Annual Governance Statement

2025-2026

Lewes District Council

Executive Summary

Lewes District Council's corporate builds on successes over the past four years and continues with ambitions as a Collaborative Alliance. It sets out the goals for the coming years and forms the basis for detailed work to deliver this vision. The Corporate Plan can be found at : https://www.lewes-eastbourne.gov.uk/article/2790/Lewes-District-Corporate-Plan-2024-to-2028

The council needs to be underlined by a foundation of good governance and financial management. The Local Code of Corporate Governance sets the framework to ensure that we are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

Lewes District Council has approved and adopted a Local Code of Corporate Governance which is available to download on our website at https://www.lewes-eastbourne.gov.uk/access-to-information/corporate-governance

The council is required to produce an Annual Governance Statement which describes how the corporate governance arrangements have been working.

This statement gives assurances on compliance for the year ending 31st March 2026.

The Leader of the Council and Chief Executive both recognise the importance of having a solid foundation of good governance and sound financial management. They pledge their commitment to address the matters highlighted in this statement, and to further enhance our governance arrangements to enable delivery of our Corporate Plan.

The Leader and Chief Executive confirm they have been advised of the implications of the review by Senior Management and the Audit and Governance Committee and are satisfied that the steps outlined in this document will ensure that our governance arrangements remain fit for the future.

Signed on behalf of Lewes District Council.

Councillor Zoe Nicholson

Leader of the Council

Date: 30/06/2026

Rob Cottrill

Chief Executive

Date: 30/06/2026

Date of approval by Audit and Governance Committee: …..

Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it is accountable to, engages with, and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

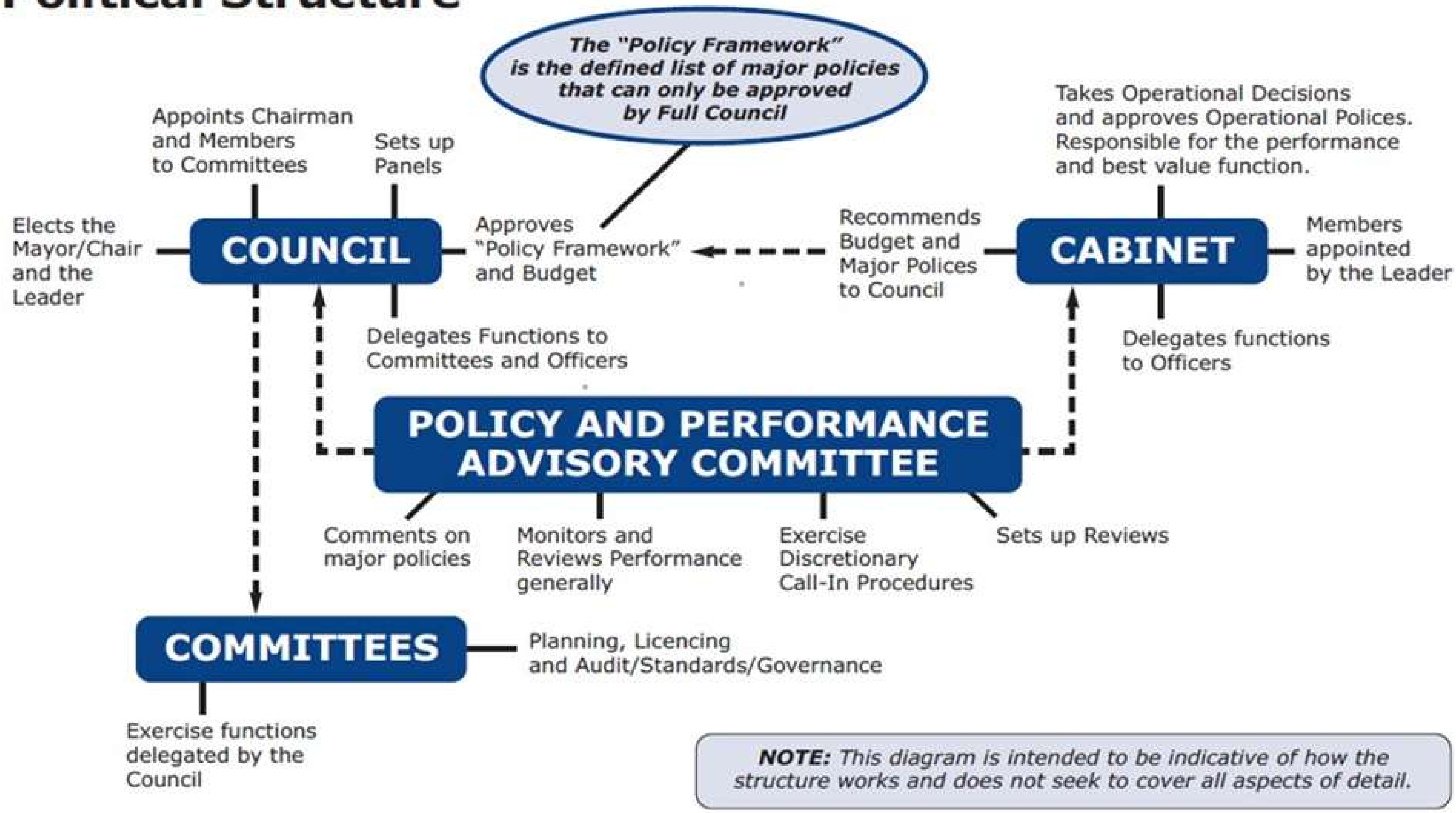
The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The production of this Annual Governance Statement forms part of the governance framework by providing a review of the governance arrangements in operation during the financial year.

