

## **WEST LINDSEY DISTRICT COUNCIL**

MINUTES of the Meeting of the Governance and Audit Committee held in the Council Chamber - The Guildhall on 10 June 2025 commencing at 2.00 pm.

**Present:**

Councillor Stephen Bunney (Chairman)
Councillor David Dobbie (Vice-Chairman)
Councillor Baptiste Velan (Vice-Chairman)
Councillor Mrs Jackie Brockway
Alison Adams
Andrew Morriss

**In Attendance:**

Ian Knowles	Chief Executive
Peter Davy	Director of Finance and Assets (Section 151 Officer)
Lisa Langdon	Assistant Director People and Democratic (Monitoring Officer)
Comie Campbell	Interim Financial Services Manager (Deputy S151)
Katy Allen	Corporate Governance Officer
Debra Chamberlain	Director - KPMG
Badar Abbas	Senior Manager - KPMG
Rob Barnett	Partner - RSM
Natalie Smalley	Democratic and Civic Officer

**Apologies:** Councillor Mrs Angela Lawrence

### **1 PUBLIC PARTICIPATION PERIOD**

The Democratic and Civic Officer confirmed that there was no public participation in the meeting.

The Chairman then proceeded to welcome Debra Chamberlain, part of the External Audit Team, to the Governance and Audit Committee.

### **2 MINUTES OF PREVIOUS MEETING**

**RESOLVED** that the Minutes of the Meeting of the Governance and Audit Committee held on 22 April 2025 be confirmed and signed as a correct record.

### **3 MEMBERS DECLARATIONS OF INTEREST**

There were no declarations of interest at this point in the meeting.

### **4 MATTERS ARISING SCHEDULE**

The Chairman addressed a specific item on the Matters Arising Schedule pertaining to Procurement Lincolnshire. He proposed that the Committee invite the Assistant Director Commercial from Lincolnshire County Council in order to answer questions regarding the work of Procurement Lincolnshire. The Chairman emphasised the importance of understanding how their procurement policy and procedures impacted upon the Council.

Having been proposed and seconded, the Chairman took the vote, and it was unanimously

**RESOLVED** that the Governance and Audit Committee extend an invitation to Lincolnshire County Council's Assistant Director Commercial.

With no further comments or questions, the Matters Arising Schedule, setting out the position of previously agreed actions as at 2 June 2025, was **NOTED**.

## **5 EXTERNAL AUDIT STRATEGY MEMORANDUM PLAN 2024/25**

The Committee heard from the External Auditor, Debra Chamberlain, who introduced the report. The Committee was directed to the introduction which outlined the audit strategy in terms of materiality, significant risks, and other key elements. It was noted that the methodology for the value-for-money conclusion followed the approach detailed in the report, with a risk assessment scheduled for completion in the coming months. Confirmation of audit independence was provided, with reaffirmation of independence continuing throughout the audit process.

Badar Abbas, External Auditor, continued the presentation explaining that the materiality threshold was set at £1.2 million, with an audit misstatement threshold of £60,000. It was explained that any adjustments exceeding this amount would be reported in the year-end audit report. Four significant risks were highlighted; firstly, the valuation of land and buildings, valued at £30 million, was identified as a risk due to the complexity of the valuation process conducted by external valuers. Secondly, the valuation of investment properties, valued at £23 million remained a focus area, although no substantial changes in underlying risk factors were reported compared to the previous year. Thirdly, the valuation of the local government pension scheme was highlighted due to the complexity of actuarial assumptions, requiring the engagement of a specialist pension team and in-house actuaries to assess the reasonableness of estimates. Lastly, the Auditor stated that management override of controls was acknowledged as an inherent risk in any audit, and specific procedures were designed to detect potential material instances of fraud, though no fraud risk factors had been identified for the Council to date.

Another risk was highlighted by the Auditor, namely the adoption of International Financial Reporting Standards (IFRS 16) for the financial year 2024-25. This had been flagged as an additional audit risk, given the challenges of first-time adoption for councils. The assessment remained ongoing, with any changes to be communicated in the final audit report. Questions were invited from Members of the Committee.

Responding to a question from the Committee, the Auditor emphasised that the risk assessment had been based on the previous year's financial statements, which recorded the value of land and building assets at £30 million. Due to the significant valuation and the complex process involved, it was confirmed that the risk would remain significant. The final

audit report was expected to include a review of the valuations for the 2024-25 period, detailing the results of the audit procedures undertaken in response to this risk.

