

Meeting of the Governance and Audit Committee



SOUTH
KESTEVEN
DISTRICT
COUNCIL

Wednesday, 18 March 2026, 10.00
am

Committee Members present

Councillor Tim Harrison (Chairman)
Councillor Paul Wood (Vice-Chairman)
Councillor Habib Rahman
Councillor Rhea Rayside
Councillor Paul Stokes
Councillor Sue Woolley
Councillor Elvis Stooke
Alan Bowling

Cabinet Members present

Councillor Ashley Baxter
Councillor Philip Knowles

Officers

Richard Wyles, Deputy Chief Executive and Section 151 Officer
Graham Kitchen, Director of Law and Governance (Monitoring Officer)
Claire Moses, Head of Service (Revenues, Benefits, Customer Services and Community)
David Scott, Assistant Director of Finance and Deputy Section 151 Officer
Joshua Mann, Democratic Services Officer
Gurpreet Dulay, Internal Auditor
Joe Taylor, Internal Auditor

71. Apologies for absence

Apologies for absence were received from Councillors Bridget Ley, Robert Leadenham, and Mark Whittington.

Councillor Elvis Stooke was substituting for Councillor Bridget Ley.

72. Disclosure of interests

No interests were disclosed.

73. Minutes of the meeting held on 18 February 2026

The minutes of the meeting held on 18 February 2026 were proposed, seconded and agreed as an accurate record.

74. Updates from previous meeting

The Democratic Services Officer addressed the outstanding action regarding Councillor Development Plans. He had confirmed with Member Services that the Development Plans were rolled out in January 2025 as an email was sent by the Monitoring Officer at the time inviting Members to take part in the scheme by completing an appraisal-style form. A working group was also formed at the time to oversee it going forward. However, the scheme was dropped as only a handful of Members enrolled.

75. Internal Audit Progress Report

The Leader of the Council entered the Chamber.

The Internal Audit Progress Report was presented by the internal auditor.

The progress report graded the following areas:

- Accounts Payable (Design opinion: moderate, effectiveness opinion: substantial)
- Market Services (Design opinion: substantial, effectiveness opinion: moderate)
- Financial Systems and General Ledger (Design opinion: moderate, effectiveness opinion: substantial).

Fieldwork was in progress in respect of the Stock Management audit which was due to be completed by the end of March 2026 and presented to the following Governance and Audit Committee meeting.

During discussions, Members commented on the following:

- Members praised the thoroughness of the report.
- It was queried whether workflow was affected by employee absence. The Assistant Director of Finance confirmed that workflow within the system allowed for Purchase Orders and invoices to be directed to another officer if the relevant employee was out of office.
- A Member sought reassurance about the auditors standard for matters being discharged from imminent scrutiny which had previously been identified. They gave the example of retrospective analysis of mischarging market stall fees and inappropriate instances of cash handling. It was confirmed that this process had been reviewed by the auditors, advice had been given about improving the spreadsheet record, and the market stalls were now cashless.
- It was confirmed that any employees leaving the authority completed a leaving form which was received by the HR and IT Teams so payroll were informed swiftly.

- Clarification was sought about Unit4. Unit4 was outlined to be the new financial system implemented from August 2025. Discussions were ongoing with service areas to tailor the system to ensure it was user-friendly as much as possible and budget holder needs. Any superuser access to the system would be signed off by the Assistant Director of Finance. An audit report was also being put in place to review user access to the system which would be independently checked regularly.

The Internal Audit Progress Report was noted by the committee.

76. Internal Audit Follow Up Report

The Internal Audit Follow Up Report was presented by the internal auditor.

78% of recommendations since 2024/25 had been implemented, with 18% in progress and 4% not due.

Extensions for the due dates of the Climate Plan review and Building Control (EMBC) recommendations were agreed, both were set for 31 March 2026, to ensure thorough scrutiny and approval of the Climate Plan and the Building Control partnership action log.

The due date for a recommendation from the Payroll review was extended, and extensions were granted for recommendations from the Voids Management and Performance Management reviews. The Head of Service (Housing Technical Services) and Voids Manager assessed the last three months of major voids to identify delays and propose solutions to reduce void times, with completion expected by March 2026. Additionally, discussions with Service Leads were ongoing to refresh several KPI indicators and targets as part of performance management processes, which were anticipated to be presented to relevant Committees in the second quarter of 2026/27.

A list of completed and progressing recommendations were detailed within the report.

During discussions, Members commented on the following:

- A Member requested that any amended due dates for agreed audit actions were noted within the summary, outlining the number of dates that had been moved. The auditor noted that ultimately the dates were the responsibility of the officers.
- Members praised the positive report.

The Internal Audit Follow Up Report was noted by the committee.

77. Indicative Internal Audit Plan 2026/27

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

The plan was developed in consultation with the Corporate Management Team and was set within the context of a multi-year approach to internal audit planning, such that all areas of key risks would be looked at over a three-year audit cycle.

The following high-risk areas were not included given the scrutiny which the areas had received: Cyber Security and SRR9 – Housing Revenue Account (HRA).

The Internal Audit Operational Plan 2026/27 outlined the following areas for review:

- Accounts receivable
- Asset Management Strategy – General Fund
- Planning Services – Planning Application and Case Management
- Procurement Cards
- Rent Collection
- Sickness and Absence Management
- Renters' Rights Act – Response to New Statutory Responsibilities.
- Equality, Diversity and Inclusion.

In addition to this, an allowance had been made for any support required around the LGR Programme Governance and Readiness Review.

The plan also covered resource time for the following areas of contract management:

- Planning / Liaison / Management
- Recommendations Follow up
- Governance & Audit Committee

20 days of flexible audit resource were included, totalling 200 days allocated to the overall audit plan.