The diagram on the next page shows how the political structure of the Council works and interacts.

How it Works...

The Modernised Political Structure



How Assurance Is Gathered

Roles and Responsibilities

Head of Internal Audit

The head of internal audit (Chief Internal Auditor) provides an independent opinion on the control environment. This is based on the work of the internal audit team in delivering a risk-based audit plan of a breadth sufficient for the head of internal audit to place reliance on it to base their opinion on.

Monitoring Officer

The Assistant Director – People and Governance is the designated Monitoring Officer. The Monitoring Officer has the duty to ensure that the council, its officers and its elected Councillors, maintain high standards of conduct.

Chief Finance Officer – S. 151 Officer

The Director of Finance and Performance (Chief Finance Officer – S151 Officer) is designated the responsible officer for the administration of the financial affairs of the Council under S151 of the Local Government Act 1972. This includes ensuring the lawfulness and financial prudence of decision making, providing advice, particularly on financial impropriety, publicity, and budget issues and providing financial information. The Section 151 Officer is specifically responsible for the proper discharge of financial arrangements and must advise the Council where any proposal might be unlawful or where expenditure is likely to exceed resources, and to ensure that financial management arrangements conform to the governance requirements as set out in the Chartered Institute of Public Finance and Accountancy statement on the role of the Chief Financial Officer.

Scrutiny and Review

Scrutiny and review is provided by the following:

Audit and Governance Committee

The committee provides assurance by carrying out independent scrutiny of areas such as audit, risk management, counter fraud and financial accountability. It does this by way of reviewing reports provided to its quarterly meetings.

For more information see: https://democracy.lewes-eastbourne.gov.uk/mgCommitteeDetails.aspx?ID=423

Policy and Performance Advisory Committee

The committee reviews the delivery of services and performance and supports the work of the Cabinet and Council. It allows Councillors outside the Cabinet, and members of the public, to have a greater say in council matters by investigating issues of local concern.

For more information see: https://democracy.lewes-eastbourne.gov.uk/mgCommitteeDetails.aspx?ID=641

Cabinet

The Cabinet is responsible for most day-to-day decisions of the council. Each member is assigned a portfolio identifying areas of responsibility for which they provide a political lead at Cabinet meetings and for working in consultation with officers.
For more information see: https://democracy.lewes-eastbourne.gov.uk/mgCommitteeDetails.aspx?ID=417

Corporate Management Team

The team provides strategic management and planning. The team also considers the annual Internal Audit plan, Strategic Risk Register and Annual Governance Statement.

Governance Assurance Group

This group is made up of officers responsible for various areas of governance. They meet quarterly to discuss any governance issues that have arisen and to keep up to date with changes around the council that require a governance overview.

External Audit

The external auditors audit the financial statements and provide an opinion on these. They produce an Annual Audit Letter which assesses how the council manages its resources and delivers value for money.

Review of the Effectiveness of the Governance Framework

The council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates. A quarterly meeting is also held to discuss governance matters.

The governance framework has been in place at the council for the year ended 31 March 2026.

Companies

The council is also expected to report on separate bodies set up by the council and to give a full picture of the relationship with those bodies. The following table gives the details of these bodies and, where appropriate, it includes a link to where information can be found in respect of information such as reports and accounts.

