

MINUTES of a meeting of the AUDIT AND GOVERNANCE COMMITTEE held in the Abbey Room, Stenson House, London Road, Coalville, LE67 3FN on WEDNESDAY, 6 AUGUST 2025

Present: Councillor R Sutton (Chair)

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

Officers: Mr A Barton, Ms K Beavis, Mrs A Crouch, Ms K Hiller, Ms B Leonard and Mr P Stone

81. APOLOGIES FOR ABSENCE

Apologies were received from Councillors R Boam and R Johnson

82. DECLARATION OF INTERESTS

There were no interests declared.

83. MINUTES

Consideration was given to the minutes of the meeting held on 4 June 2025.

It was moved by Councillor P Moulton and seconded by Councillor N Smith and

RESOLVED THAT:

The minutes of the meeting held on 4 June 2025 be confirmed as accurate records of proceedings.

84. COMMITTEE WORK PLAN

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

Inclusion of reports from external auditors was requested by a member for the next Committee.

The work plan was noted.

85. STATEMENT OF ACCOUNTS UPDATE

The report was presented by the Strategic Director of Resources.

A discussion followed. It was explained to the Committee that other local authorities in the country had generally met audit deadlines, with one other authority in a similar position and that external auditors were working over the summer to provide results for years 2024/25 for those other local authorities, but a full audit assurance was not expected until 2027/28.

Members and the Strategic Director of Resources discussed a number of questions and concerns with regard to the reconciliation and control work for the 2023/24 accounts. It was explained that Mazars', the previous external auditor, was engaged to assist with this and that their role was limited with no broader financial tasks. The decision to use Mazars was based on value for money, compared to agency costs.

In response to a question from a Member, it was maintained that the financial management and governance of the Council was sound. Prior to Covid, the Council always submitted its Statement of Accounts on time. During Covid, the finance teams

Chair's initials

were allocated other priorities which exacerbated its ability to close the accounts in a timely manner. The Director of Resources explained that the Council performs well against the Chartered Institute of Public Finance and Accountancy's (CIPFA) Financial Management Code and confirmed good practices were in place but disruptions such as COVID and system transitions had negatively impacted reporting timelines. Furthermore, the Director of Resources referred Members to the report presented by Azets to the Committee on 4 June 2025 which sets out the timetable and approach for rebuilding assurance.

Another challenge faced by the Finance Team was explained to be recruitment and retention. It had been difficult to recruit to technical roles. The Council used agency staff, but retention was challenging due to pay and post-COVID work preferences (e.g. a preference for having more agency over schedule). A member emphasised the Committee's responsibility to scrutinise and understand the reconciliation work. It was agreed that the Strategic Director of Resources would provide regular updates, in detail, to the Committee.

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

86. TREASURY MANAGEMENT UPDATE REPORT - QUARTER 1

The report was presented by the Head of Finance.

A discussion followed regarding a proposal made at the last full Council meeting to consider becoming a debt-free Council. There were mixed views among Members: some supported the use of reserves for service provision and saw value in prudent borrowing. However, concerns about future borrowing, which included current low interest rate vs. future uncertainty, restrictions on borrowing to generate income and external risks such as central government funding reforms, were raised.

The Committee were informed that the Council had begun an initial analysis on the proposal and that decisions would be transparent. The process would involve external Treasury Management Advisors, Corporate Scrutiny Committees, Cabinet and full Council before any decisions would be made.

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

87. INTERNAL AUDIT PROGRESS REPORT

The report was presented by the Audit Manager.

Following the presentation, Members discussed tracking and implementations of outstanding recommendations. It was explained that a new progress tracker format was introduced to improve transparency and monitoring, and updates would be provided quarterly.

Housing Compliance

The Strategic Director of Communities was in attendance to answer questions from the Committee on the housing compliance audit. It was explained that limited assurance was given due to gaps in documentation as opposed to statutory compliance. A new Computer-Aided Facility Management system was being considered in hope that it could track compliance to the desired level. Issues with gas safety compliance, due to tenant access problems, have improved using legal warrants to gain entry.

Corporate Complaints

In response to a question about 'unreasonable' complaints, it was explained by the Strategic Director of Resources that assessments were made using Ombudsman codes and handled by experienced staff.

IT Security Management

A member enquired about security, specifically phishing emails. It was explained by the Strategic Director of Resources that despite strong firewalls, a very small amount of phishing emails can still be received. To mitigate this, IT staff regularly undertook regular phishing tests and training for staff and Councillors.

Rent Accounting

It was assured by the Audit Manager that anti-fraud and anti-money laundering procedures were in place. The Strategic Director of Communities explained that there was estimated to be £500,000 in arrears from former tenants actively being chased by Officers and that there were no unusually large debts; most were small and historic. If tenants had positive balances, a refund was issued following checks.

Finance Audit Recommendations

It was explained by the Audit Manager that a new format was implemented to group similar recommendations across financial audits. This would align implementation dates for clarity and progress updates would be provided quarterly to the Committee.

Concerns were raised about system permissions allowing officers to raise and approve their own purchase. The Audit Manager informed the Committee that exception reports were used to monitor this.

Extended Recommendations

In response to a question from a member, the Audit manager informed the Committee that the Capital Programme Management recommendations are on track for September 2025.

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

88. ANNUAL AUDIT OPINION

The report was presented by the Audit Manager.

A discussion followed with an acknowledgement, from a Member, that there was positive work in progress; and it was encouraging to see. The Audit Manager responded that the Senior Leadership Team were actively working to improve governance using multiple initiatives and that close collaboration between them and managers was essential. It was also explained that significant time had been spent on developing strategies, especially around key financial systems.

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

89. MANAGEMENT RESPONSE TO ANNUAL AUDIT OPINIONS

The report was presented by the Strategic Director of Resources.

In response to enquiries from a Member, the Strategic Director of Resources explained that despite the acceleration of Local Government Reorganisation, existing resources were being utilised to manage this as there was no additional funding. While it added pressure, it wasn't considered a distraction from core governance and procedural work which remained a top priority.

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

Chair's initials

90. REVIEW OF CORPORATE GOVERNANCE POLICIES

The report was presented by the Strategic Director of Resources.

A Councillor raised concerns about the sensitivity of surveillance and the importance of ensuring proper oversight. This was alleviated by the Strategic Director of Resources explaining that Officers involved in surveillance or investigatory work received specific training relevant to their responsibilities.

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

91. CORPORATE RISK UPDATE

The report was presented by the Strategic Director of Resources.

A discussion followed, with Members expressing the importance of implementing a robust financial system. Assurance was given that regular updates on the finance system will be provided alongside future reports.

The Committee were also assured that Officers regularly attended training and simulation exercises for serious incidents, which included involvement with the Local Resilience Forum.

Members acknowledged the importance of maintaining visibility on financial and emergency preparedness risks.

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

92. STANDARDS AND ETHICS REPORT - QUARTER 1

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

In response to a Member enquiring about the reasons behind an increase in Freedom of Information requests it was explained that Officers involved in the requests could not request reasons, but there could be an increase due to those making requests using them to support an individual case.

The report was noted.

93. LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN REVIEW LETTER

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

The report was noted.

The meeting commenced at 6.30 pm

The Chair closed the meeting at 8.30 pm

Chair's signature