



Minutes of the meeting of the Audit & Governance Committee held on 30 July 2025 when there were present:-

Chair: Cllr N Harvey

Cllr L Breading
Cllr M Dearson
Cllr A Harbinson

Cllr J Huntman
Cllr B Wimbledon

VISITING MEMBERS

Cllr L McCarthy-Calvert

INDEPENDENT PERSONS

P Mills

APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllr N Benson, Cllr A Edwards and Cllr L Larman

OFFICERS PRESENT

A Hutchings	- Chief Executive
A Law	- Assistant Director, Legal & Democratic Services (MO)
B Brook	- Assistant Director, Policy, Performance & Customer
J Parker-East	- Assistant Director, Environmental Health, Licensing & Community
A Barnes	- Head of Internal Audit (Southend City Council)
C Cox	- Chief Accountant
S Greener	- Licensing Manager
S Worthington	- Democratic Services Manager (DMO)
H Boyd	- Civic and Democratic Services Officer

80 DECLARATIONS OF INTEREST

There were none.

81 MINUTES

The Minutes of the meeting held on 25 June 2025 were agreed as a correct record and signed by the Chair.

82 HEAD OF INTERNAL AUDIT ANNUAL REPORT 2024-25

The Committee considered the report of the Head of Internal Audit which provided an opinion on the adequacy and effectiveness of the Council's risk management, control and governance processes. Officers advised that the opinion detailed from paragraph 4.8 of the report concluded that improvements were still required to be embedded across the organisation. Officers further advised that the opinion should assist the Committee in formulating its own view prior to consideration of the Annual Governance Statement which was a later agenda item.

It was highlighted that the Council faced significant external challenges including preparation for LGR (Local Government Reorganisation) which was taking up officer capacity, along with service reviews, as part of the transformation programme, which were underway and expected to deliver future improvements.

An update on the status of the Audit Team was provided with difficulties noted in recruiting suitable staff. Recruitment exercises had resulted in a new Audit Apprentice and Manager; however, another Audit Manager had commenced their maternity leave. Despite this the team had completed 80% of the planned audit work, forming a solid base for the Head of Internal Audit's opinion.

In response to Members' concerns regarding inconsistencies, officers confirmed that any inconsistencies in service delivery were being addressed by the Leadership Team through service reviews and associated action plans. The Independent Person agreed that, while systems and processes were generally in place, the key issue was compliance and consistency in application, potentially due to capacity issues. Officers agreed to consider a more detailed root cause analysis for these.

The Audit Team was commended for their comprehensive report and compliance with standards, despite staffing vacancies. Officers confirmed that performance indicators for the Audit Team would be introduced for the 2025/26 Audit Plan.

It was confirmed that no significant findings from outstanding audits were expected to change the audit opinion. Management was showing increased commitment to recommendations due to the Committee's focus, leading to more refined and deliverable agreements.

Officers clarified, in respect of risks identified in the general ledger audit, that these did not impact on the Council's sustainability or medium-term financial strategy; these related to improvements in documenting procedures and recording, not fundamental financial issues.

Resolved

To note the Head of Internal Audit's Annual Report for 2024/25 and to use the assurance provided to support the approval of the Annual Governance Statement.

83 INTERNAL AUDIT RECOMMENDATIONS AND AGREED MANAGEMENT ACTIONS IMPLEMENTATION UPDATE, INCLUDING AUDITS PROVIDING MINIMAL ASSURANCE

The Committee considered the report of the Head of Internal Audit which updated the Committee on progress made in implementing internal audit recommendations and agreed management actions by services across the Council.

Officers confirmed that this was the second update to the committee with slight changes based on previous feedback. Officers advised that the Council was now using the Ideagen system to capture and track audit recommendations and agreed management actions; the system also generated reminders to responsible officers. Progress had been made on most recommendations, although more full implementations were desired.