Questions were raised by a Committee Member regarding materiality, noting a considerable increase in the level set since the previous year. In response to the Committee's concerns the Auditor explained that the previous year had marked the first audit of the Council which had required extensive planning and risk assessment. It was stated that no significant misstatements or concerning control recommendations had been identified, prompting a review and adjustment of materiality levels. The Committee was reassured that the threshold had not been raised to the maximum permissible level of three percent of expenditure, as a more gradual adjustment was preferred.

Clarification was sought by a Member of the Committee regarding the distinction between triviality and materiality. In response, the Auditor explained materiality was set at £1.2 million, and that any misstatement above £60,000 would be reported, with assessments conducted to determine its severity. Additionally, misstatements below £60,000 could be qualitatively reported if deemed relevant to users of the accounts. A Committee Member later reiterated the value and importance of transparent communication between the External Auditors and Members of the Committee regarding financial misstatements.

The Chairman noted that some Councillors, particularly those who expressed a lack of familiarity with financial matters, often found concepts such as materiality, triviality, and misstatements challenging. A request was made regarding the provision of explanatory documents to ensure Councillors and members of the public had accessible guidance to allow them to fully understand the documents.

Clarification was sought regarding the relevance of the term 'corporate reporting' featured in the report. In response, the Auditor explained that feedback had been provided to the Audit Team, with plans to enhance local government relevance in future reports. The Auditor then confirmed that the final phase of the audit would commence at the end of July 2025.

Having been moved and seconded, on being put to the vote, it was unanimously

**RESOLVED** that the External Audit Strategy Memorandum Plan for 2024/25 be approved.

## **6 INTERNAL AUDIT ANNUAL PROGRESS REPORT AND FOLLOW-UP INTERNAL AUDIT REPORT**

Members of the Committee heard from the Internal Auditor who presented the report. A progress report was presented to update Committee Members on the completion of the 2024-25 plan, the status of the 2025-26 plan, and the finalised reports since the last Committee meeting in April 2025. It was confirmed that the 2024-25 plan had been fully completed, with two final reports included in the progress report, and specific questions regarding the wider document were invited.

It was reported that all audits for the 2025-26 plan had been scheduled with the relevant teams, except for the IT audit. It was explained that their IT team was liaising with the authority to secure a booking, and the plan remained on schedule. The Auditor confirmed

that key performance indicators were on track, including the timely turnaround of draft and final reports.

The Auditor drew attention to the Combined Assurance report summarised in the report but also included as a standalone item on the agenda. It was clarified that this was not a conventional Internal Audit report but a facilitated discussion with management regarding the assurance map in place. It was highlighted that no high-risk areas had identified, reductions in amber-rated risks were observed, and green-rated risks had increased, indicating an overall improvement in the authority's risk profile.

In response to a question from the Chairman, the Auditor stated that the IT audit was solely applicable to West Lindsey, and not a joint exercise with North Kesteven. The Chairman noted that a fully green assurance rating would be concerning, as continuous improvement was the objective.

A Member of the Committee enquired about the classification of complaints procedure risks. In response, the Monitoring Officer acknowledged the volume and complexity of external complaints and outlined the ongoing review of procedures. It was confirmed that adjustments to timescales were being considered to aid efficient complaint handling whilst maintaining fairness.

The Chairman discussed expectation of response times, particularly at the parish level. It was observed that many parish councils expected unrealistically fast response times and greater communication was suggested to clarify realistic response times. The Monitoring Officer responded noting that the Chairman's suggestion would be considered. It was highlighted that the audit had been a valuable process, and it was confirmed that adaptations to the complaints policy were being made in line with audit recommendations.

A Member of the Committee enquired about the ownership of the Saxilby footbridge. The Chief Executive responded, stating that although the Council had undertaken substantial repair and renovation work, formal ownership had not been confirmed. It was explained that responsibility for the repair had been accepted by the Council, following extensive discussions involving the Rivers and Canals Trust, Lincolnshire County Council, the local parish council, and the railway authorities. It remained the Council's view that future stewardship of the bridge would be best placed with the Rivers and Canals Trust, though it was anticipated that further major maintenance would not be required for several decades.

In response to the Chief Executive's comments, Cllr Brockway commended the Council's role in delivering a significant programme of works on the bridge. The investment was described as having had a positive effect on the village, improving accessibility and enhancing local amenities.

A Member of the Committee expressed concern that ongoing organisational changes, including the replacement of Auditors and adjustments to staffing arrangements, could potentially disrupt the stability necessary to meet the Council's key performance indicators (KPIs). The uncertainty surrounding Local Government Reorganisation (LGR) was also noted as a factor that might destabilise existing structures. A request was made, reiterated by the Chairman, for Auditors and the Committee to remain vigilant in monitoring performance metrics, ensuring that any deviations from expected standards were promptly addressed.

