

Boston Borough Council

Minutes of a meeting of the **Audit & Governance Committee** held in the Committee Room - Municipal Buildings, West Street, Boston, PE21 8QR on Tuesday 21st April 2026 at 6.30 pm.

Present:

Councillor Barrie Pierpoint, in the Chair.

Councillors James Cantwell (Vice-Chairman), Andy IZard, Jonathan Noble, Ralph Pryke, David Scoot and Stephen Woodliffe.

Co-opted Independent Members: Adam Cartwright and Gideon Hall.

Officers:

Service Director – Legal & Governance (Monitoring Officer), Group Manager – Insights & Transformation, Head of Finance Delivery - Technical and Corporate, PSPSL, Treasury and Investment Manager (PSPSL), Engagement Director, KPMG and Democratic Services Officer.

53 Apologies for Absence

Apologies for absence were received from Councillors Anton Dani, Neil Drayton and Lina Savickiene.

54 Declarations of Interests

Councillor Ralph Pryke declared a personal interest in agenda items relating to Public Sector Partnership Services Ltd (PSPS Ltd), confirming that he was an appointed board member of PSPS Ltd and also a member of the Black Sluice Internal Drainage Board and the Welland and Deepings Internal Drainage Board. Councillor Pryke advised that these bodies had financial connections to the Council.

55 Minutes

The minutes of the meeting held on 19th January 2026 were agreed and signed by the Chairman.

56 Actions

The action sheet from the meeting held on 19th January 2026 had been circulated with the agenda; no outstanding actions were reported.

57 Public Questions

No public questions were received.

58 Internal Audit Progress Report - April 2026

The Committee received the Internal Audit Progress Report – April 2026, presented by the Head of Internal Audit and Risk, which provided an overview of internal audit activity

undertaken during the 2025/26 financial year and reported progress against delivery of the approved Internal Audit Plan.

The Committee was advised that 100% of the Internal Audit Plan for the year had been delivered. The report summarised assurance outcomes, levels of management engagement, implementation of agreed actions, and feedback received from audited services. It was reported that overall feedback from services had been positive, demonstrating constructive engagement and a high level of commitment to implementing recommendations. One instance of poorer feedback had been received in relation to the timeliness of an audit delivered by a co-provider which had been addressed through performance discussions and quality assurance arrangements.

Members noted the range of audits completed during the year, covering areas including grants administration, identification and monitoring of savings, ICT cyber security, risk management, planning, capital budget monitoring and financial resilience. It was confirmed that Internal Audit had continued to provide advisory support alongside assurance work, where appropriate.

During discussion, Members raised several detailed questions on specific findings. Clarification was sought on audit conclusions referring to the absence of a centralised grants register, with concern expressed about how grant information was currently recorded and monitored across the Council. Members also questioned the arrangements for escalation where savings proposals were not delivered to plan, and how such issues were identified and addressed through financial monitoring and governance processes. The Monitoring Officer confirmed that officers monitored the approved budget and that quarterly reports detailing key variances were presented to the Cabinet. He explained that the Council had set a balanced budget for 2026/27 which did not contain a need to identify in year savings and efficiency targets.

Further discussion focused on audit findings highlighting the absence of a central training records system, with Members querying how assurance could be provided over staff training and compliance in the absence of consistent tracking. Members also referred to issues raised within the ICT cyber security audit, including findings relating to threat escalation procedures, remediation timescales and management oversight.

The Head of Internal Audit and Risk explained that assurance opinions were based on a structured risk assessment methodology and internal quality assurance processes. Members noted that final assurance ratings reflected the cumulative impact of findings rather than individual issues and were subject to senior sign-off.

The Committee expressed concern that officers with direct responsibility for the audited operational areas were not always present to respond to technical or service-specific questions. Members emphasised that effective scrutiny depended on having appropriate senior officers in attendance to explain management responses and control arrangements. It was agreed that this matter required further consideration to ensure future meetings were adequately supported.

The Committee concluded that the report demonstrated strong delivery of the Internal Audit Plan and a generally sound assurance position, while also highlighting areas where governance arrangements, documentation and officer engagement needed to be strengthened.

Resolved:

That the Internal Audit Progress Report – April 2026 be noted.

59 Internal Audit Annual Plan 2026/2027

The Committee received the Internal Audit Annual Plan for the 2026/27 financial year, presented by the Head of Internal Audit and Risk, which set out the proposed programme of assurance and advisory work to be undertaken by Internal Audit. The report explained how the plan had been developed using a risk-based approach, informed by the Council's strategic and operational risk registers, recent audit findings, emerging governance priorities, and consultation with Senior Leadership Team members.