The Independent Person requested that future reports include the assurance rating alongside audit details to help Members focus on partial or limited assurance areas. Concerns were expressed that although there had been some positive movement, numerous items were past their target implementation dates, with some not yet started. Specific concerns highlighted included business continuity, contract management, cyber security management, partnership, rent collection and arrears, and waste services. Members requested, that if significant improvements were not made by the time of the next update report, managers should be asked to attend the Committee meeting to present updates.

Members questioned whether action due dates were imposed or agreed; officers clarified that these were negotiated, and focused discussions were leading to more reasonable and achievable target dates. Members, however, expressed concern that only 33% of 175 items had been implemented with 97 items past target date and 68 (39%) of actions not started, which equated to 67% incomplete actions. Officers acknowledged that this was partly due to a small number of particularly challenging areas, such as the partnership audit, inflating this data.

The CEO explained that management received assurances on addressing internal audit concerns through quarterly business reviews on the Ideagen system, which were escalated to Directors and Assistant Directors and ultimately reported to this Committee. The CEO acknowledged that some items, like waste delivery (March 2024) and housing management, might need to be zeroed out and started again due to policy changes or being addressed through other forums such as the Housing Improvement Programme. It was noted that, in respect of the 2022 housing fire and safety audit, all related matters were now being dealt with through the Housing Improvement Programme and 100% of fire risk assessments for Council housing stock had been undertaken, with remedial actions being completed.

The Assistant Director, Environmental Health, Licensing & Community provided an update on the licensing service audit (Appendix 2) explaining that since starting in March 2024 a service review had identified a number of areas for

improvement; these were confirmed by the audit, giving minimal assurance and identifying 13 recommendations.

Seven recommendations had been completed by the target dates with the remaining six in progress with relevant commentary included on the Ideagen system. No issues were identified that would prevent the completion of the outstanding actions. These included initiatives such as advertising for additional staff, investing in internal development and implementing a new computer system to centralise records and capture KPI data. The audit was noted to have provided a valuable framework for identifying areas of weakness and driving improvements.

The Assistant Director, Legal & Democratic Services (MO) provided an update on data governance (Appendix 3) explaining that both an Essex County Council audit and an internal audit had found weaknesses in data governance arrangements.

She advised that a new interim Governance Manager had been brought in to assist with the policy and procedures, who had met with all managers across the Council. Recommendation five, regarding up-to-date training, had been fully implemented. It was confirmed that the remaining milestones with due dates of 31 July 2025 were on track for completion and there were no current concerns about meeting deadlines, although it was emphasised that uncovering new issues was always a possibility.

Officers confirmed that the terms of reference for a new information governance forum had been drafted but not yet implemented, pending updates to policies; implementation was anticipated to be completed by October 2025.

Resolved

To note the progress made by services in delivering the internal audit recommendations and agreed management actions.

84 ANNUAL REPORT ON THE TREASURY MANAGEMENT SERVICE AND ACTUAL PRUDENTIAL INDICATORS 2024/25

The Committee considered the report of the Assistant Director, Finance & Procurement (Section 151 Officer) which provided an update on the Council's treasury management activities and the actual Prudential Indicators for 2024/25.

The report summarised the 2024/25 outturn position. Officers advised that interest from investments had decreased due to reduced bank interest rates and smaller balances; borrowing had also reduced the interest payable. A typo in Appendix 1, page 5, was drawn to the Committee's attention: the total should be 764 not 864. Officers confirmed that all borrowing and investments had complied with the Code and were within the prudential indicators.

A request to reduce the number of acronyms in future reports was agreed by officers.

Officers confirmed that all activity had been in line with the treasury management policy and strategy and complied with relevant Codes. When questioned on the internal audit's partial assurance rating for treasury management, officers stated that addressing those recommendations would be the next priority after finishing the final accounts.

Resolved

To note the 2024/25 treasury management report and submit to Cabinet for their noting.

85 ANNUAL GOVERNANCE STATEMENT 2024/25

The Committee considered the report of the Assistant Director, Policy, Performance and Customer which sought the Committee's approval for the Annual Governance Statement for 2024/25.

The Annual Governance Statement for 2024/25 was presented, which reported on the Council's controls and the effectiveness of these controls. It was highlighted that the Statement formed part of the Council's financial statements and was a lengthy but important document.

