

Meeting of the Governance and Audit Committee

Wednesday, 21 January 2026, 2.00
pm



SOUTH
KESTEVEN
DISTRICT
COUNCIL

Committee Members present

Councillor Tim Harrison (Chairman)
Councillor Robert Leadenham
Councillor Bridget Ley
Councillor Habib Rahman
Councillor Rhea Raysia
Councillor Paul Stokes
Councillor Mark Whittington
Councillor Elvis Stooke
Alan Bowling

Cabinet Members present

Councillor Ashley Baxter
Councillor Philip Knowles

Other Members present

Councillor Anna Kelly
Councillor Ian Selby

Officers

Richard Wyles, Deputy Chief Executive and Section 151 Officer
Emma Whittaker, Assistant Director (Planning & Growth)
David Scott, Assistant Director of Finance and Deputy Section 151 Officer
Jeremy Barlow, Building Control Manager
James Welbourn, Democratic Services Manager
Joshua Mann, Democratic Services Officer
Gurpreet Dulay, Internal Auditor
Matt Humphrey, RSM Partner

52. Apologies for absence

Apologies for absence were received from Councillors Paul Wood and Sue Woolley.

Councillor Paul Wood was substituted by Councillor Elvis Stooke.

53. Disclosure of interests

No interests were disclosed.

54. Minutes of the meeting held on 13 November 2025

The minutes of the meeting held 13 November 2025 were AGREED as an accurate record.

55. Internal Audit Progress Report

The Internal Audit Progress Report was introduced by the Internal Auditors.

The report covered the following:

	Design Opinion	Effectiveness Opinion
Treasury Management	- Moderate	Substantial
Building Control	- Substantial	Moderate
IT Strategy	- Moderate	Moderate

Treasury Management

Areas of strength identified included – oversight and reporting of prudential indicators and policy thresholds.

Areas of weakness identified included – governance approval of Treasury Management practices.

Building Control

Areas of strength identified included – mature and embedded performance monitoring arrangements with robust and transparent financial management.

Areas of weakness identified included – a lack of documented improvement processes following EMBC survey results.

IT Strategy

Areas of strength identified included – the adoption of a streamlined ICT strategy allowing innovative working.

Areas of weakness identified included - the individual themes of the Strategy did not set out how they are linked to the wider corporate objective.

During discussions, Members commented on the following:

- A Member requested greater detail about SKDC's response to issues identified by the audits in future progress reports.
- It was confirmed that the relationship between the new IT Strategy and the Corporate Plan was still being developed to ensure that all actions were aligned as the IT Strategy was still in its infancy.
- Following the Building Control audit, it was confirmed that the Developers' Forum was in the process of being developed.
- A Member did note concern that excessive resources would be spent chasing building control feedback. The Assistant Director (Planning and Growth) confirmed that SKDC were looking at options requiring fewer resources.

The Internal Audit Progress Report was noted by the Committee.

56. Indicative Internal Audit Plan 2026/27

The Indicative Internal Audit Plan 2026/27 was introduced by the Internal Auditor.

The Indicative Internal operational plan 2026/27 covered the following areas, outlining which quarter they would be reviewed in, a description of the review and a reason for its inclusion:

Core Assurance -

- Accounts receivable
- Asset management strategy – general fund
- Planning services
- Procurement cards
- Rent collection
- Sickness and absence management
- Renters' Right Act – Response to new
- Statutory Responsibilities

Soft Controls –

- Equality, diversity, and inclusion

Future Focused Assurance -

- LGR Programme Governance and Readiness Review

Flexible Audit Resource - To be allocated during the year as required but could include the examples shown below –

- Contingency/ Flexible resource

Contract Management –

- Planning / liaison / management
- Recommendation follow ups
- Governance & Audit Committee.

During discussions, Members commented on the following:

- A Member queried whether there were plans for the Internal Auditors to complete a cyber security review. It was confirmed this review was completed in March 2024 and the matter remained on the Risk Register for review.
- Clarification was sought as why 20 days had been allocated to the procurement cards review. The Section 151 Officer confirmed that these timeframes were set by the Internal Auditors and the scoping was still in its infancy.

- Reassurance was given by the Internal Auditors about the flexibility of the plan. Contingency days had been built in and regular progress reports would continue to update the Committee.

The Indicative Internal Audit Plan 2026/27 was noted by the Committee.

57. 2026/27 Treasury Management Strategy Statement

The 2026/27 Treasury Management Strategy Statement (TMSS) was presented by the Leader of the Council.

The Council was required to produce an annual Treasury Management Strategy Statement, outlining the Council's borrowing and investment policies that SKDC would follow during 2026/27.

Appendix 3 confirmed there were no proposed changes to the current limits or specified counterparty investment strategies and outlined the Council's Ethical Investment Strategy, following its review.

As part of ongoing monitoring, the treasury management practices were reviewed and updated during the year to reflect operational changes. These were undertaken by senior finance officers to reflect current working practices with the exception of those which were formally included within the annual TMMS and require member approval.

The Council's Capital Strategy was to be considered by Full Council as part of the annual budget setting process on 26 February 2026.