Members were advised that the Plan had been structured to reflect both continuity and progression from previous years' audit work, including the use of thematic audits delivered over more than one year where this was considered necessary to provide sufficient depth of assurance. The Committee was informed that particular emphasis had been placed on areas such as risk management, savings and efficiency delivery, workforce and performance management, compliance with new regulatory requirements, and governance arrangements across the partnership.

The Committee considered the contents of the proposed audit plan in detail. Discussion focused on the importance of ensuring that audits relating to savings delivery and efficiency programmes provided clear assurance over accountability, escalation arrangements and management oversight. Members noted that similar issues had arisen repeatedly in recent audit reports and emphasised the need for the audit plan to test not only the existence of processes, but also their effectiveness in practice.

Concerns were raised regarding governance arrangements within savings and efficiency workstreams, including the availability of documentation and records of decision-making. Members highlighted that, in previous years, questions had been raised about the absence of formally recorded minutes or outputs from efficiency-related boards or working groups. It was noted that the audit plan included provisions to revisit savings and efficiency governance, and Members stressed the importance of this work in the context of ongoing financial pressures.

The Committee also discussed the relationship between the Internal Audit Plan and the Council's wider performance management framework. Questions were raised about whether the audit programme would adequately test how performance information was used to support decision-making and scrutiny. Officers confirmed that the Council operated a quarterly performance management framework and that Internal Audit would draw upon this intelligence where relevant. Members requested that further information on the performance reporting framework be shared to support their understanding of how performance assurance aligned with audit activity.

During debate, Members returned to concerns expressed under the previous agenda item regarding officer attendance at meetings. It was noted that the Internal Audit Plan set out a robust programme of work, but effective scrutiny of audit outcomes depended on the availability of senior officers with appropriate responsibility and knowledge to respond to Members' questions. The Committee reiterated that this issue affected not only the progress report but also consideration of forward audit planning, as Members needed confidence that future findings would be fully explained and addressed.

Further discussion took place regarding the inclusion of management tasks within the audit plan, particularly those relating to the quality, preparation and presentation of reports. Members expressed frustration that, despite repeated discussions, committee reports often remained lengthy, technical and difficult to interrogate effectively. The Committee emphasised that improvements in report quality were essential to support meaningful scrutiny and governance assurance.

The Committee acknowledged the breadth of the proposed audit coverage and welcomed the continued emphasis on collaboration with senior leadership and alignment with the Council's strategic risk profile. Members recognised the professional judgement applied in developing the Plan and agreed that, subject to the issues raised during discussion, it provided an appropriate basis for assurance activity during the forthcoming year.

Resolved:**That the Internal Audit Annual Plan for 2026/27 be noted.****60 External Audit plan and strategy for the year ending 31 March 2026**

The Committee received the External Audit Plan and Strategy for the year ending 31 March 2026, presented by the External Auditor, which outlined the proposed scope, approach and timing of the external audit of the Council's and Group's financial statements, together with the outcome of the initial value-for-money risk assessment.

Members were advised that the audit would be undertaken in accordance with the Local Audit and Accountability Act 2014, the NAO Code of Audit Practice and professional auditing standards. The report detailed the materiality thresholds to be applied during the audit and the reporting arrangements for identified misstatements.

The External Auditor highlighted the significant risks identified at the planning stage, which were consistent with previous years. These included the valuation of land and buildings, particularly assets valued using the depreciated replacement cost methodology, the valuation of post-retirement benefit obligations, and the inherent risk of management override of controls. It was confirmed that no new or heightened risks had been identified at this stage.

The Committee discussed the valuation of land and buildings in detail, particularly in light of changes to accounting guidance allowing revaluations to be undertaken through a rolling five-year programme with annual indexation. Members queried the process for selecting assets for revaluation and the extent of the External Auditor's involvement. The External Auditor explained that asset selection formed part of management's

responsibilities, with the auditor's role focused on testing the appropriateness of valuations, assumptions and compliance with accounting standards.

Members also raised concerns about the accessibility of audit reports, particularly the use of acronyms and technical terminology. The Committee emphasised that reports needed to be clear and understandable to support effective scrutiny and requested improved narrative explanations and the inclusion of clearer definitions or a glossary in future reports.