Name and incorporation date (where appropriate)	Current Status and summary purpose	Categorisation (Company number and nature where appropriate)	Governance and Board make up	Council shareholder interest where appropriate	Notes
Aspiration Homes LLP (Limited Liability Partnership)	Company Active Incorporated on 30 June 2017. To ensure the councils have the overall capacity to maximise housing investment and funding opportunities. To act as the asset holding vehicle for affordable housing properties that cannot, for financial accounting or other reasons be held in EBC or LDC respective Housing Revenue Accounts.	Limited Liability Partnership LDC and EBC Company number: OC41800	Governed by LLP Agreement and an Executive Committee of 6 - made up of 3 elected members from each authority.	**Lewes District Council** Ownership of voting rights - More than 25% but not more than 50% Right to surplus assets - More than 25% but not more than 50% **Eastbourne Borough Council** Ownership of voting rights - More than 25% but not more than 50% Right to surplus assets	Aspiration Homes will act as the asset holding vehicle for affordable housing properties developed through the EHICL and LHICL commercial development programmes. Support has included a £10 million loan to be funded from borrowing by LDC to Aspiration Homes LLP. www.lewes-eastbourne.gov.uk/about-the-councils/wholly-owned-companies-and-other-incorporated-entities

Name and incorporation date (where appropriate)	Current Status and summary purpose	Categorisation (Company number and nature where appropriate)	Governance and Board make up	Council shareholder interest where appropriate	Notes
				- More than 25% but not more than 50%	
Lewes Housing Investment Company Ltd (LHICL)	Company Active Dormant accounts filed Incorporated on 4th July 2017 To undertake more commercial development, place shaping activities and hold associated respective assets, in a way which meets legal and regulatory requirements and ensures that the council has distinct control over such assets.	Company LDC only Company number: 10848011	Governed by Articles of Association and a Board of 5 directors made up of senior staff and Elected Members from Lewes District Council.	Wholly owned by Lewes District Council This company is currently dormant.	To enable the council to undertake non HRA development and use associated forms of tenancies www.lewes-eastbourne.gov.uk/about-the-councils/wholly-owned-companies-and-other-incorporated-entities

Managing the Risk of Fraud and Corruption

The CIPFA Code of Practice on Managing the Risk of Fraud and Corruption and guidance suggests it is good practice to make a statement on the adequacy of an authority's counter fraud arrangements in the annual governance statement.

This code contains five principles:

- Acknowledge responsibility
- Identify risks
- Develop a strategy
- Provide resources
- Take action

The Chief Internal Auditor is satisfied that the council meets these principles by having a Counter-Fraud and Audit team who review risks across the authority and direct their work as appropriate. It is therefore considered that the organisation has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud and uphold its zero tolerance.

Financial Management Code

With local authorities across the UK facing the challenges of reduced funding and increased demand for services, the need for robust financial management has never been more important. The CIPFA Financial Management Code (FM Code) sets out the principles by which authorities should be guided in managing their finances and the specific standards that they should seek to achieve. The self-regulation approach is also to prevent local authorities 'failing' and avoid any need for any external control or reductions in current powers. It is up to each authority to determine the extent to which it complies with the FM Code and to identify what action it may wish to take to better meet the standards that the FM Code sets out.

In 2025/26 the Director of Finance and Performance (Chief Finance Officer – S151 Officer) has taken account of the requirements of the CIPFA Financial Management Code and has acknowledged the approaches to Value for Money and the Council's financial resilience. A significant amount of the Code activities continues to be implemented by various teams across the Council including – the Finance Service, Internal Audit, other service departments, etc.

The Director of Finance and Performance (Chief Finance Officer – S151 Officer) has agreed that the key risks regarding future compliance with the Code will be assessed through a combination of: the budget setting process; the Medium-Term Financial

Strategy; regular reviews of the Council's capital programme; Treasury Management Strategy and the provision of clear and regular financial updates/training to Members. The Council maintains a record of financial management and so, analysing the council's structures, processes, and procedures against the FM Code's Financial Management Standards, shows a reliable level of compliance with these principles. However, there are improvement areas where further actions/consideration needs to be given to ensure full compliance with every aspect of the FM Code.

External Audit Action Plan

The Council is responsible for putting in place proper arrangements to secure economy, efficiency, and effectiveness in its use of resources. This includes taking properly informed decisions and managing key operational and financial risks, so the Council can deliver against its objectives and safeguard public money. The Council must report on its arrangements and their effectiveness as part of the Annual Governance Statement.

