

Minutes of a Meeting of the Audit and Governance Committee held in the Hub, Mareham Road, Horncastle, Lincolnshire LN9 6PH on Wednesday, 27th March, 2024 at 10.15 am.

PRESENT

Councillor Rosalind Jackson (Chairman)
Councillor Jill Makinson-Sanders (Vice-Chairman)

Councillors Thomas Kemp and Edward Mossop.

Councillor Alex Hall attended the Meeting as a Substitute.

Walter Leschenko, Independent Co-optee observed the Meeting (Virtual).

GUESTS IN ATTENDANCE:

James Boyle	- Representative from KPMG, External Auditors
Jonathon Pocock	- Senior Auditor, LCC (Virtual)
Mark SurrIDGE	- External Audit Manager, Mazars LLP (Virtual)

OFFICERS IN ATTENDANCE:

Christian Allen	- Assistant Director - Regulatory
Laura Allen	- Democratic Services Officer
Lynda Eastwood	- Democratic Services Officer
Victoria Burgess	- Assistant Director - Neighbourhoods
Andy Fisher	- Assistant Director - General Fund Assets
Martin Gibb	- Head of Procurement and Contracts (PSPS)
James Gilbert	- Assistant Director - Corporate
Nicole Hayes	- Senior Finance Business Partner (PSPS)
Samantha Knowles	- Chief Finance Officer, PSPS Limited
Christine Marshall	- Deputy Chief Executive (Corporate Development) and S151 Officer
John Medler	- Assistant Director Governance & Monitoring Officer
Suzanne Rolfe	- Insights & Transformation Manager (Virtual)
Emily Spicer	- Assistant Director, Wellbeing and Community Leadership
Matthew Waller	- Internal Audit Manager, Assurance Lincolnshire

62. APOLOGIES FOR ABSENCE:

Apologies for absence were received from Councillor Stef Bristow and Councillor Danny Brookes.

It was noted that in accordance with Regulation 13 of the Local Government (Committees and Political Groups) Regulations 1990, notice had been given that Councillor Alex Hall had been appointed to the Committee in place of Councillor Sam Kemp for this Meeting only.

63. DISCLOSURE OF INTERESTS (IF ANY):

At this point in the meeting, Members were invited to declare any relevant interests. None were received.

64. MINUTES:

The Minutes of the Meeting held on 24 January 2024 were agreed as a correct record.

65. CHAIRMAN'S UPDATE:

The Chairman informed Members that a five-point action plan had been produced following the self-assessment undertaken by the Committee on 24th January 2024, Appendix A1 to the Actions at page 33 of the Agenda refers. The Chairman further advised that she had attended CIPFA audit training which had been very informative.

66. ACTION SHEET:

Members were referred to the Action Sheet, pages 31 to 34 of the Agenda refer.

Members noted that the actions from the Meeting held on 24 January 2024 and 22 November 2023 were confirmed as completed or in hand as follows:

No comments were received.

67. EXTERNAL AUDIT PROGRESS REPORT:

Mark Surridge, External Audit Manager from Mazars LLP provided Members with an update on the External Audit Progress Report as at 27 March 2024.

The report provided updates on the status of the 2021/22 and 2022/23 Audits, pages 35 to 42 of the Agenda refer.

The External Audit Manager informed Members that there had been no significant changes since the previous update and that the compilation of the group accounts remained outstanding. It was further advised that two areas had prevented closure of the audit which was related to non-compliance with the Companies Act requirements on maintaining accounting records and on the asset valuation methods that had been used for Kingfisher Caravan Park.

Members were invited to put their comments and questions forward.

- A Member queried whether Andy Fisher, Assistant Director – Fund Assets was able to provide an update. In response, the Assistant Director – Fund Assets advised Members that the Council was working with PSPS colleagues to ensure that further information had been provided on the breakdown of assets to assist with the valuation.

It was further advised that the Council was required to maintain one format of accounts as a Public Authority and that a separate set needed to be maintained for Invest East Lindsey as a Company, and that challenges existed where the conversion of the different accounting practices was required for the Council to align with the International Financial Reporting Standards (IFRS).