The Auditor then directed the Committee's attention to the Follow-Up Internal Audit Report where the follow-up report on previously agreed management actions was presented. It was stated that the purpose of the follow-up was to confirm the implementation of actions by their respective due dates, as set in the final report. A total of 27 management actions were reviewed, comprising eight medium-priority and 19 low-priority items, with none classified as high priority. Of these, it was noted that 16 actions had been fully implemented and were considered resolved. Two actions had been partially implemented, with further work required before they could be signed off. The Auditor explained that nine actions remained outstanding, with no action taken to address them. While the overall opinion remained positive with reasonable assurance, the outstanding items were noted as requiring further attention.

In response to a question from a Committee Member, the Auditor confirmed that the Management Team had not disagreed with the recommendations but that various factors, including resource constraints and competing priorities, had contributed to the delay. Of the nine outstanding actions, no action had yet been taken, while the two partially implemented actions had seen progress but required further work.

The Chairman requested that a written response be provided at a later date, detailing reasons for the outstanding actions. In response, the Monitoring Officer provided an update on three key areas: the complaints regime for standards complaints, where work was ongoing and expected to be completed by 30 June 2025; the staff appraisals policy, which was undergoing revision and due for completion by September 2025; and the risk management strategy, where the Management Team was conducting a thorough review in light of wider Council activities.

Concern was expressed by Members of the Committee over the accumulation of outstanding audit actions. In response, the Chief Executive suggested reinstating a management report as part of quarterly Internal Audit updates, detailing any outstanding actions beyond their expected implementation dates. This report would provide rationale for delays and outline whether adjustments to implementation dates were required. The proposal received support, and its inclusion in future reports was supported.

The Auditor continued the presentation, introducing a separate item on the agenda, the Internal Audit Annual Report, which summarised the audit work completed for 2024-25, and provided an overall opinion on risk management, governance, and the overall control framework. It was explained that overall, an amber rating had been assigned, indicating a generally adequate and effective control framework with some areas identified for improvement. These areas for improvement were based on agreed management actions derived from individual audit reviews.

Continuing the presentation, the Auditor stated that a total of eight assurance reviews had been undertaken during the year, with three receiving the highest rating of substantial assurance, while five were rated as reasonable. Two follow-up reviews had also been conducted, both of which had indicated reasonable progress in implementing recommendations.

As the Auditor had referred to several Internal Audit items on the agenda throughout the presentation, the Chairman proposed to take the vote on all three Internal Audit papers together.

The Committee was directed back to the Combined Assurance Report. It was confirmed that the report had been summarised earlier during the current item, and included a progress update along with two summary reports and two full reports. Members were invited to raise any specific questions.

Concern was expressed by a Member of the Committee regarding the phrasing of the risk related to customer service, which stated that "the quality of services do not meet customer expectations", with a recommendation made to amend the wording to "realistic customer expectations", to acknowledge that some expectations might be unattainable and beyond the Council's control. Consideration of the suggested revision was agreed by the Chief Executive.

A question was raised from a Member of the Committee regarding the impact of extreme weather. Assurances were provided by the Chief Executive that flood preparedness remained a priority, with Member and Officer flood and drainage groups continuing to operate. Although Lincolnshire County Council's Flood and Water Committee had been disbanded, it was stated that the Council remained in contact with the relevant Officers, ensuring that existing flood management activities continued. It was reaffirmed that the focus was on avoiding unpreparedness for extreme weather rather than structural governance changes. The Chairman reiterated the importance of proactivity in this area, noting that it was potentially an area of discussion for one of the Council's policy Committees.

Clarification was sought regarding the removal of the Council's car parking officer, following the decision not to renew the position as of 31 March 2025. A response was provided from the S151 Officer confirming that discussions were ongoing to determine an appropriate level of resources for the service. No disruption to public services was anticipated, and a full process review had been commissioned, with an updated car park strategy scheduled for later in the year.

The Committee discussed the importance of partnership working, with a question raised by a Committee Member as to how the Council could identify deficiencies in existing partnerships, given that Auditors did not necessarily review these arrangements. In response, the Chief Executive emphasised the importance of defining partnerships, highlighting the varying structures and audit processes applicable to different types. It was explained that collective decisions made at the county level were noted as being implemented individually by respective authorities, with audits assessing their integration into local services rather than the partnership itself. Examples of other partnerships were provided, including wellbeing services contracts, which were subject to audits and monitoring.