During discussions, Members commented on the following:

- It was confirmed that the upcoming Cyber Security and Resilience Bill was taken into account by the internal auditors. The Deputy Chief Executive and Section 151 Officer noted that the authority had received a £200,000 grant for cyber security arrangements and an audit of the IT strategy had been undertaken in 2025.
- It was queried whether Governance & Audit Committee had been meeting privately with Internal Audit annually, as per the committee's terms of reference. The Chairman acknowledged that a meeting had

tried to be set up but hadn't gone ahead due to availability for agreeing a date, but agreed a meeting would be set up in due course.

Following discussions, it was proposed, seconded, and AGREED to endorse the Indicative Internal Audit Plan 2026/27.

78. 2025-26 Accounting Policies

The 2025-26 Accounting Policies were introduced by the Leader of the Council.

It was good practice to consider and adopt the accounting policies in advance of the production and approval of draft accounts. Consequently, all accounting policies were reviewed for the 2025/26 financial year to ensure they complied with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the Code).

After reviewing the 2025/26 CIPFA Code, no changes were required to the accounting policies. Appendix A detailed the accounting policies that were applied in the preparation of the 2025/26 Statement of Accounts.

It was proposed, seconded, and AGREED to approve the Statement of Accounting Policies to be used in the production of the 2025/26 Financial Statements.

79. 2025-26 Action Plan for Draft Statement of Accounts

The 2025/26 Action Plan for Draft Statement of Accounts was introduced by the Leader of the Council.

It was agreed at the previous meeting of the committee that the Section 151 Officer would present proposed actions being considered for the closedown of the 2025/26 accounts.

To meet the 30 June 2026 deadline for the Draft Statement of Accounts the following actions were being undertaken –

- Engaging with external support.
- Undertaking lessons learnt.
- Project Planning.

During discussions, the following comments were made:

- The Deputy Chief Executive and Section 151 Officer noted that only 41% of authorities nationwide had met the statutory deadline for audited accounts. He noted that he could not guarantee that SKDC

would meet the 30 June 2026 deadline due to the other high priority competing pressures and potential challenges that arising from the first close down on the new finance system.

- A Member expressed appreciation, noting the deadline was an ambitious target.

The 2025-26 Action Plan for Draft Statement of Accounts was noted by the committee.

80. Treasury Management Report Quarter 3 2025/26

The Treasury Management Report Quarter 3 2025/26 was introduced by the Leader of the Council.

The report provided a review of treasury management activity for the quarterly period to 31 December 2025 and reviewed current developments. The following elements were covered by the report:

- A review of debt management operations
- A review of investment operations
- An update on the treasury management Prudential Code Indicators.

Debt Management Operations – no additional borrowing was borrowed to the date of the report’s publication during 2025/26. All current Council borrowing was with the Public Works Loan Board (PWLb) and the average rate of interest paid on the debt portfolio was 2.50%. As at 31 December 2025, the Council had short-term borrowing of £3.222m. This was to be repaid in instalments of £1.611m on 26 March 2026 and 28 September 2026. The average annual rate of interest on these loan repayments was 3.03%.

Investment Operations - the average size of the investment portfolio for the 9-month period of 2025/26 was £65.960m compared to an average portfolio size of £67.960m during the same period in 2024/25.

Treasury Management Prudential Code Indicators - all investment activity had been maintained within the indicator limits.

During discussions, the following comments were made:

- The Leader of the Council noted that the report had been written before the international financial market turbulence.
- The Deputy Chief Executive and Section 151 Officer noted that the international uncertainty had not yet affected interest rates and SKDC were not in the borrowing market. The authority’s emphasis would therefore be on short-term investments until the market settled, with the assistance of professional financial analysts.

The Treasury Management Report Quarter 3 2025/26 was noted by the committee.

81. Housing Benefit Subsidy Audit 2023-24

The Housing Benefit Subsidy Audit 2023/24 was introduced by the Leader of the Council.

The administration of Housing Benefit had become increasingly complex due to frequent changes in regulation, coupled with high caseloads. Where Housing Benefit was overpaid, the Department for Work and Pensions provided different rates of subsidy depending on the classification of the error.

One classification was 'Claimant error overpayments' which arose when a Housing Benefit (HB) recipient delayed in providing required information. In these cases, only 40% of the overpaid amount was recoverable through government subsidy. However, the Council was able to recover up to 100% of the overpaid amount directly from the claimant.

Another classification was 'LA error and administrative delay'. The amount of subsidy paid was determined by upper and lower thresholds, expressed as a percentage of the total Housing Benefit expenditure attracting subsidy.

For 2023/24, South Kesteven's LA Error value was £7,912, which was 0.05% of total expenditure attracting subsidy (£17,471,817). As a result, South Kesteven received 100% subsidy for these errors.

The overall value of the subsidy claim for 2023/24 was £18,022,328. The adjustment to the subsidy claim was £466 – this is just 0.003% of the total subsidy value.

The audit of the Housing Benefit Subsidy Claim 2023/24 for South Kesteven District Council was undertaken by KPMG LLP. The total value of Housing Benefit included on the claim was £18,022,328.

During discussions, the following comments were made:

- It was confirmed that the internal auditors considered the Housing Benefit claims submitted and confirmed that there were no errors found within the process.
- The Vice-Chairman thanked the Benefits Team on behalf of the Governance & Audit Committee.

The Housing Benefit Subsidy Audit 2023-24 was noted by the committee.

82. Work Programme 2026 - 2027

It was noted that the annual Governance & Audit Committee report going to the Annual General Meeting on 21 May 2026 would contain an indicative Work Programme for 2026-27.

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

There was none.

The meeting concluded at 11.00 am.