- A Member queried the reason it had proven difficult for the Council to source valuers to undertake asset valuations of caravans. In response, the Assistant Director – Fund Assets advised Members that the evaluation had been undertaken through the Royal Institution of Chartered Surveyors (RICS) formal evaluation standards known as 'The Red Book' which was generally applicable to brick-built assets. It was further advised that the Council had experienced challenges in sourcing a RICS valuer that was able to undertake the valuation in the required format.
- The Chairman queried whether the contract was being put out to tender or further attempts were being made to hire a valuer. In response, Nicole Hayes - Senior Finance Business Partner (PSPS) advised Members that the Council was working closely with Mazars and with Invest East Lindsey to determine the best approach to reach a solution and sign off the 2021/22 accounts.
- A Member queried whether other Councils were in a similar position and whether benchmarking had been undertaken. In response, Sam Knowles - Chief Finance Officer (PSPS) advised Members that communication with other Local Authorities with caravan parks and a similar asset base had occurred and that it had not yet been possible to obtain comparatives due to differences in how the assets were held in the accounting records. The Chief Finance Officer (PSPS) confirmed that further comparatives were being sought.
- A Member queried if a timeline was available for the closure of the 2021/22 Accounts. In response, the External Audit Manager, Mazars LLP confirmed the backstop date was for September 2024 and it was advised that a timeline was dependent on the timely provision of information from Invest East Lindsey. The External Audit Manager, Mazars LLP estimated that conclusion of the 2021/22 accounts was to occur no later than July 2024 and advised that it was highly unlikely the 2022/23 audit would occur as no accounts would be available.

No further comments or questions were received.

The Chairman thanked the External Audit Manager, Mazars LLP for providing an update.

Following which it was,

RESOLVED:

That the External Audit Progress Report be noted.

68. EXTERNAL AUDITORS PROGRESS UPDATE:

The Chairman welcomed James Boyle a representative from KPMG to provide Members with an update.

Members were informed that his role as Audit Director for KPMG was to sign off the Council's 2023-24 statements. An update was provided that risk assessment work was in progress related to the financial statements and that this had not been completed within the indicative timeline of the end of March 2024. It was stated that KPMG was sympathetic and understanding of the Council's competing and conflicting priorities arising from the need to close down historical audits in chronological order before full attention could be placed on the 2023/24 audit.

The KPMG representative informed Members that KPMG had been flexible and had introduced a revised completion date for the risk assessment work and that it was hopeful that the external audit plan for 2023/24 would be prepared by the end of April 2024. It was further advised that the draft audit plan was subject to the completion of the local government reset consultation which would finalise information on the backstop for the 2021/22 accounts. It was confirmed that the 2021/22 and 2022/23 accounts had significant work that was outstanding in relation to the value for money risk assessment.

The KPMG representative concluded that the relationships with management had improved, and that the introduction of weekly catch-up meetings had assisted with greater collaboration. The current aim was to get the audits back on track and return to a normal reporting time timetable.

No comments or questions were received. The Chairman thanked the representative from KPMG for attending and providing an update.

69. Q3 TREASURY MANAGEMENT UPDATE 2023/24:

Sean Howsam, Treasury and Investment Manager (PSPS) presented Members with the 2023/24 Quarter 3 update on the Council's Treasury Management Strategy Statement and Annual Investment Strategy for the period ending 31 December 2023, pages 43 to 72 of the Agenda refer.

The following areas were highlighted to Members:

- An economic update for the first three quarters of the 2023/24 financial year
- The outlook for the remainder of the financial year along with interest rate forecasts
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy

- A review of the Council's investment portfolio and borrowing strategy for 2023/24
- Debt rescheduling and compliance with Treasury and Prudential indicators

Members were invited to put their comments and questions forward.

- A Member acknowledged the comprehensive report provided by the Treasury and Investment Manager and commented that greater understanding had been aided by the Treasury Management Training undertaken by Committee Members on the 25th March 2024.
- In reference to the Invest East Lindsey loans that were due to mature by the end of the month, a Member requested clarification on the potential impacts, page 62 of the Agenda refers. In response, the Treasury and Investment Manager (PSPS) advised Members that the loans maturing at the end of the current financial year were expected to be repaid and should this not occur, a revised loan repayment date would be negotiated.
- In reference to the £20m debt rescheduling where the Council had borrowed £10m in order to repay the PWLB loan early, a Member queried whether a cashflow issue had occurred, page 66 of the Agenda refers. In response, the Treasury and Investment Manager (PSPS) explained that there had been a temporary issue with short term cashflow as the Council did not want to miss the opportunity to take advantage of favourable rates which were subject to change on a twice daily basis and swift action had been necessary to benefit from early repayment.
- In relation to the Council's external debt limit of £38m, a Member queried the basis of the figure, page 69 of the Agenda refers. In response, the Treasury and Investment Manager (PSPS) informed Members that the Council had an operational boundary of £38m for 2023/24 and that the projection in the Treasury Strategy for 2024/25 had been reduced as the Council was not expected to require that level of borrowing due to repayment of the PWLB loan. It was further advised that any future borrowing requirements could be reviewed and that the authorised limit for external debt could not be exceeded without Council approval.
- A Member commented that the assumption for interest rates to decrease by the end of the year was optimistic and queried whether the Council should be exercising caution, page 53 of the Agenda refers. In response, the Treasury and Investment Manager (PSPS) assured Members that regular updates and forecasts on interest rates and inflation were received from the Council's external treasury advisors and that prudent measures were taken to monitor investments and ensure that loans were not maturing at the same time.

