

## **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 Monday 13th October 2025 at 6.30 pm.

### **Present:**

Councillor Barrie Pierpoint, in the Chair.

Councillors Councillor James Cantwell (Vice-Chairman), Richard Austin BEM, Anton Dani, Anne Dorrian, Neil Drayton, Andy Izard, David Scoot and Stephen Woodliffe.

### **Officers:**

Assistant Director - Governance and Monitoring Officer, Treasury and Investment Manager (PSPSL), Democratic Services Team Leader and Democratic Services Officer.

## **16 Apologies for Absence**

Apologies for absence were received from Councillors Ralph Pryke and Lina Savickiene, and from Co-opted Independent Members Adam Cartwright and Gideon Hall.

## **17 Declarations of Interest**

There were no declarations of interest.

## **18 Minutes**

The minutes of the previous meeting held on 7<sup>th</sup> July 2025 were agreed and signed by the Chairman.

## **19 Actions**

Members considered the action sheet from the previous meeting held on 7<sup>th</sup> July 2025 which had been circulated with the agenda. It was confirmed that there were no outstanding actions.

## **20 Public Questions**

No questions had been received.

## **21 External Auditors Progress Report 2024/2025**

The Committee received a verbal update from the Engagement Manager, KPMG on the progress of the audit for the year ending 31st March 2025. It was reported that the audit was approximately 85% complete and on track for completion by the November meeting.

A significant risk had been identified in relation to the valuation of land and buildings, with delays and quality issues noted in responses from the internal valuer. The finance team had been working closely with the valuer to resolve these matters, and weekly meetings had been held to ensure progress. It was confirmed that the internal valuer was employed by a partner authority within the South & East Lincolnshire Councils Partnership.

The Committee was advised that six elected members had not returned their related party transaction forms, which was preventing completion of the disclosure note.

Members discussed the report and commented as follows:

- Concern was expressed regarding the delay in receiving related party transaction forms and the impact on audit completion. It was noted that responsibility for chasing declarations lay with Group Leaders, not Democratic Services. The Democratic Services Team Leader confirmed that group leaders had been contacted to expedite the outstanding returns, and that Democratic Services had supported this process as a courtesy to the Finance Team.
- A query was raised regarding the valuation of a specific investment property. It was confirmed that a valuation certificate had been issued for the current year, although the asset had not been subject to detailed audit testing due to no significant changes in assumptions.
- Members expressed frustration at the lack of clarity around roles and responsibilities in resolving audit queries and requested that future meetings include appropriate officer representation to respond to technical questions.

**Resolved:**

**That the verbal update be noted.**

## **22 Internal Audit Progress Report - September 2025**

The Committee received the Internal Audit Progress Report for the current financial year. The report was presented by the Head of Internal Audit from Lincolnshire County Council (LCC) and provided an update on delivery against the 2025/26 audit plan, as well as key findings from recent audit work.

It was reported that approximately 60% of the audit plan had been delivered at the time of drafting. Three audits had been completed, including a cyber audit which had received poor ratings due to delays in issuing the final report. The audit had been delivered by a co-sourced partner, and improvements had since been made to their practices following feedback.

A report with a rating of “insufficient control” had been issued for one area where no controls were found to be in place. This was noted as highly unusual, and a follow-up assurance audit was scheduled for later in the year to assess improvements. The Head of Internal Audit confirmed that this was the first such report issued in over 20 years.

Members discussed the report and commented as follows:

- Concerns were expressed regarding the absence of the Section 151 Officer or other relevant officers to respond to technical questions. Members requested that future meetings include appropriate representation to ensure queries could be addressed.
- A Member queried the cause of the insufficient controls and asked whether this could impact the overall audit opinion for 2025/26. The Head of Internal Audit advised that judgement would be reserved until the follow-up audit was completed and confirmed that the outcomes of that audit would be reported back to the Committee once

available. The Head of Internal Audit advised that this would impact on the annual opinion.

