reconciliation has not progressed and therefore Officers were considering externalising the work so it can be completed quickly. It was added that enhancements for budget monitoring and reporting have been implemented, though progress is slow as issues with the system take time to resolve.

It was further explained that budget monitoring took place quarterly and that a report for Quarter 2 was due to be presented at November's Cabinet meeting. Members of the Corporate Leadership Team and Portfolio Holders received regular briefings on their areas.

In response to a question regarding procurement, it was explained that new procurement was underway for an implementation partner to work with Unit 4. The market for partners was limited but the team had identified other partners available and had undertaken benchmarking with other local authorities that used the same partner. Although the current partner was keen to continue their work, the team needed to consider other areas due to the slow progress made managing Unit 4 queries.

Recommendation 1 was noted, and members were thanked for their comments.

Recommendation 2 was moved by Councillor P Moulton, seconded by Councillor R Johnson and

RESOLVED THAT:

The Committee recognised and endorsed the steps being taken by the Director of Resources to resolve the delays to the publication of accounts.

## **100. 2023/24 AUDIT COMPLETION REPORT**

The report was presented by Helen Parks, the Director of Public Sector External Audit at Azets.

In response to a concern raised, the Director of Public Sector External Audit at Azets explained that the red and amber ratings were due to delays in receiving information, but this was not considered to be critical or a hindrance to their auditing processes at the time. They had issued a recommendation around the finance team's capacity but assured the Committee that it was something they shouldn't be concerned about. If it became a concern, this would be flagged to the Committee in future audits.

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

## **101. AUDITOR'S ANNUAL REPORT - 2023/24 AND 2024/25**

The report was presented by the Helen Parks, the Director of Public Sector External Audit at Azets.

A discussion followed.

### Local Government Reorganisation (LGR)

A member emphasised the significance of LGR for governance. It was explained to the Committee that LGR was recognised as a significant risk but was grouped under "national policies" as it already existed in the register. It was requested for LGR to be upgraded in the risk register and for it to be highlighted in the Annual Governance Statement to ensure

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visibility and accountability.

#### Staffing

It was highlighted that staffing concerns had been raised repeatedly and was still a concern. In response, it was explained by the Strategic Director of Resources that recruitment had improved over the past six months. There had been better responses to job adverts, the filling of hard-to-fill posts which included a new Finance Team Manager. This was found to be reassuring. A recruitment structure chart was requested by members, detailing roles and clarifying which were permanent or temporary.

#### Procurement

Assurance was sought from Azets regarding whether the Council was functioning in 'best practice' on procurement activities. It was explained that procurement had been addressed but a specific audit had not been undertaken; but internal audit had previously undertaken such an audit, with another one forecast. This would be where the Committee could gain such assurance.

Particular attention was made to the procurement of the Unit 4 system. It was explained by the Head of Public Audit at Azets that recommendations had been made due to there being no available documentation of the decisions made to procure Unit 4.

The Strategic Director of Resources contributed that procurement processes have improved. These included the appointment of a permanent procurement officer, the publication of a procurement strategy and contract register, procurement and contract register training provision for officers, and the establishment of regular meetings, and steering groups.

A member requested a root cause analysis to be undertake in order to seek assurances and gain insight from the implementation of Unit 4. The suggestion was accepted by the Strategic Director of Resources who advised that arrangements can be made to achieve this, once the accounts had been completed.

#### Governance

A concern was raised about whether Members across the full Council were being adequately informed. It was added that previous governance arrangements failed to provide adequate oversight and timely reporting. It was suggested that management responses could be based on SMART (Specific, Measurable, Achievable, Realistic, Time-bound) objectives in order for the Committee to seek clearer, actionable plans to ensure accountability.

The Strategic Director suggested improvements such as briefings, further reports and workshops to improve transparency; particularly around Unit 4 progress. A member suggested a broader report be received by full Council to keep other Members informed of governance issues, updates and progression.

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

## **102. ANNUAL GOVERNANCE STATEMENT 2024-25**

The report was presented by the Strategic Director of Resources.

A discussion followed. The chair proposed to defer the item for officers to update the document before its return to the Committee. It was explained by the Strategic Director of Resources that the Annual Governance Statement must be published, in draft or approved form, alongside the draft Statement of Accounts in December 2025. He informed the Chair that his preference was to receive the Committee's comments at the meeting and be delegated to make those changes in consultation with the Chair prior to its

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publication. The Monitoring Officer supported the Strategic Director of Resources' preference, in order to prevent the risk of missing deadlines. The Chair added that it was important to include what's addressed in the External Auditor's report.