- Referring to the £803,185 loss in Property Funds and £236,945 loss in Federated Hermes Property Unit Trust since 31st March 2023, the Chairman queried under what circumstances were the funds reassessed and devalued, page 64 of the Agenda refers. In response, the Treasury and Investment Manager (PSPS) explained to Members that property fund valuations tended to decrease in a high interest rate environment due to the reduction in property buyers who could not afford to purchase homes. It was further advised that external fund managers had forecast that interest rates would fall towards 2025-26 and when the property funds would start increasing in value. The Treasury and Investment Manager (PSPS) reminded Members that the effects of COVID had been a key trigger for when these funds had started to decrease and that current trends had indicated that the reductions were getting smaller each month which indicated that a rise was expected.
- A Member queried the implications on Liquidity in reference to the £10m borrowed by the Council for early repayment of the PWLB loan. In response, the Treasury and Investment Manager (PSPS) advised Members that the Council did not have any issues in relation to liquidity and that the debt redemption exercise had resulted in £11m being required on short notice which was a one-off decision. It was further advised that for liquidity purposes the Council would not normally hold that level of funds as it was more beneficial for funds to be invested for longer periods of time.
- A Member praised the Treasury Management Training provided for Audit and Governance Members earlier in the week and supported the recommendation that all Members of the Council would greatly benefit from undertaking Treasury Management Training at least once a year.
- A Member requested a progress update on the loans to Invest East Lindsey, noting that two loans amounting £1m were ringfenced for housing development. In response, the Section 151 Officer advised Members that the likelihood of repayment of the loans was a matter for Invest East Lindsey to comment on and for them to approach the Council as to whether it wished to extend the loan. It was further advised that with build and sell arrangements, capital repayments in this instance were dependent on when the properties were sold.

Andy Fisher, Assistant Director – Fund Assets further advised Members that Invest East Lindsey's board of Directors was in the process of signing off the 2024/25 Budget which had been delayed due to a significant cash transaction related to the sale of homes that was expected to materialise within the next day. The Assistant Director – Fund Assets stated that cash flow and cash in the bank was critical, and that Invest East Lindsey had 11 homes which remained unsold and would be seeking to defer the loans for a period of time in order to collect the cash from the properties. It was further confirmed that

interest would continue to accrue and be payable to the Council in accordance with the base loan agreement.

- A Member requested clarification whether a grant was being obtained from the Government to buy the Invest East Lindsey homes for Afghan refugees. In response, the Assistant Director – Fund Assets advised Members that the Council had secured external funding which they were seeking to utilise for the properties.

Further to an earlier discussion it was agreed that the recommendation for Treasury Management Training to be undertaken by all Council Members be added to the Audit & Governance Committee's Self-Assessment Action Plan.

- In relation to investments in counterparties, a Member queried how the fees were addressed. In response, the Treasury and Investment Manager (PSPS) advised that property fund managers deducted their fees from the distributions and that the reported fees were net. It was further advised that the overall gross position in relation to investment returns was taken into account when the end of year financial statements was prepared and that the management fees were recorded in the general ledger and reflected in the statement of accounts.
- A Member commented that they would like to view the Management Fees. In response, the Treasury and Investment Manager (PSPS) advised that the management fees were detailed within Note 17 - Financial Instruments. The Section 151 further advised that the Management Deductions were shown at page 66 of the Agenda.

No further comments or questions were received.

Following which it was,

RESOLVED:

That the Q3 Treasury Management Update be noted.

