

Audit and Governance Annual Report 2024/2025



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The Role and Function of the Audit and Governance Committee

The purpose of the Audit and Governance Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the Authority’s financial and non-financial performance to the extent that it affects the Council’s exposure to risk and the control environment and to oversee the financial reporting process.

This is achieved through key regular items received by the committee in relation (but not limited) to:

- Internal and external audit
- Key finance items
- Governance reviews
- Strategic risk management reporting



Introduction from the Chairman of the Audit and Governance Committee

The work of the Audit and Governance Committee is a key part of East Lindsey District Council's defence against poor governance, which often leads to council failure. By examining this Council's processes and staying vigilant for issues such as a lack of transparency, poor record keeping, or flaws in the systems of checks and balances, we keep the authority on the right track for success. It is also important that we examine our processes as a committee, and this report is your assurance that we do so.

This year, the committee has completed several sessions of in-year training, in addition to compulsory annual training. As a highly technical committee that work has helped us to understand the Committee reports we examine and what we need to focus on. During November and December 2024, the Chair of Overview Councillor Martin and I took part in a joint pilot study with the Centre for Governance and Scrutiny, and that has helped to further define the scope of Audit and Governance Committee's work and how it can better co-ordinate with the Overview Committee's scrutiny role. In January 2025 we completed our annual self-assessment exercise, leading to the committee's improvement plan.

The past year has been busier than usual, because the council has been doing catch-up work on past audits and financial statements, and this work came before the committee over the autumn and winter 2024. We held three extraordinary meetings to ensure reports could be considered in time to publish them before statutory deadlines. This meant that the council was able to publish accounts for 2022/23 by the December deadline, and to publish 2023/24 accounts in February 2025. The delays we have experienced in the past have also affected audit work, for example KPMG were only able to complete 75% of its audit work for 2023/24.

Whilst this has been a challenge, it is a pleasure to be able to report that the accounts and audit work are back on track, allowing the committee to carry out its functions as normal.

An emerging challenge is that of Local Government Reorganisation, and the committee will need to remain vigilant for any impacts this has on ELDC's governance as the authority manages a period of transition. At the same time the committee will need to focus on ensuring it diligently carries out the normal business of scrutiny within its remit.

There have been changes in personnel. Thanks to Walter Leschenko, who retired as our independent member in June 2024, after providing many years of valuable contributions. In October 2024 we were delighted to welcome Mr Chris Pilkington and Mr Ian Silcox-Crowe to the committee, as our new independent members. Grateful thanks go to Councillor Richard Fry for his contributions to the committee's work. I would like to thank committee members for their detailed work and contributions throughout the year. Special thanks to our internal and external auditors, whose work has focused our attention on areas the council still needs to improve on. Thanks to the staff members who have attended to answer questions and who have provided detailed reports. Finally, many thanks to Christine Marshall and Brendan Arnold for providing valuable insights as 151 officers; to John Medler for explaining matters of governance; and to Laura Allen for ensuring the committee runs smoothly.

Councillor Ros Jackson
Chairman of the Audit and Governance Committee 2024/2025



Audit and Governance Committee Membership 2024/2025

Membership of the Audit and Governance Committee must be politically balanced and comprises of 9 non-Executive members and 2 Independent Co-Opted members.

During the 2024/2025 municipal year, the committee was made up of the following elected members:

- ▶ Cllr Rosalind Jackson (Chairman)
- ▶ Cllr Jill Makinson-Sanders (Vice Chairman)
- ▶ Cllr Stef Bristow
- ▶ Cllr Danny Brookes
- ▶ Cllr Richard Fry
- ▶ Cllr Will Grover
- ▶ Cllr Sam Kemp
- ▶ Cllr James Knowles
- ▶ Cllr Edward Mossop



Co-opted Independent Member representation on the Governance and Audit Committee:

In accordance with Chartered Institute of Public Finance and Accountancy (CIPFA) best practice to include Independent Members, representation for 2024/2025 was as follows:

- ▶ Walter Leschenko (retired from the Committee in June 2024)
- ▶ Chris Pilkington (appointed on 30th October 2024)
- ▶ Ian Silcox-Crowe (appointed on 30th October 2024)

Attendance Data 2024-2025

Meeting Date	19.06.24	11.09.24	30.10.24	27.11.24	13.12.24	29.01.25	12.02.25	26.03.25
Total Membership	10/11	9/11	11	11	11	11	11	11
Councillors present	7	7	6	6	5	7	7	6
Co-opted present	1/1	N/A	2	2	2	2	2	2
Apologies	1	1	2	1	1	1	1	1
Absent (no apologies given)	1	1	1	2	3	1	1	2
Substitutes	0	1	1	1	1	1	0	0
Councillors present %	78%	78%	67%	67%	56%	78%	78%	67%
Co-opted present %	100%	N/A	100%	100%	100%	100%	100%	100%

Audit and Governance Committee Meetings and Summary of Work

During 2024/2025, the Audit and Governance Committee met 8 times. The table below shows the meeting dates and gives a brief summary of work activities. Full agendas and minutes for each meeting can be accessed by clicking on the dates.