Appendix1 - External Auditor Action Plan details the key recommendations and improvement recommendations made as part of the external auditor's annual report to ensure compliance with the Council's systems of internal controls and identify areas of improvement in areas of governance, value for money and financial stability, all of which forms the External Audit Action Plan. Delivery of the action plan will be monitored through CMT and regular updates to the Audit and Governance Committee.

Local Government Reorganisation

During the financial year 2025/26, Lewes Borough Council continued to actively engage with the ongoing discussions and preparations for potential Local Government Reorganisation (LGR) in East Sussex.

The Council contributed to the development of a business case for a single unitary council on the current East Sussex County Council geography. At the time of writing a decision on this business case has been deferred, pending more consultation by government. A final decision is expected in the Summer of 2026.

As part of the business case preparation, the Council proactively assessed the potential impacts on its governance arrangements, service delivery, and financial sustainability. Recognising the significant implications of LGR, the Council has continued to prioritise maintaining robust internal controls and effective decision-making processes to ensure business continuity and the safeguarding of public funds throughout this period of potential change. The Council remains committed to advocating for the best outcomes for its residents and stakeholders in any future local government configuration.

Strategic Risk Register

The council maintains a strategic risk register which is reviewed quarterly by the Corporate Management team and it is taken quarterly to the Audit and Governance Committee. The review considers the internal controls, to ensure early prevention and/or mitigation of risks and governance concerns, and the risk scores.

Quarterly meetings to discuss governance

Quarterly meetings are held to discuss any governance issues. The members of the meeting are the Chief Internal Auditor, Director of Finance and Performance (Chief Finance Officer – S. 151 Officer), Assistant Director – People and Governance (Monitoring Officer), Head of Legal Services, Governance & Compliance Lead & Group Company Secretary, Head of People First, Chief Information Officer and the Deputy Chief Finance Officer. No significant issues were raised.

Governance Assurance Self-Assessments (previously called Managers' Assurance Statements)

A key source of assurance for the Annual Governance Statement is provided by Senior Managers who oversee the operation, management, and monitoring of controls within their respective areas

This year the assurance statement forms underwent a complete revision to ensure all aspects of governance are addressed with clarity and have been renamed as Governance Assurance Self-Assessments. The form enables respondents to rate their level of compliance on a scale from 1 (disagree strongly) to 4 (agree strongly) and provides sections for documenting supporting evidence and identifying required remedial actions.

These new forms cover the following areas:

Financial Management: Managing Finance

HR Management: Managing Employees

Ethical Standards, Anti-Fraud and Conduct Management

Equalities and Inclusion

Health and Safety

Business Continuity and Emergency Resilience

Performance Management and Data Quality

Information Systems, Governance and Compliance

Procurement and Contract Management

Risk Management

Legislative Compliance

Decision Making

Project and Programme Management

Partnership, Relationship and Collaboration Governance

Safeguarding

Compliance with Corporate Assurance Inspection or other External Reports

21 completed forms were received from across the council. No significant issues were raised in the returned questionnaires. The areas where some concerns were raised included working with limited resources and risks around the Local Government Reorganisation, with particular regard to retention of staff, data protection and data sharing.

All the responses were considered by the Corporate Management Team and it was agreed that none of the issues raised were significant and that the concerns that were raised were already included in the Strategic Risk Register and therefore subject to regular review.

FACING THE FUTURE: STRATEGIES FOR COUNCIL RESILIENCE AND ADAPTATION

Financial constraints

Financial strategies

The Council faces a challenging future due to the impact of the Fair Funding Review, which will result in a significant reduction in future funding despite the growing costs of service delivery. Our strategy focuses on:

- Proactive Medium-Term Financial Strategy Scenarios: preparing for a range of funding outcomes to maintain service continuity.
- Cost Management: addressing the rising 'cost of doing business' through rigorous budgetary controls , effective procurement and contract management.
- Strategic Resilience: utilising our stable reserve position to invest in internal efficiencies that mitigate the impact of reduced central government support.

STATUTORY ASSURANCES

Whilst a number of assurances have been obtained to support the conclusion that the council's governance arrangements are adequate, it is important that the following specific assurances are considered to support this Statement:

Chief Executive

Lewes District Council remains steadfast in its commitment to robust governance, transparency, and accountability throughout the past year. The council has upheld rigorous standards in decision-making, risk management and service delivery, ensuring that public resources are managed ethically and responsibly. By fostering a culture of openness and collaboration, we aim to sustain public trust and drive positive outcomes for our communities.