70. Q3 RISK MANAGEMENT REPORT:

Suzanne Rolfe, Group Manager - Insights and Transformation presented Members with the Q3 Risk Management Report to provide Members with an overview of Risk Management within the authority, pages 73 to 94 of the Agenda refer.

Members were advised that the strategic flood risk assessment was currently being updated in relation to the risk to Lincolnshire's flood defences and that the risk scores were being reviewed following this update. It was further advised that a new risk had been identified in relation to the Council's net zero target and that further monitoring was necessary to ensure corporate ambitions could succeed.

The Group Manager - Insights and Transformation further advised Members that Internal Audit colleagues had assisted with work on fraud risk which was being fed into the Quarter 4 risk reporting and that priorities in the sub regional strategy were also being examined in relation to risk. It was concluded that the wording in the risk registers was being improved and that a significant amount of change was expected for the Q4 report.

Members were invited to put their comments and questions forward.

- A Member expressed support for the inclusion of flood risk and queried whether the risks in relation to the increase in children living in poverty in East Lindsey had been incorporated in the risk register. In response, The Group Manager - Insights and Transformation advised Members that specific risks would be reviewed at the risk workshops to ensure that the latest information was available, page 76 of the Agenda refers.
- In reference to Risks 12 and 13 in relation to technology infrastructure failure and cyber incident, the Chairman queried whether learning from the cyberattack against Gloucester City Council had been embedded in ELDC's risk register and commented that 25 risks was a large number when some risks overlapped each other, page 74 of Agenda refers. In response, the Group Manager - Insights and Transformation informed Members that more information would be obtained from IT colleagues on the Gloucester City Council incident and that the latest information and lessons learned were reviewed quarterly. It was further advised that the workshops would examine the rationale of maintaining 25 risks and it would be frequently reviewed when there were opportunities for risks to be improved or combined.
- In reference to Risk 22 - Retention of staff, a Member queried if the headline should be amended to additionally reflect risks in relation to staff recruitment and whether the risk level had recently increased. The Group Manager - Insights and Transformation confirmed that the risk level had not increased since the last quarter and acknowledged that the detail for Risk 22 was more focused on recruitment rather than staff retention. It was further advised that the headlines for risks would be improved to provide a better reflection on the scope of the risks.

There were no further comments or questions received.

Following which it was,

RESOLVED

That the Risk Management Report be noted.

71. INTERNAL AUDIT PROGRESS REPORT:

Matt Waller, Internal Audit Manager, Assurance Lincolnshire presented Members with the Internal Audit Progress report, pages 95 to 178 of the Agenda refer. The report provided the Audit and Governance Committee with a written status report summarising internal audit activity as follows:

- Purpose of the Report and the Performance Dashboard
- Update on Internal Audit Activity and Analysis of 'live' audit reviews
- Overdue medium/low priority actions
- No assurance – Procurement Cards Review Final Report
- Limited Assurance – Payroll Reconciliation Report

The Chairman informed Members that the report was being presented to the Committee in three sections and requested clarification on the definition of P-cards for the benefit of Members. In response, the Internal Audit Manager explained to Members that P-Cards were purchase cards that were provided to staff members to be used to obtain items and services of small and varying amounts in value.

No assurance – Procurement Cards Review Final Report:

The Internal Audit Manager provided Members with background information on the issues that had been identified in relation to the procurement card process which had been raised by colleagues. This had led to an investigation in agreement with Managers who had been proactive to instigate the audit report, pages 117 to 150 of the Agenda refer. It was further advised that an action plan had been produced and that measures had been implemented for non-compliance of use, monitoring of expenditure, ensuring that receipts and VAT receipts were correctly used, to ensure the central recording of records, in addition to manager approval and training for all members of staff.

The Chairman invited the Section 151 Officer and the Assistant Directors from high spend service areas to comment.

- James Gilbert, Assistant Director – Corporate thanked the Chairman for being invited to the Committee and reassured Members that the recent transition to an online system for recording receipts had created a more robust process for the use and management of P-Cards. The Assistant Director – Corporate further advised that a management response had been felt necessary and that all staff that were issued with cards had undertaken training which had raised awareness and greater understanding of compliance. Members were further assured that deadlines for the audit action plan had been completed and that the first month of using the new system was providing a good indication that the process for procurement cards had been significantly strengthened.