The Committee considered the value-for-money risk assessment and noted the External Auditor's view that no significant weaknesses had been identified at this stage in relation to financial sustainability, governance or economy, efficiency and effectiveness. It was recognised that this assessment would be kept under review as audit work progressed.

The Committee welcomed the overall assurance position presented and thanked the External Auditor for the comprehensive report.

Resolved:

That the External Audit Plan and Strategy for the year ending 31 March 2026 be noted.

61 Accounting Policies 2025/26

The Committee received the report on the proposed Accounting Policies for the 2025/26 financial year, presented by the Head of Finance Delivery – Technical and Corporate (PSPS Ltd), which set out the accounting policies to be applied in the preparation of the Council's Statement of Accounts, in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom.

Members were advised that the purpose of presenting the accounting policies at this stage was to support good governance by allowing early consideration of any changes prior to the closure of accounts. It was explained that the majority of the Council's accounting policies remained unchanged from previous years, ensuring consistency in financial reporting.

The Committee was informed that the principal change for 2025/26 related to the valuation of Property, Plant and Equipment. Recent amendments to the CIPFA Code now permitted local authorities to adopt a rolling five-year valuation programme, supported by annual indexation in the intervening years, rather than undertaking full revaluations of asset classes on a single valuation date. Officers explained that the Council proposed to adopt this approach, valuing approximately 20% of eligible assets each year to ensure all relevant assets were revalued within the five-year cycle.

During discussion, Members sought clarification on the rationale for adopting the rolling valuation approach. The Head of Finance Delivery explained that the new methodology was considered more efficient and proportionate, spreading valuation activity more evenly across years and reducing the operational burden associated with undertaking large-scale revaluations at a single point in time, while remaining fully compliant with accounting standards. Members asked whether the change had any implications for audit assurance

or governance and were advised that the proposed approach was explicitly provided for within the CIPFA Code and would continue to be subject to appropriate audit scrutiny through both internal and external audit processes.

The Committee discussed recent legislative changes affecting access to the Local Government Pension Scheme for councillors. Members sought clarification on whether councillors would now be eligible to join the scheme and how any such changes would be implemented. The Head of Finance Delivery advised that the detailed position was still being confirmed, with further guidance awaited. The Service Director – Legal and Governance (Monitoring Officer) explained that regulations permitting councillor access had been brought forward by Government, with commencement dates set nationally, but that administrative arrangements and guidance were still being finalised in conjunction with pension administrators. Members were informed that further information would be communicated once the position had been fully clarified.

The Committee also noted minor drafting matters within the report, including references within the appendices, which officers acknowledged and confirmed would be addressed as part of final account preparation.

Overall, the Committee was satisfied that the proposed accounting policies were appropriate, compliant with professional standards and presented at a suitable stage to support transparency and effective oversight.

The recommendations were proposed by Councillor Andy Izard and seconded by Councillor Jonathan Noble.

Resolved:

That the Accounting Policies for 2025/26 be approved.

62 Regulation of Investigatory Powers Act (RIPA) 2000 - Annual Update

The Committee received the annual update report on the Regulation of Investigatory Powers Act (RIPA) 2000, presented by the Service Director – Regulatory, which provided Members with an update on the Council's use of investigatory powers over the preceding year and outlined compliance with statutory requirements, relevant policies, training arrangements and anticipated developments.

Members were reminded that RIPA governed the use of directed surveillance, covert human intelligence sources and the acquisition of communications data, and that such powers could only be used where activity was lawful, necessary, proportionate and non-discriminatory. It was further noted that the use of certain powers required external judicial approval.

The Committee was advised that the Council had not undertaken any activity during the reporting period that met the threshold requiring authorisation under RIPA and that this nil return had been reported to the Investigatory Powers Commissioner's Office. Members were informed that while instances of RIPA usage were rare, the Council was required to demonstrate ongoing compliance with legislative and regulatory expectations.

The report detailed the current policy framework, including the adoption of the partnership RIPA policy in 2024, which remained fit for purpose. Members were advised that the Council was not due for a routine inspection during the coming year, but that arrangements remained in place to respond should an inspection be undertaken.

Discussion took place regarding training and awareness. The Service Director – Regulatory confirmed that relevant officers were provided with appropriate training, with records retained on individual personnel files available for audit or inspection if required. Members were advised that RIPA awareness formed part of induction arrangements for new enforcement officers and that line managers were responsible for assessing competence and identifying any training needs.