Officers provided details on the Council's transformation programme:

Transforming Together involved a restructure at Director and Assistant Director levels, which increased leadership capacity but also identified further capacity issues.

Transformation Journey commenced in April 2024 and tasked new Assistant Directors with service reviews on each line of their structure; this had continued to uncover issues. This transformation was aimed at rebuilding the organisation from the ground up, reflected in the Corporate Plan's ambition to restore the Council to good health while continuing business as usual.

Fit for the Future was launched in April 2025 and was the latest transformation process to improve services but to also continue checking the foundations.

Officers noted that the report included a summary of assessments, showing the 2023/24 and 2024/25 positions, plus a direction of travel to indicate improvements even within unchanged ratings. Key assessment downgrades included health and safety from satisfactory to partial, information governance from partial to minimal and data quality from satisfactory to partial. An action plan had been put in place to address identified deficiencies.

The Independent Person commended the comprehensive document and its provision of opinions on governance areas and suggested that future Statements could include opinions from Statutory Officers for a more rounded view.

Officers confirmed that outstanding actions from last year's Annual Governance Statement were noted and had rolled into the 2025/26 action plan. An addendum

relating to the appointment of Independent Persons had concluded, with no further actions rolling over.

Further details were requested on the scope of the key governance processes and suggested separately highlighting overarching processes such as the effectiveness of audit and scrutiny and decision making.

A Motion moved by Cllr N Harvey and seconded by Cllr L Breeding that the recommendations set out at paragraph 3.1 of the report be approved was agreed unanimously on a show of hands.

Resolved

To approve the Annual Governance Statement 2024/25 and, subject to any further amendments from external audit, approve its inclusion in the financial statements for 2024/25.

86 CORPORATE RISK REGISTER

The Committee considered the report of the Assistant Director, Policy, Performance and Customer providing details of the Corporate Risk Register.

It was emphasised that the Corporate Risk Register was an important control mechanism and management tool for identifying key risks to Council priorities and objectives. The register detailed controls in place and planned mitigating actions. There were currently 21 risks, scored using a 4x4 matrix, with 5 high, 14 medium high and 2 medium risks. It was clarified that a high score reflected high impact if the risk materialised, not necessarily that the risk was uncontrolled. The appendix provided detailed information for each risk, including initial, current and target scores, internal controls, assurance on effectiveness, mitigating actions and progress notes.

Members raised concerns about the cyber security risk, which had a current score of 12 (down from 16). Officers advised that the score reflected the current environment of increasing cyber security risk and that the adoption of a cyber security incident response plan by the Senior Leadership Team was the main mitigating action. It was further explained that a desktop exercise was planned for September with the emergency planning and business continuity board, internal staff and IT contractors involved in testing this plan, with quarterly exercises planned thereafter.

The Independent Person commended the comprehensive report and its focus on the effectiveness of controls. In response to a question on how often corporate risks were reviewed it was confirmed this was undertaken at least quarterly by Assistant Directors and then the Senior Leadership Team with the assurance provided by the risk owner, typically the CEO or Director.

A Motion moved by Cllr N Harvey and seconded by Cllr Dearson that the recommendations set out at paragraph 3.1 of the report be approved was agreed unanimously on a show of hands.

Resolved

- (1) To note the report.
- (2) To agree to receive reports on the Corporate Register quarterly, in advance of the same being reported to Cabinet.

87 WORKPLAN

The Committee's workplan was noted.

Members enquired about the Audit and Governance Annual Report listed for this month (July). Officers clarified that this report was intended to summarise the Committee's work and demonstrate fulfilment of its terms of reference but its inclusion this month was an error and was intended for July 2026.

The Independent Person confirmed that an effectiveness review would underpin this annual report. The work programme was commended for its structure, which linked the Committee's terms of reference to agenda items. It was suggested that the Committee should move beyond merely noting reports to receiving assurances in order to add more influence and gravitas to its annual report.

The meeting closed at 8.15 pm.

Chair

Date

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