- The Chairman referenced there was 52 P-Cards in use for ELDC and queried if the Council had 52 members of staff that were fully trained, page 120 of the Agenda refers. In response, the Assistant Director – Corporate reassured Members that a robust system was now in place and confirmed that 52 members of staff were fully trained and that Managers who reviewed and authorised expenditure had also undertaken training.
- Emily Spicer, Assistant Director – Wellbeing and Community Leadership advised Members that P-Cards played an important role in her team which currently held 18 cards and that uses of the cards included managing homelessness and securing last minute accommodation. The Assistant Director – Wellbeing and Community Leadership provided further assurance that all her team which included herself had undertaken training and that the new app was enabling receipts to be uploaded quickly and effectively.
- Christian Allen, Assistant Director – Regulatory confirmed to Members that his team currently held 9 P-Cards and that he was satisfied that improved control measures had been implemented including the use of the online system to process receipts and authorise transactions.
- Victoria Burgess, Assistant Director – Neighbourhoods informed Members that she was responsible for authorising transactions for one person in her team who was a P-Card user and assured Members that the new IT system was a significant improvement which was proving easier to use and less time consuming.
- Andy Fisher, Assistant Director – General Fund Assets informed Members that from a management perspective the new online system and app was robust and had significantly improved the process.
- John Medler, Assistant Director – Governance informed Members that his team held 5 P-Cards and confirmed that processes had been implemented and all staff including himself had received training.

Members were invited to put their comments and questions forward.

- A Member voiced concern with how the P-Card issue had been identified and queried whether there were other processes where similar risks had not been identified. In response, the Section 151 Officer explained to Members that processes had loosened during COVID when different approaches had been necessary and triggering the audit to reassess the processes in place had been the correct way forward as the new system was robust and had significantly improved administration.
- A Member queried if the new online system communicated seamlessly with other Council systems. In response, the Section 151 Officer

informed Members that the new system was fully integrated and there had been no issues.

- A Member further queried whether issues existed transitioning to the new system. In response, the Section 151 Officer explained to Members that the previous system which was audited had been entirely manual operated whereas the new system was fully electronic and automated with notifications being promptly sent to Managers.
- A Member queried the duration that P-Cards had been in use within the Council. In response, the Assistant Director – Corporate recalled they had been used by the Council since 2007.
- In relation to VAT, a Member queried if there was a value to how much could be reclaimed. In response, the Section 151 advised Members that the Council had backtracked to establish what amounts could be reclaimed. It was further advised that the previous manual system did not have the same level of accuracy as the new system which would ensure the processes for maintaining records were as robust as possible.
- A Member requested clarification whether there was a timeline for re-reviewing the processes. In response, the Internal Audit Manager advised Members that when a no or limited assurance report was presented to the Committee, a follow up audit would automatically occur six to twelve months following the audit review and a report would be brought back to the Committee to show where any improvements had been made.
- In reference to the statement that "At present there is no regular independent monitoring of P-Card expenditure" a Member queried if the Internal Audit Manager was responsible for independently monitoring progress of this report, page 123 of the Agenda refers. In response, the Internal Audit Manager confirmed he was not responsible for monitoring P-Card expenditure.

The Section 151 Officer advised Members that independent monitoring was the responsibility of PSPS as part of the sampling process and that the sampling process that was previously in place had not been working effectively. It was further advised that the issues had centred on the implementation of the manual policy and processes and that automation of the process would now improve the effectiveness. The Section 151 Officer confirmed that PSPS were considered independent.

- The Chairman sought clarification whether the P-Card monitoring team sat within PSPS rather than within the Council. In response, the Section 151 Officer advised this was correct.

- The Chairman commented on the need for teams to have capacity to undertake training and the importance of transparency from managers on whether there were capacity issues within individual teams. In response, the Assistant Director – Corporate gave recognition to the increased level of work that was being undertaken across the Partnership and advised that a culture was being encouraged for more openness about capacity within services. In reference to the Card's, the Assistant Director – Corporate explained that the new process was intended to be less of a burden and less time consuming and reassured Members that wider capacity conversations were taking place across the Partnership linked to various programmes of work.
- A Member queried how often managers submitted reports on P-Cards. In response, the Assistant Director – Corporate provided an example of purchasing train tickets and confirmed that receipts were being uploaded to the app on an as you go basis and manager authorisation was occurring once a month. The Section 151 Officer further advised Members that the new system provided prompt e-mail notification to managers if a receipt has not been attached.
- A Member further queried the process for online purchases. In response, the Section 151 Officer advised that a PDF invoice where available was attached and uploaded as proof of purchase.