Date	Items and Reports Considered
19 June 2024	<ul style="list-style-type: none"> • Q4 Risk Report 2023/24 • Internal Audit Annual Report and Opinion 2023/24 • Combined Assurance Report • Appointment of Members to the Constitutional Working Group • Annual Governance Statement- Action Plan Update • Committee Work Programme 2024/25
11 September 2024	<ul style="list-style-type: none"> • Partnership Annual Safeguarding report 2023/24 • Centre for Governance and Scrutiny Report • Q1 Risk Report 2024/25 • Q1 Treasury Report 2024/25 • Internal Audit Progress Report • Procurement Exemption Register (6 monthly update unique to ELDC) • External Auditors Progress Report • Indicative External Audit Plan and Strategy Memorandum for the year ending 31 March 2024 • External Auditors Progress Report • Audit and Governance Annual Report 2023/2024 • Appointment of Independent Co-Opted Members • Committee Work Programme 2024/25 • Update on Invest East Lindsey Limited (Exempt Report)
30 October 2024	<ul style="list-style-type: none"> • External Audit Completion Report 2021/2022 • Audited Financial Statements including Annual Governance Statement 2021/22 • Draft Financial Statements including Annual Governance Statement 2022/23 • Treasury Annual Report 2022/23 • Mid Term Treasury report 2024/2025 • Information Governance Annual Update • Appointment of Independent Co-Opted Members • Committee Work Programme 2024/25
27 November 2024 (Extraordinary Meeting)	<ul style="list-style-type: none"> • Draft VFM Progress Report 21/22 and 22/23 • Audit Strategy and Completion Report for 22/23 • Annual Governance Statement 2022/23 and Financial Statements 2022/23 (Partially deferred) • Draft Financial Statements including Annual Governance Statement 2023/24 • Treasury Annual Report 2023/24
13 December 2024 (Reconvened Extraordinary Meeting)	<ul style="list-style-type: none"> • Annual Governance Statement 2022/23 and Financial Statements 2022/23

Date	Items and Reports Considered
29 January 2025	<ul style="list-style-type: none"> • Quarter 2 Risk Report 2024/25 • Update on changes to Statutory Guidance: “Capital Finance: Guidance on Minimum Revenue Provision” and the IFRS9 Statutory Accounting Override for Pooled Investments • Draft Treasury Management Policy and Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2025/2026 • Draft Budget Report 2025/26 – 2029/30 • Internal Audit Progress Report – January 2025 • External Audit Plan & Strategy for the year ending 31 March 2024 • Constitution Working Group • Committee Work Programme 2024/25
12 February 2025 (Extraordinary Meeting)	<ul style="list-style-type: none"> • Annual Governance Statement 2023/24 and Financial Statements 2023/24 • Final Year-end Report to the Audit & Governance Committee (ISA260) for the year ending 31 March 2024 • Draft Auditors Annual Report for East Lindsey District Council for the year ending 31 March 2024
26 March 2025	<ul style="list-style-type: none"> • Q3 Risk Report 2024/25 • Q3 Treasury Report 2024/2025 • Combined Assurance Report • Internal Audit Plan 2025/26 • Internal Audit Progress Report – March 2025 • Indicative External Audit Plan & Strategy for the year ending 31 March 2025 • Financial Statements 2024/25- Accounting Policies • Procurement Exemptions- 6 monthly update (unique to ELDC) • Regulation of Investigatory Powers Act (RIPA) 2000 – Update • Audit and Governance Committee’s Annual Self-Assessment Action Plan • Draft A & G Committee Work Programme 2024/25 • Update on Invest East Lindsey Limited (6 monthly update unique to ELDC) (Exempt Report)

Click on dates to view details

Internal Audit

The Council is required by the Accounts and Audit (England) Regulations 2015 to ‘undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards and guidance’

For 2024/2025, the Internal Audit function continued to be provided by Lincolnshire County Council and the following activity occurred during 2024/2025:

- 13 internal audit reviews were completed

Head of Internal Audit Opinion

The Head of Internal Audit is responsible for the delivery of an annual audit opinion which is based on the internal audit work undertaken during the year and is used by the council to inform its Annual Governance Statement. The 'Internal Audit Annual Report and Opinion 2024/2025', presented to the Committee at its Meeting on [26 June 2025](#), provided a summary of 13 assurance reviews undertaken during 2024/2025 as well as the overall audit opinion for the period.

Annual Audit Opinion 2024/2025- 'Adequate'

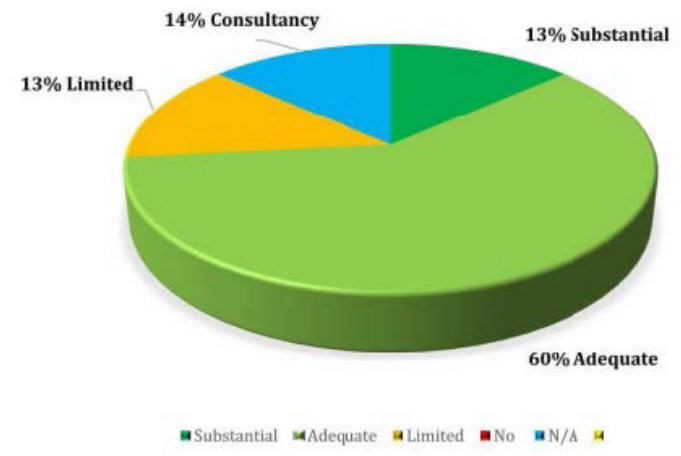
Opinion options 'Substantial', 'Adequate', 'Limited', 'Low' or 'No Assurance'

In forming the opinion, the Head of Internal Audit considered the frameworks of governance, risk management and management controls.