The Committee also discussed the use of body-worn video equipment. Officers explained that such equipment was available to enforcement staff and could be deployed at the discretion of officers and managers depending on the nature of the task, the evidential requirements and any health and safety considerations. Members were advised that body-worn video use was governed by specific policies and procedures and supported by training, but that its use was not mandatory and was subject to risk assessment and professional judgement.

Members sought clarification on whether circumstances had arisen during the year where RIPA authorisation had been considered but not pursued. It was confirmed that no activity had met the statutory threshold requiring formal authorisation. The Committee also discussed the potential role of body-worn video in investigations, and officers confirmed that such equipment could be used to support evidential gathering where appropriate and in compliance with relevant policies.

Overall, the Committee was satisfied that appropriate governance, training and oversight arrangements remained in place, and that the Council continued to exercise investigatory powers responsibly and proportionately.

Resolved:

That the Regulation of Investigatory Powers Act 2000 – Annual Update be noted.

63 Q3 Treasury Report 2025/26

The Committee received the Quarter 3 Treasury Management Report for the 2025/26 financial year, presented by the Treasury and Investment Manager (PSPSL), which provided an update on treasury management activity, investment performance, borrowing position and compliance with the Council's approved Treasury Management Strategy for the period ending 31st December 2025.

Members were advised that the report had been prepared in accordance with the CIPFA Code of Practice on Treasury Management and formed part of the Council's ongoing governance and assurance arrangements. The Council's treasury management priorities of security, liquidity and yield remained unchanged and continued to underpin all investment and borrowing decisions.

The Committee was provided with an overview of the prevailing economic environment during the reporting period. It was noted that economic growth had remained subdued, inflation had continued to fall from earlier peaks, and interest rates had reduced slightly towards the end of the calendar year. Members were advised that the interest rate forecast included within the report had been updated following changes in global conditions and reflected a longer period of interest rate stability than previously anticipated.

The Committee noted that the Council had continued to invest surplus cash balances in accordance with the approved strategy. Total investments held at 31st December 2025 had reduced compared to the start of the financial year, reflecting the planned use of reserves, the drawdown of grants and the funding of capital expenditure. Investment performance remained strong overall, with favourable variances reported against budgeted investment income for the period.

Members received an overview of the Council's borrowing position and were advised that the Council remained in an under-borrowed position, using internal cash balances to fund capital expenditure where appropriate. Borrowing costs remained below budget, reflecting the timing of borrowing decisions and the early redemption of higher-cost debt.

The Committee considered the section of the report relating to property fund investments in detail. Members were advised that headline returns from property funds continued to be lower than historic expectations and that overall valuations remained depressed, reflecting wider market conditions. It was explained that property fund investments were long-term in nature and subject to cyclical movements, with valuations influenced by interest rates, asset values and investor redemption activity.

Members questioned whether strong returns achieved on certain treasury investments created an incentive to increase individual investment values. The Treasury and Investment Manager explained that investment limits and counterparty exposure were actively managed to maintain diversification and protect capital, and that investment decisions were made within approved limits regardless of headline rates available.

The Committee discussed management fees associated with property fund investments and sought assurance that these remained appropriate given current performance. It was explained that fee structures were set within fund prospectuses and that elements of fees were performance-related, meaning lower returns were typically reflected in reduced overall fee levels.

Further discussion focused on the future outlook for property fund investments. Members queried whether there was a strategy to exit under-performing funds and how quickly decisions could be taken to limit further losses. The Treasury and Investment Manager advised that property funds were kept under continual review, but that immediate exit options were often constrained by notice periods, market conditions and potential valuation discounts. It was noted that fund wind-down arrangements, such as those already underway for one investment, could allow proceeds to be realised over time in a way which maximised value.

Members also discussed geopolitical risks and the potential impact of international instability on interest rate forecasts and borrowing costs. It was explained that global uncertainty could affect gilt yields and market confidence, with implications for both

borrowing and investment returns. Officers confirmed that these risks were monitored closely and reflected in ongoing treasury advice.

Throughout discussion, the Committee acknowledged the complexity of treasury management activity and expressed appreciation for the clarity of reporting and the level of assurance provided. Members noted that, despite challenging market conditions, the Council continued to operate within prudential indicators and maintain a strong governance framework for treasury decisions.

The recommendations were proposed by Councillor Jonathan Noble and seconded by Councillor David Scoot.

Resolved:

That the Quarter 3 Treasury Management Report for 2025/26 be received and noted.

64 Quarter 3 25/26 Risk Report

The Committee received the Quarter 3 Risk Report for the 2025/26 financial year, presented by the Group Manager – Insights and Transformation, which provided an update on the Council’s strategic, partnership and fraud risks as at the end of December 2025, including current risk scores, mitigation activity and movements since the previous quarter.