The Chairman thanked all the Assistant Directors for their attendance.

N.B. Assistant Directors - Corporate, Wellbeing and Community Leadership, Regulatory and Neighbourhoods left the Meeting at 11.33am.

Limited Assurance – Payroll Reconciliation Report:

The Internal Audit Manager provided a brief introduction, pages 151 to 176 of the Agenda refer.

Members were invited to put their comments and questions forward.

- A Member queried if the audit plan recommendations for Invest East Lindsey had been completed. In response, the Internal Audit Manager advised that no outstanding actions remained on the tracker and that all the recommendations were monitored. Any work that was not completed would be presented to the Committee in a progress report.
- Referring to the Executive Summary which showed that 6 out of 9 recommendations had not been implemented, the Chairman sought clarification on what was expected to occur, pages 156 and 157 of the Agenda refer. In response, Samantha Knowles - Chief Finance Officer (PSPS) advised Members that the payroll control account reconciliations had been signed off to the end of January 2024 and the February 2024 reconciliations had been completed pending approval. Members were assured that progress had been made since the follow

up audit and PSPS were committed to ensuring that the recommendations and the action plan was implemented.

The Chief Finance Officer (PSPS) provided further assurance that performance clinics were being implemented to ensure that all reconciliations were monitored on a frequent basis and that further management controls had been put in place as a prevention measure.

- Referring to the statement that the delay in preparing reconciliations was attributed to staff capacity, a Member commented that staff capacity was continuing to be an issue, page 157 of the Agenda refers.
- A Member queried the mechanics of payroll reconciliation. In response, the Chief Finance Officer (PSPS) advised Members that the payroll was processed through a separate system called Ciphre and the pay data needed to be integrated into the general ledger in a separate system called Unit 4 which meant that a reconciliation between the two systems was always occurring.
- A Member sought clarification whether there was a future solution to integrating the two systems which would save time. In response, the Chief Finance Officer (PSPS) advised that solutions were being explored whether a payroll system that was aligned to the finance system would be beneficial as part of PSPS's transformation plan.

The Chairman thanked the Chief Finance Officer (PSPS) for attending.

No further comments or questions were received.

Following which it was,

RESOLVED:

That the Internal Audit Progress Report be noted.

72. INTERNAL AUDIT REPORT SECTION 106 AGREEMENTS FOLLOW UP AUDIT:

The Internal Audit Manager presented Members with the Internal Audit Report - Section 106 Agreements Follow Up Audit, pages 179 to 194 of the Agenda refer. The report provided the Audit and Governance Committee with a background on S106 Agreements and outlined the Council's responsibilities to ensure that legal obligations were met and assured that measures and controls were in place to effectively manage risk.

Members were invited to put their comments and questions forward.

- A Member queried if there was a single S106 Officer across the Partnership. In response, the Section 151 Officer advised that an update would be provided to Members to confirm the Officer

responsible for ELDC and reminded the Committee that the annual S106 report noted in the Action Sheet was in the process of being published.

- A Member commented on a site in Louth which had paid S106 monies to the Council and queried the Council's awareness of where that money had been utilised. In response, the Section 151 Officer clarified that the Council acted as an intermediary for S106 funds and distributed them only where it was relevant to the District Council's duties. It was further advised that the Council did not have any visibility of the utilisation of the funds as it was the responsibility of the organisations who receive the funds to deploy it in accordance with the original arrangements of the S106 agreement.
- In reference to the RAG ratings for monitoring and reporting on S106 agreements, the Chairman queried the items where no recommendations had been attached, page 183 of the Agenda refers. In response, the Internal Audit Manager advised Members that the RAG ratings were closely related to the overall recommendations which combined all three risks.
- A Member queried whether the S106 audit report was being presented to the Planning Policy or the Planning Committee to raise awareness. In response, the Section 151 Officer confirmed that the audit report was not being presented to those committees as audit reports were primarily made available to the Audit and Governance Committee.

No further comments or questions were received.

Following which it was,

RESOLVED:

That the Internal Audit Report - Section 106 Agreements Follow Up Audit be noted.

73. INTERNAL AUDIT PLAN 2024/25:

The Internal Audit Manager presented Members with the Internal Audit Plan 2024/25, pages 195 to 204 of the Agenda refer. The report provided the Audit and Governance Committee with information on:

- The Internal Audit Team
- Conformance with internal audit Standards
- Conflicts of Interest
- Developing the internal audit plan
- Internal Audit Plan 2024/25
- Audit Sponsor Information

Members were invited to put their comments and questions forward.