The Monitoring Officer provided the Chair with advice on how to proceed with the motions.

The recommendations as set out in the report was moved by Councillor R Boam, seconded by Councillor J Simmons and put to a vote.

The motion was LOST.

The Chair of the Committee presented a list of comments and changes to be made to the statement. This was sent to members of the Committee prior to the meeting.

It was moved by Councillor R Sutton and seconded by Councillor P Moulton and put to a vote.

The motion was CARRIED.

RESOLVED THAT:

1) The Annual Governance Statement 2024 – 2025 be approved subject to the changes requested by the Chair and to take into consideration Azet's annual report;

2) The Committee delegate the Section 151 Officer in consultation with the Chair to make those changes.

### **103. DRAFT ACCOUNTING POLICIES 2024/25**

The report was presented by the Head of Finance.

It was moved by Councillor N Smith, seconded by Councillor D Everitt and

RECOMMENDED THAT:

The Draft Accounting Policies for the 2024/25 Financial statements were considered and approved.

### **104. TREASURY MANAGEMENT UPDATE REPORT - QUARTER 2**

The report was presented by the Head of Finance.

The committee commended the Council's prudent investment approach and strong performance, particularly noting the positive position regarding bail-in exposure compared to other authorities and the Head of Finance clarified the meaning of bail-in risk, explaining it related to the order of priority for recovering funds and that the Council avoided higher-risk banks.

In response to a question, the Head of Finance confirmed that current diversification referred to investments rather than borrowing, and that higher returns would involve more risk.

A question was asked about future borrowing, especially for housing projects. The Head of Finance confirmed that while current policy favoured using reserves, borrowing could be considered in future years depending on the capital strategy and Council decisions.

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The committee discussed the implications of local government reorganisation on liabilities and reserves, and the Director of Resources confirmed that financial modelling and due diligence had been done to assess the position of other councils. Concerns were raised about the potential redistribution of reserves and assets in the event of reorganisation.

The committee noted that past decisions to build homes and accumulate reserves would benefit the new authority formed after reorganisation.

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

## **105. INTERNAL AUDIT PROGRESS REPORT**

The report was presented by the Audit Manager.

The committee expressed appreciation for the Audit Manager's work and the clarity of the internal audit reporting, especially regarding the progress on key financial systems and extended recommendations.

It was requested that for future reports, particularly the financial systems action plan, there was less technical language and more plain English to aid member understanding.

A member sought assurance on progress in addressing extended recommendations related to housing. The Audit Manager confirmed that there would be regular meetings with the new Head of Housing and ongoing monitoring to ensure implementation.

The committee acknowledged the significant number of recommendations in housing audits, noting past staffing issues but recognising that stability was improving and progress was being made. The recent C2 rating from the housing regulator was highlighted as evidence that issues were being addressed, and it was confirmed that an action plan is being developed to respond to the regulator's findings.

The committee supported officer's approach of continuously tailoring the audit plan to current risks and priorities, especially in housing, and welcomed the opportunity for members to contribute to future audit planning.

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

## **106. CORPORATE RISK UPDATE**

The report was presented by the Strategic Director of Resources.

A discussion followed. By the request of a member, it was agreed by the Strategic Director of Resources that separate risk areas for Unit 4 and Local Government reorganisation would be included in the register. A concern was raised that the impact local government reorganisation had on recruitment may be underestimated, in response to a reduction in its risk score. It was explained that a reduction in score was reduced due to improved recruitment processes and applicant response; the Corporate Risk Group will be continue to monitor and adjust scores as needed.

A high risk in relation to Driver and Fleet compliance was also highlighted. It was explained that this risk had been discussed by the Corporate Leadership Team, with several mitigations agreed including a dedicated resource for a compliance project and the establishment of an internal project Steering Group.

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

#### **107. STANDARDS AND ETHICS REPORT - QUARTER 2**

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

In response to a member, the Head of Legal and Support Services did not think there was a correlation between the increase of Subject Access Requests (SAR) and Freedom of Information requests as they were very separate requests. It was suggested that an increase in SARs could be due to more members of the public being aware that they can make these requests. The increase from Quarter 2 may be isolated but it was assured that the frequency would be monitored.

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

The meeting commenced at 6.30 pm

The Chair closed the meeting at 8.37 pm