Members were advised that the report followed the Council’s established risk management framework and continued to focus on areas of highest impact and likelihood. The Committee was reminded that risks were monitored at strategic, operational and partnership levels, with the Audit & Governance Committee providing oversight of the highest-level risks.

The Committee noted that several strategic risks remained above their target scores at Quarter 3, although mitigation activity was ongoing.

Reference was made to risks associated with environmental and legislative change, service delivery pressures and emerging technology. Members were advised that one risk relating to health and safety, which had been shown as red at Quarter 3, had since been mitigated through completed actions and would be reflected as reduced in the Quarter 4 report.

The Committee received clarification on how target risk scores were used within the framework, including the distinction between risks that were being treated and those that were tolerated due to their external nature or unavoidable impact. It was noted that some high-impact risks, such as those relating to budget and funding pressures, were inherently difficult to mitigate and were therefore subject to close monitoring rather than immediate reduction.

Members discussed the inclusion of risks associated with artificial intelligence and emerging digital tools. The Group Manager – Insights and Transformation explained that these risks reflected the rapid pace of technological change and the importance of ensuring appropriate governance, oversight and assurance arrangements were in place. It

was confirmed that this area was subject to internal audit review and would continue to be developed as understanding matured.

The Committee also considered risks relating to digital connectivity and infrastructure resilience. Members raised concerns about disparities in connectivity across the borough and the potential impact on residents, particularly in rural areas. Officers advised that work was ongoing across relevant service areas to better understand data sources, risk ownership and mitigation options, and that further information would be fed into future risk reviews.

Discussion took place regarding partnership risks, including those associated with funding sustainability and staffing capacity. Members were advised that these risks reflected pressures across the wider partnership environment, particularly in the context of transformation activity and Local Government Reorganisation. It was noted that partnership risks were reviewed alongside Council-specific risks to ensure consistency and visibility.

Members queried the history and governance of certain risks, particularly where mitigation activity had previously been paused or delayed. The Group Manager – Insights and Transformation explained that the risk register served as a mechanism to ensure such issues were visible and escalated appropriately, and that the inclusion of risks within the register had facilitated renewed focus and resolution.

The Committee also considered fraud risks included within the report and noted that no significant changes had occurred during the quarter. Members were advised that a full review of fraud risks and controls would be undertaken as part of Quarter 4 reporting.

During discussion, Members queried the history of the risk relating to the Council's server room, noting that mitigation activity had previously been paused. Officers advised that the project had been paused for a period due to political tensions within the partnership, but that work had since recommenced and the project was now complete, with the risk expected to be reduced in Quarter 4. Members expressed concern that political considerations should not delay the mitigation of strategic risks and requested further assurance on the governance arrangements supporting risk management decisions.

Overall, the Committee was satisfied that the risk report provided a clear and structured overview of the Council's most significant risks and the actions being taken to manage them. Members emphasised the importance of maintaining transparency, consistency and appropriate challenge within the risk management process.

Resolved:

That the Quarter 3 Risk Report 2025/26 be noted.

65 Work Programme

The Committee received the Work Programme, which set out the remaining business for the current municipal year and the draft programme for 2026/27. The draft work programme was presented to support the Committee's forward planning and to ensure that statutory, regulatory and governance responsibilities continued to be met.

Discussion focused on the timing and scheduling of meetings within the 2026/27 municipal year. Members queried the provisional nature of some dates shown within the draft programme and sought reassurance regarding when confirmed meeting dates would be issued. Officers advised that dates were subject to final confirmation across the partnership and that Members would be notified as soon as arrangements were concluded.

The Committee discussed the timing of specific future reports, including policy updates and regulatory items. Clarification was provided regarding the anticipated scheduling of a future CCTV policy report, which Members noted would align with the Committee's oversight responsibilities in relation to information governance and regulatory compliance.

Members also raised the findings of the Corporate Peer Challenge, particularly commentary relating to medium-term financial planning and transformation. It was noted that this feedback highlighted areas of ongoing development and that consideration would need to be given to how these matters were reflected within the Committee's future work programme to provide appropriate governance oversight.

The Committee emphasised the importance of using the Work Programme as a live planning tool, enabling Members to anticipate upcoming business and ensuring that sufficient time and officer attendance were scheduled to support effective scrutiny.

Resolved:**That the Work Programme be noted.**

The Meeting ended at 8.19 pm.