- A Member sought clarification on the timeline that information was being presented to the Committee. The Internal Audit Manager advised Members that scheduling of bringing reports to meetings was dependent on whether the Agenda was full and assurance was provided that information was presented to the Committee as soon as possible following the work being completed.
- Referring to the ICT Audit review statement with the scope to provide assurance over key ICT services security and coverage, it was queried whether PSPS Limited (PS2) was responsible and were undertaking the same processes as the Council, page 202 of the Agenda refers. The Internal Audit Manager confirmed that ICT was PS2's area of expertise and that the processes had remained the same as these audits were Council audits.

No further comments or questions were received.

Following which it was,

RESOLVED:

That the Internal Audit Plan 2024/25 be noted.

74. FINANCIAL STATEMENTS - ACCOUNTING POLICIES 2023/24:

Nicole Hayes, Senior Finance Business Partner (PSPS) presented a report on the Financial Statements and Accounting Policies. The purpose of the report was to review and approve the Accounting Policies for inclusion in the Financial Statements for 2023/24, pages 205 to 224 of the Agenda refer.

The Senior Finance Business Partner (PSPS) advised Members that unless there were any major changes to accounting rules and regulations, accounting policies did not change significantly and that the policies were prepared in line with CIPFA's Code of Practice. The report presented the proposed accounting policies to be adopted for the 2023/24 financial year.

Members were invited to put forward their comments and questions:

No comments or questions were received.

Following which it was,

RESOLVED:

That following review by the Audit and Governance Committee, the Accounting Policies for 2023/24 at Appendix A be approved.

75. PROCUREMENT EXEMPTIONS REGISTER:

Martin Gibb, Head of Procurement and Contracts (PSPS) presented Members with the Procurement Exemptions Register, pages 225 to 228 of the Agenda refer and the following information was highlighted:

- Exemptions Register from September 2023 to February 2024
- 15 exemptions had been signed off and were detailed in the report
- ELDC had been successful in receiving National Portfolio Organisation (NPO) status from Arts Council England and were receiving £2m in funding over a three-year period between 2023 and 2026

Members were invited to put their comments and questions forward.

- A Member queried the statement that “ELDC are the lead authority for the NPO and the total value of £2m funding will be spent roughly equally between the SELCP authorities”. A concern was raised that East Lindsey ratepayers were paying 46% towards running costs and it was unclear what value residents were obtaining, page 255 of the Agenda refers. In response, the Section 151 Officer clarified that bids for grant funding were not a chargeable cost between the three authorities and that only when funding was bid for in equal cost would that be realised. It was further confirmed that ELDC was acting as the host authority in this instance and on occasions other authorities were acting as specialist hubs for receiving grants.

The Section 151 Officer further advised that consideration needed to be given to how procurement was undertaken including the use of specialists and consultant services when grants were accepted.

- A Member commented that teams were being left short staffed when their services were required elsewhere and that obtaining external staff was costly. In response, the Section 151 Officer advised Members that a process existed where PS2 could be requested to upsize their staffing levels which would put the mechanisms in place to accommodate the grant.
- A Member further queried how skilled external staff were being sourced to meet requirements. In response, the Section 151 Officer advised that more support was needed for home grown talent and that a new training programme within PS2 has been requested to attract Graduate or A-Level students who may wish to have a career in local government finance.

No further comments or questions were received.

The Chairman thanked the Head of Procurement and Contracts (PSPS) for attending.

Following which it was,

RESOLVED:

That the Procurement Exemptions Register be noted.

N.B. The Head of Procurement and Contracts (PSPS) left the meeting at 12.04pm

76. COMMITTEE WORK PROGRAMME 2023/24:

Members were presented with the Audit & Governance Committee Work Programme 2023/24 and noted the items that had been presented to Committee during the municipal year, together with the items that were proposed to be carried over to the following year, pages 229 to 232 of the Agenda refer.

Following which it was,

RESOLVED:

That the Work Programme 2023/24 be noted.

77. DATE OF NEXT MEETING:

The Chairman reminded Members of the possibility of an extraordinary meeting in April 2024 and confirmed that the programmed date for the next Meeting of this Committee was to be confirmed at the AGM.

The meeting closed at 12.09 pm.