- A Member asked whether the audit plan was flexible enough to respond to emerging risks such as cyber resilience. It was confirmed that the plan had been amended mid-year to reflect the insufficient control finding and that further changes were being considered to improve value for money and depth of coverage.
- A Member asked whether there was evidence of sustained improvement in previously audited areas. The Head of Internal Audit confirmed that access to data had improved and that the team was now focusing more deeply on first-line assurance.
- A Member requested clarification on the dates of the cyber audit and the insufficient control audit. It was confirmed that the cyber audit fieldwork took place in June 2025, with the final report issued in August, and the insufficient control audit fieldwork took place in May 2025, with the report issued in July.

**Resolved:**

**That the report be noted.**

## **23 Internal Audit Charter**

The Committee received the updated Internal Audit Charter, which was presented by the Head of Internal Audit from Lincolnshire County Council (LCC). The Charter set out the purpose, authority, and responsibility of the internal audit function and formed a key part of the Council's governance framework.

The Head of Internal Audit explained that the Charter had been reviewed and updated to reflect recent changes in professional standards, audit leadership, and reporting structures. It was confirmed that the Charter aligned with the Global Internal Audit Standards (GIAS) and followed the model Charter issued by the Institute of Internal Auditors (IIA).

The Charter outlined the framework for delivering internal audit services across the Council, including the scope of audit work, independence and objectivity requirements, access rights, and the reporting arrangements to senior management and the Audit & Governance Committee. It also clarified the role of the Head of Internal Audit in providing an annual audit opinion and supporting the Council's assurance framework.

Members were invited to comment on the Charter. No questions were raised, and the Committee expressed satisfaction with the content and clarity of the document. Members welcomed the assurance that the Charter remained consistent with best practice across the public sector and supported its approval.

**The recommendation was moved by Councillor Andy Izard and seconded by Councillor Stephen Woodliffe.**

**Resolved:**

**That the Internal Audit Charter be approved.**

**24 Quarter 1 25/26 Performance and Risk Report**

The Committee received the Quarter 1 Risk Report, presented by the Group Manager – Insights & Transformation. The report provided an update on the Council's strategic and partnership risk registers as at the end of June 2025 and formed part of the Committee's regular oversight of the Council's risk management arrangements.

The Committee was advised that the civil contingency risk had been updated following the appointment of a new Partnership Resilience Manager. A new emerging risk relating to battery storage developments was being considered for inclusion in the register and would be raised with the Lincolnshire Resilience Forum. Officers also confirmed that the business continuity risk was to be merged with the civil contingency risk due to overlapping themes.

The health and safety risk score had increased due to a number of overdue audit actions. In response, health and safety clinics had been established to address the concerns and improve compliance. A new risk had been added regarding the IT server room infrastructure, with a mitigation project already underway. The Environment Act risk had also been updated to reflect the extension of the depot lease and the wider waste improvement programme.

The partnership risk register had been updated to reflect workforce development concerns linked to Local Government Reorganisation (LGR). A Member queried a partnership risk relating to trust. Officers confirmed that the risk was linked to LGR and was currently being tolerated, with no changes proposed by the Senior Leadership Team.

Members discussed the report and commented as follows:

- A query was raised regarding whether financial penalties were applicable for missing government targets or bin collection failures. Officers advised that no penalties were currently in place but undertook to confirm whether this may change under the Environment Act.
- A Member asked whether the Council monitored emergency planning coverage across parish councils. Officers undertook to liaise with the Partnership Resilience Manager and report back to the Committee.
- Clarification was sought on the term "GIS", which was confirmed to mean Geographical Information System.
- A Member asked how mitigations for high residual risks were tested for effectiveness. Officers confirmed that this was an area identified in a recent audit and that further work was planned to strengthen assurance.
- A Member asked how risk appetite was defined and communicated. Officers advised that a review was planned in partnership with Lincolnshire County Council, with outcomes to be reported in a future quarterly update.
- A Member queried whether the risk register had been independently reviewed. Officers confirmed that internal audit had recently undertaken a more detailed review and had made recommendations regarding layout and mitigation clarity.
- A Member queried the definition of the local economy risk and its scoring. Officers confirmed that the risk related to the impact of economic conditions on the Council's ability to deliver services and that further detail would be provided in the upcoming training session.