During discussions, the following points were made:

- The Section 151 Officer confirmed that the Strategy Statement was written to set out the indicative programme outlined at the 13 January 2026 Budget OSC rather than setting reserve levels. Within the Strategy Statement the Section 151 Officer noted that SKDC had been advised to borrow from internal resources rather than the higher-interest external rates.
- A Member requested a written response from officers in response to his concerns about reserve levels. The Leader also offered to meet with the Member and the Section 151 officer to discuss the concerns.

ACTION

Following discussions, it was proposed, seconded, and AGREED to recommend that Full Council approves the Treasury Management Strategy Statement 2026/27.

58. Review of the Financial Regulations

The review of Financial Regulations was presented by the Cabinet Member for Corporate Governance and Licensing.

The proposed changes to the Financial Regulations included:

Revenue Reserves - Discretionary and Governance

Clarification was provided on the definition of reserves between discretionary and governance reserves. This clarification was provided in section 11.2 of the revised Financial Regulations.

Authorised Limits – Appendix A of the Financial Regulations

Due to the number of changes including levels and authorisations, the current approved Financial Regulations was provided at Appendix A for comparative purposes.

Virements – the process whereby unallocated budgets could be moved between cost centres where additional costs may be incurred during the year. In respect of revenue, it was only permissible to move budgets between staffing costs or other expenditure to avoid salary budgets being adversely affected. In respect of capital, the virement levels were updated to reflect the levels of budgeted expenditure levels for capital schemes. The authorisation levels were updated to ensure there was no service disruption whilst virements requests are being considered.

Additions to Budget Framework – this authority allowed for in-year budget framework changes where a proposal arose outside of the annual budget setting process. Authority for these changes were either a Cabinet or a Council decision subject to the financial amendment levels.

Approval to use the Reserves – this section was updated to allow for the use of the discretionary reserves in accordance with the criteria of each reserve. The authorisation and financial levels were updated and included consultation with the Leader, Cabinet Member for Finance and Chief Executive.

Authorised Signatories – this section was in respect to raising order and approving invoices. This was a key internal control and ensures there are clear segregation of duties between officers.

Bad Debt levels – these levels were updated to enable Team Leaders to authorise write offs of specific debt levels before the write off request was escalated to the Head of Service.

During discussions, Members commented on the following:

- A Member noted concerns about the accessibility of reserves that section 11 of the regulations granted. The Section 151 Officer confirmed that officer delegation reports were published for any delegated spending from discretionary reserves.
- It was queried why the emergency payments plan had not been updated, but it was confirmed by the Section 151 Officer that this was because the current level still worked efficiently.
- In response to concern about the risk to the Council of increasing the responsibility of certain high-ranking officers, the Leader responded that this reflects the seniority of the positions and shows trust in the staff.
- It was confirmed that bad debt was regularly audited by the Internal Auditors and write offs were undertaken in accordance with the Financial Regulations levels.
- The Section 151 Officer agreed to produce an update about the effectiveness of the Financial Regulations following a six-month period.

Following discussions, it was proposed, seconded, and AGREED to recommend that Full Council approves the updated Financial Regulations.

59. Strategic Risk Register

The Review of the Strategic Risk Register was introduced by the Cabinet Member for Corporate Governance and Licencing.

The Corporate Management Team had undertaken an assessment of the effectiveness of the strategic risk controls as identified in the Strategic Risk Register. The assessment led to the following judgements with regards the strategic risk controls:

Effective – Controls and enablers were deemed to exist, be consistently applied, and achieve the outcome expected.

Partially Effective – There were improvements that could be made with regards to strengthening the controls and enablers, with improvement actions at a macro level identified.

Not Effective – Controls were not performing as required and improvement actions at a more detailed level identified.

In completing the exercise all strategic risk controls were deemed effective or partially effective. None were deemed ineffective.

Appendix A outlined specific details of the individual risks and these were ranked on a risk matrix.

During discussions, Members commented on the following:

- A Member noted concern about the two red-rated risks and suggested that devolution should be classed as red too. The Member also noted concern about the volume of risks. The Chairman interjected that Full Council was a more appropriate forum to analyse this.
- Support was given for the process of risks being assigned actions within the register.

Following discussions, it was proposed, seconded, and AGREED to approve the updated Strategic Risk Register.

60. Work Programme 2025 - 2026

It was noted that the 18 February 2026 meeting had been confirmed.

Members noted the Work Programme 2025-26.

61. Any other business, which the chairman, by reasons of special circumstances, decides is urgent.

Following a funding dispute between SKDC and Lincolnshire County Council, the Chairman requested assurances about the following questions and suggested a review by the Internal Auditors:

1. Whether SKDC had adequate governance and documentation in place where SKDC relied on funding commitments from partner authorities?
2. Whether reliance on external partner funding was appropriately identified and managed as a risk?
3. Whether there were clear controls to ensure that member decisions and public communications were not based on funding that was not formally secured?
4. Whether any lessons should be taken for future partnership or devolution related agreements?

The Section 151 Officer confirmed that an Internal Audit review was not necessary and reassurance could be given from officer level. The Committee indicated support for this.

The meeting concluded at 15.44.