



Leicester
City Council

Minutes of the Meeting of the
GOVERNANCE AND AUDIT COMMITTEE

Held: Monday, 13 July 2026 at 5:30 pm

P R E S E N T :

Councillor Kaur Saini (Chair)
Councillor Russell (Vice Chair)

Councillor Bajaj
Councillor Joel
Councillor Karavadra

Councillor Kitterick
Councillor Dr Moore
Councillor Rae Bhatia

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1 Apologies for Absence

Apologies were received from Mohammed Chunara.

2 Declarations of Interest

There were no declarations of interest.

3 Minutes of the Previous Meeting

The minutes of the previous meeting were approved as an accurate record.

Members requested that committee records continue to provide a clear record of actions from previous meetings.

4 Membership of the Commission 2026/27

The membership of the Commission for 2026/27 were noted.

5 Dates of Meetings for the Commission 2026/27

The dates of meetings for the Commission for 2026-27 were noted.

6 External Audit Plan and Risk Assessment

Will Howard, External Auditor, presented the External Audit Plan. Members were advised that the audit process would focus on areas of significant risk and materiality, including property valuations, pensions liabilities, management override of controls and related party transactions.

Members raised a number of questions and observations including:

- Clarification on the anticipated timescales for completion of audit work.
- Concerns regarding long-standing issues relating to land and building valuations.
- Progress against recommendations currently marked as "in progress".
- Opportunities for Members to raise concerns regarding land transactions and major asset disposals.
- How matters identified through audit testing are reported back to the Committee.
- Pension fund liabilities and the significance of reported accounting positions.
- Testing of related party declarations and Companies House checks.
- The wording within the report relating to management override of controls and the potential for misinterpretation.

In response it was noted that:

- Property valuation work would involve consideration of comparable market evidence and value-for-money arrangements.
- Audit findings would be reported through the Annual Audit Report.
- Pension accounting positions are heavily influenced by market conditions and actuarial assumptions.
- Related party testing begins with declarations of interest but is supplemented by additional audit procedures.
- The identification of management override of controls as a significant risk is a standard auditing requirement and does not indicate that auditors have identified wrongdoing.
- Members highlighted that wording within the report could be interpreted as suggesting concerns had already been identified.

RESOLVED:

That the report be noted.

7 Draft Statement of Accounts and Annual Governance Statement 2025/26

Ben Mathews, Technical Finance Specialist, introduced the draft Statement of Accounts for consideration alongside the Annual Governance Statement.

Members were informed that:

- Members were informed that significant improvements had been made in finance processes.
- Work was continuing closely with the external auditors and changes had been made to the treatment and valuation of Property, Plant and Equipment, supported through strengthened working arrangements between finance officers and valuers.
- The Annual Governance Statement provided an assessment of the Council's governance effectiveness.

Members raised the following points:

- Members discussed pension fund liabilities and accounting treatment and Governance arrangements relating to the Local Government Reorganisation reserve of approximately £14 million.
- Members discussed staffing changes, vacancies and training within the finance function.
- Officers discussed improvements introduced following previously identified weaknesses
- An Action was agreed for Officers to provide a simple briefing note on pension fund accounting and performance for Committee Members.
- An action was agreed that future reporting to include information regarding finance staffing changes, vacancies and improvement activity to assist Members in understanding progress and capacity within the finance service.
- The Chair emphasised the importance of Members understanding the governance arrangements surrounding the Local Government Reorganisation reserve and the oversight of expenditure from that reserve.

RESOLVED:

That the report be noted.

8 Housing Regulator of Social Housing - Governance

The Director of Housing, Chris Burgin presented the Housing Regulator of Social Housing report which sets out the governance arrangements relating to housing improvement activity. Members were advised that:

- Senior officer oversight arrangements were in place. Progress was monitored through monthly review processes.
- A Housing Performance Improvement Plan contained defined milestones and delivery actions.
- Reports were regularly considered by Housing and Economy scrutiny arrangements and other relevant bodies.
- Internal Audit, External Audit and regulatory activity provided additional sources of assurance.

Members raised the following points:

- Members welcomed the report and queried the absence of performance indicators and measurable outcomes.
- Officers advised that detailed performance information is reported through Housing and Economy governance arrangements every six months.
- The most recent performance report had been considered publicly in April.
- Work against 26 improvement actions is monitored through defined ratings and performance measures.
- The timing of any future regulatory reassessment is determined by the Regulator and not formally prescribed.
- An action was agreed that the latest Housing Performance Improvement report to be circulated to Committee Members.
- A short update on performance indicators, monitoring arrangements and progress against improvement actions to be presented to the next meeting.

RESOLVED:

That the report be noted.

9 Counter Fraud Annual Report 2025/26 (including Annual National Fraud Initiative 2025/26)

Daniel Clubb presented a report regarding the Counter Fraud Annual Report 2025/26 and discussed the following areas:

- Members heard that data matching exercises assist in identifying fraud and error risks across local authorities, including Blue Badge misuse, fraudulent activity associated with council services, emerging trends identified through national intelligence sharing.

Members raised the following points:

- Members queried the fraud prevention arrangements associated with the Council's telephony systems, whether voice recognition technologies were used.
- Members discussed the comparisons of fraud trends across local authorities and staff fraud detection arrangements.
- Officers explained that fraud detection increasingly relies upon intelligence sharing across authorities to identify patterns and anomalies.
- An Action was agreed for Officers to provide further information regarding telephony fraud controls and voice identification arrangements.
- An Action was agreed to provide additional counter-fraud information at the next meeting, including national trends and comparative intelligence where available.

RESOLVED:

That the report be noted.

10 Head of Internal Audit Service Annual Report 2025/26

Max Thomas presented the Head of Internal Audit Annual Report for 2025/26.

- Internal Audit had completed its annual programme of work and appropriate management actions had been agreed for identified findings.
- Members were informed that five audit actions remained overdue, but none were considered sufficiently significant to require escalation.
- It was reiterated that quality assurance arrangements are set out within the report.

Members raised the following points:

- Queries were raised on how assurance levels within Leicester City Council compare with those achieved by other authorities.
- Audits where no overall opinion had been provided due to limited scope.
- Members commented on the overdue audit actions and the visibility of significant recommendations, and the relationship between internal and external audit work.
- Members expressed concern that reminders alone may not sufficiently address identified weaknesses and requested greater visibility of follow-up activity.
- An action was agreed for Officers to provide further information on overdue audit recommendations, particularly those exceeding 90 days past their target completion date.
- An action was agreed for Officers to report back to the Committee regarding housing allocation verification checks, management responses and assurance that identified risks have been appropriately addressed.

RESOLVED:

That the actions and the report be noted.

11 Insurance Annual Report 2025/26

Stephen White presented the annual report on the Council's insurance arrangements.

- The Committee were informed the committee that appropriate insurance arrangements remained in place and trends in employer liability, public liability and property claims had continued to be monitored.
- It was also highlighted that the Council had secured favourable insurance terms despite wider market pressures and historic asbestos-related claims continued to influence some claims trends.

Members raised the following points:

- Members discussed variations in claims expenditure between financial years, property claim trends and the timing of settlements and commented on long-term modelling of insurance liabilities.
- Members queried future financial pressures associated with insurance claims, officers explained that a number of claims are settled across several years and that actuarial reviews continue to track expected future liabilities.

RESOLVED:

That the report be noted.

12 Any Other Urgent Business

There being no other further business, the meeting closed at 19.00pm.