- A Member asked whether the Council's net zero targets were based on national or local benchmarks. Officers confirmed that the targets were locally set but aligned with national policy.
- A Member raised questions about safeguarding risk categorisation and inter-agency coordination. Officers confirmed that both adult and child safeguarding were covered and undertook to provide further detail on the structure and designated leads.

**The recommendation was moved by Councillor Anton Dani and seconded by Councillor David Scoot.**

**Resolved:**

**That the report be noted.**

## **25 Q1 Treasury Report 2025/26**

The Committee received the Quarter 1 Treasury Management Report, which provided an overview of the Council's treasury activities for the period ending 30th June 2025. The report was presented by the Treasury and Investment Manager (PSPSL) and formed part of the Council's governance framework in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice.

The Committee was advised that the Council had maintained a strong financial position during the first quarter of the financial year, with investment income exceeding expectations. The Council continued to operate with a low level of external borrowing, using internal resources to fund capital expenditure and maintain an under-borrowed position.

A key development highlighted in the report was the repayment of the long-standing State Street loan, which had carried a fixed interest rate of 11.125%. The loan had been replaced with a Public Works Loan Board (PWLB) loan at a significantly lower rate, resulting in projected long-term savings of approximately £660,000. The transaction was completed following a favourable offer from the loan holder, and the Council's treasury team had acted promptly to secure the benefit. Officers undertook to provide a future note summarising the historical cost and context of the State Street loan, including the year it was taken out and the decision-making process.

Property fund investments were also discussed. Concerns were raised about liquidity and market conditions, with one fund having suspended trading due to high redemption requests and others experiencing delays in processing withdrawals. Officers confirmed that the Council was monitoring developments and would consider strategic changes when market conditions improved. It was noted that any losses from early exit would need to be financed from reserves. Officers confirmed they would continue to monitor property fund developments and report any strategic changes to the Committee.

Members discussed the report and commented as follows:

- Members welcomed the repayment of the State Street loan and commended the treasury team for securing a favourable outcome. A request was made for a future note

detailing the full historical cost of the State Street loan and the circumstances under which it was originally taken out.

- A Member queried whether the Council remained compliant with its prudential indicators. Officers confirmed that all indicators had been met.
- A Member asked whether the Council's risk appetite for treasury management and borrowing had changed. Officers confirmed that the annual Treasury Management Strategy was reviewed and approved by Council each year and that no significant changes had been made.
- A Member requested clarification on the valuation and ownership of the Municipal Buildings. Officers confirmed that the building was owned by the Council and that valuations were reviewed on a rolling basis, with full revaluations every three years. Officers undertook to confirm the current valuation and whether any charges or encumbrances exist.

**The recommendation was moved by Councillor Andy Izard and seconded by Councillor Neil Drayton.**

**Resolved:**

**That the report be noted.**

## **26 Work Programme**

The Committee reviewed the Audit and Governance Work Programme for 2025/26. Members were invited to consider whether any additional items should be included.

A proposal was made to introduce a formal self-assessment of committee effectiveness, with the aim of identifying training needs and improving Member engagement. The suggestion prompted a detailed discussion among Members.

Several Members expressed the view that the Committee was already operating effectively and that existing mechanisms, including annual Member surveys and training sessions, were sufficient. It was noted that the quality of officer reports had improved significantly, reducing the need for repetitive questioning. Members also highlighted that questions were often raised collectively, and duplication was avoided to ensure efficient use of meeting time.

Concerns were raised regarding the tone of a proposal regarding a self-assessment of the committee's effectiveness and comments made about Member participation. Members emphasised the importance of mutual respect and acknowledged the diverse contributions made by all Members, regardless of speaking frequency.

It was confirmed that a self-assessment process was already in place and that any future training needs would continue to be identified through existing channels. Officers undertook to ensure that the existing annual self-assessment process remained in place and was communicated clearly to all Members. Any future training needs identified through the self-assessment or Member feedback would be incorporated into the Committee's development programme.

**Resolved:**

**That the work programme be noted.**

*[Councillor Anne Dorrian left the meeting at 7.46pm, during consideration of the above item.]*

The Meeting ended at 7.52 pm.