A Member of the Committee raised concerns regarding the audit assurance provided for partnerships involving procurement and legal services. In response, the Chief Executive explained that the External Audit process covered value-for-money assessments for legal and procurement activities. It was stated that previous audits of procurement had identified concerns that continue to be addressed. It was clarified that the financial arrangements of such partnerships were subject to routine audits, ensuring oversight of expenditure and compliance with organisational controls.

The Chief Executive highlighted formal partnerships with other authorities, such as the Central Lincolnshire Joint Strategic Planning Committee. It was noted that one of the partnered authorities, North Kesteven District Council, currently responsible for chairing the

Committee, would be subject to a similar regime of internal and external audits, although a local audit may be requested. The Chairman noted that reliance on reports from other authorities did not necessarily provide full visibility, and mechanisms for reviewing external partnerships should be strengthened. The Chairman concluded that further consideration should be given to the matter at a future meeting, and the importance of addressing such questions as part of the Committee's responsibilities was reaffirmed.

The Chairman proceeded to review the reports presented and the accompanying recommendations.

Having been proposed and seconded, the Chairman took the vote, and it was unanimously

**RESOLVED** that the Audit Follow up report Visit 2 and the Annual progress report be endorsed.

## **7 COMBINED ASSURANCE**

Members considered the Combined Assurance report, presented by the Internal Auditor. Discussion ensued as detailed in the minute above.

Having been proposed and seconded, the Chairman took the vote, and it was unanimously

**RESOLVED** that:

- a) the contents of the report be approved; and
- b) Members were assured that the findings illustrated the Council's governance framework was operating effectively.

## **8 INTERNAL AUDIT ANNUAL REPORT**

The Committee considered the Internal Audit Annual Report, presented by the Internal Auditor. Discussion ensued as detailed in the 'Internal Audit Progress Report and Follow-Up Internal Audit Report' item above.

Having been proposed and seconded, the Chairman took the vote, and it was unanimously

**RESOLVED** that the Internal Audit Annual Report be endorsed.

## **9 THE REGENERATION OF FORMER RAF SCAMPTON**

Members of the Committee heard from the Chief Executive who introduced the report. It was explained that a report that had been requested by the Committee to update members on progress at the former RAF Scampton, and to outline the manner in which the project had been managed. It was stated that considerable lessons had been learnt during the previous three years and that, in most respects, the chosen approach had proved sound. The Chief Executive confirmed that a clear and compelling vision for change had been formulated and widely communicated with local Members of Parliament, neighbouring districts, and parish

councils. The process by which the Council had secured a well-connected private-sector partnership was subsequently outlined.

The Chief Executive continued, explaining that weekly multi-agency meetings had been convened and had drawn representatives from a wide variety of sources. Despite the differing national objectives imposed upon those agencies, it was confirmed that strong local collaboration had been sustained. The contributions made by colleagues in public health, Lincolnshire County Council, City of Lincoln Council, and the police were acknowledged with gratitude.

The presentation continued, with the Chief Executive explaining that governance processes were tested but had been upheld through the use of extraordinary or combined Committees where necessary. In terms of enforcement powers, these powers had been exercised, including resort to the courts, thereby demonstrating that action against Central Government was possible. It was stated that the response of the Government had been to issue a Special Development Order, the requirements of which continued to bind the Home Office even after its original plans had been withdrawn.

In terms of future plans for the site, it was stated that a site-specific policy had been inserted into the Local Plan, thereby obliging any future owner to agree a masterplan with the authority before undertaking works. It was highlighted that any transfer to the authority from the Home Office would be purely transitory, as the intention remained to pass the asset to the developer immediately. The Chief Executive concluded by inviting comments from the Committee.

The Chairman noted that, when the matter of the former RAF Scampton had first been raised, numerous questions had been asked. Over time, those questions had been answered, and progress had been made. It was stated that the most appropriate course of action was now to move forward, expressing hope that a resolution would be reached that served the best interests of the residents of West Lindsey.

The Vice-Chairman Cllr Dobbie commented on the importance of the Council's engagement with councils in the affected area, describing this aspect of the process as exemplary. The limited communication from central authorities was acknowledged, and it was emphasised that efforts had been made to ensure that local communities were kept informed to the greatest extent possible.

With no further comments or questions, the Regeneration of former RAF Scampton report was **DULY NOTED**.

## **10 COMMITTEE WORK PLAN**

With no comments or questions, the Committee Work Plan was **DULY NOTED**.

The meeting concluded at 3.27 pm.

Chairman