The key areas of challenge identified or confirmed through audit work are outlined below:

- Insurance (Limited Assurance)
- Bank Reconciliations (Limited Assurance)

The committee has been proactive in ensuring that management has taken corrective action as required where issues were raised.



External Audit

The activity status of the external audit of ELDC was as follows:

2021/22

The work in relation to the 2021/22 accounts including a final set of financial statements with the group accounts and supporting notes was finalised prior to the External Audit Completion Report 2021/22 being presented by to the Audit and Governance Committee by Forvis Mazars at its Meeting on [30th October 2024](#).

2022/2023

The 2022/23 financial statements would fall to the backstop date of 13 December 2024 which was the date proposed by the government to address a national backlog of local authority external audits. The Audit Strategy and Completion Report for 2022/23 was noted by the Audit and Governance Committee at an Extraordinary Meeting on [27th November 2024](#).

2023/2024

From April 2023, the External Audit Function was provided by KPMG whose representatives provided progress updates to the Audit and Governance Committee during the year and presented the Final Year-end Report (ISA260) for the year ending 31 March 2024 at an Extraordinary Meeting on [12th February 2025](#).

2024/2025

The Indicative External Audit Plan & Strategy for the year ending 31 March 2025 was presented by External Auditors, KPMG at the Meeting held on [26th March 2025](#).

Governance

The following items were considered by the committee in relation to its governance function:

- **Regulation of Investigatory Powers Act (RIPA) 2000 Update**- Members were presented with an update and provided feedback relating to RIPA regulatory activity within the last 12 months.
- **Information Governance Annual Update** – Members were informed about the Council’s activities and compliance with Data Protection, Environmental Information Regulation and Freedom of Information requirements.
- **Combined Assurance Status Reports 2023/24 and 2024/25** – Members were provided with a record of assurance against the Council’s critical services, key risks, partnerships and projects. The reports supported the Council’s commitment to achieving good corporate governance.
- **Annual Governance Statement (AGS) and Action Plan Updates** – The AGS statutory document was presented to the Committee which explains the processes and procedures in place to enable the council to carry out its functions effectively. An associated action plan update was also reported to Members.
- **Self-Assessment Exercise** – Members evaluated the impact and effectiveness of the committee to support effective audit and governance arrangements. A resulting action plan was formulated for 2025/2026.

Risk Management

The Audit and Governance Committee monitors and approves policies for the effective development and operation of risk management and corporate governance in the Council.

During 2024/2025, the Audit and Governance Committee received 4 reports from the Assistant Director-Governance which provided an overview of the key risks that the Council was exposed to, the action taking place to mitigate those risks, and an up-to-date assessment of their likelihood and impact.

The Annual Internal Audit Report highlighted an adequate opinion following an assessment of high rated risks identified through audit testing which were isolated to specific areas such as outsource contract management and the application of adequate management oversight. To improve internal control, it was recommended that further works should be undertaken to improve partnership working and second line assurance on process and policy delivery.



Treasury and Accounts

The Council is required to produce an Annual Treasury Management Review after the end of each financial year in accordance with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management. The code suggests that members be informed of Treasury Management activities at least twice per year.

The following reports relating to finance and treasury management were considered by the committee:

Treasury

- Q1 Treasury Report 2024/25
- Treasury Annual Report 2022/23
- Mid Term Treasury report 2024/2025
- Treasury Annual Report 2023/24
- Draft Treasury Management Policy and Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2025/2026
- Q3 Treasury Report 2024/2025

Accounts

- Audited Financial Statements including Annual Governance Statement 2021/22
- Draft Financial Statements including Annual Governance Statement 2022/23
- Annual Governance Statement 2022/23 and Financial Statements 2022/23
- Draft Financial Statements including Annual Governance Statement 2023/24
- Annual Governance Statement 2023/24 and Financial Statements 2023/24
- Financial Statements 2024/25- Accounting Policies

Training and Development

The following training and development activities were undertaken by committee members during 2023/2024:

- Presentation on Towns Funds Projects
- Annual Meeting Between the Audit and Governance Committee and the External Auditors
- Presentation from Fund Managers
- Briefing on budget considerations and risk update
- Briefing on Global Internal Audit Standards
- Annual Review of Effectiveness of Audit and Governance Committee including evaluation of knowledge, skills and training needs
- Risk Training Session

Further Information


Details of meetings can be found on the [ELDC website](#).

Alternatively, please email demservices@e-lindsey.gov.uk for further information.

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