Over the past year, the council has fulfilled the priorities outlined in its corporate plan, successfully navigating considerable challenges, and the enhancement of support for vulnerable residents. The Council has successfully invested in its strategic housing and community wealth-building initiatives, alongside advancing the council's environmental and sustainability objectives. These efforts have enabled effective transformation, the appropriate allocation and oversight of resources, and the strengthening of community resilience within a shifting financial landscape.

In addition, the council has successfully prepared for and responded to regulatory inspections and external reviews, demonstrating a continuous commitment to improvement and accountability. Collaborative efforts in supporting regional partnerships have laid the groundwork for further innovation and cooperation across Lewes and the wider area.

Looking ahead, Lewes District Council will remain vigilant in reviewing and enhancing governance frameworks, adapting to emerging challenges and opportunities. We will continue to engage stakeholders and encourage constructive dialogue, supporting effective leadership and sustainable progress across the district.

Director of Finance and Performance (Chief Financial Officer & Section 151 Officer)

The Council's financial management and internal control environments are sound and we continue to maintain a resilient financial position through disciplined budgetary oversight and regular reporting to Cabinet, Policy and Performance Advisory Committee and the Audit and Standards Committee. The Council's financial records are maintained in accordance with statutory requirements and that we continue to meet all relevant financial codes of practice.

Assistant Director – People and Governance (Monitoring Officer)

The Monitoring Officer is required to report to the council in any case where it appears that any proposal, decision, or omission by the authority has given rise to or is likely to or would give rise to any contravention of any enactment, rule of low or code of practice or maladministration or injustice in accordance with Sections 5 and 5A of the Local Government and Housing Act 1989; (LGHA 89). The Monitoring Officer is also responsible for matters relating to the conduct of elected members (including Town and Parish Councils) and is responsible for the operation of the council's constitution.

These responsibilities have been considered within the context of this statement, and I can confirm that I have no significant concerns to report.

Following adoption of updated officer scheme of delegations, sub-delegations arising from the document have been updated to match the up-to-date management structure. Work is progressing on adopting new Contract Procedure Rules, following the Procurement Act 2023 coming into force in February 2025. The council's constitution would continue to be reviewed and updated as and where appropriate.

The Monitoring Officer has no significant concerns regarding overall member conduct and there has continued to be a relatively low number of complaints at District Council level, alleging a breach of the Member Code of Conduct during the past year, which have all been dealt with in accordance with the council's adopted procedures for managing such complaints. Member development continues to be an ongoing priority to ensure they fulfil their roles effectively.

The government have published the outcome to their consultation on strengthening the standards and conduct framework for local authorities in England.

Strengthening the standards and conduct framework for local authorities in England – consultation results and government response - GOV.UK

In summary, government intend to legislate (but no date set and will be when parliamentary time allows) for a whole system reform of the current regime as set out in Localism Act 2011.

Parallel to this, the government announced in June 2025 that they also plan to legislate for remote attendance and proxy voting for members in local authorities for decision making matters, but like above, no date has been set for its implementation and will be when parliamentary time allows - Remote attendance and proxy voting in local authorities: consultation results and government response - GOV.UK.

These changes once implemented, would need to be considered in respect of our governance and constitutional arrangements.

The Council continues to operate within a period of uncertainty, arising from local government re-organisation in East Sussex, where it is expected that Lewes District Council is abolished and replaced by unitary governance in 2028. The Council is awaiting a decision from central government on final arrangements. There would be an ongoing need for the council's governance and decision-making to remain robust and compliant during this period of transition and this will place additional demand on officer capacity when balanced with business-as-usual activities. Appropriate officer and member oversight and mitigation of this workstream remains in place and will be kept under review.

Chief Information Officer

The Council is dedicated to its Cyber Security programme, ensuring a safe and secure environment for residents and staff. By adhering to best practices from the National Cyber Security Centre and Local Government Association, maintaining Public Services Network (PSN) compliance, and achieving Cyber Essentials, the Council demonstrates its commitment to security. Recognising that cyber threats are our top risk, we prioritise education and simulation testing to safeguard our systems and maintain preparedness. As cyber risks continually evolve, we are investing in a dedicated Cyber Analyst to help us stay ahead and up to date with the latest threats and best practices. Cyber security is no longer solely the responsibility of the ICT team; it is now a shared obligation across the entire organisation.

Chief Internal Auditor

In accordance with the Accounts and Audit Regulations 2015 (as amended) and the Global Internal Audit Standards as amended by the Application note: Global Internal Audit Standards in the UK Public Sector and the Code of Practice for the Governance of Internal Audit in UK Local Government, the Chief Internal Auditor is required to provide an independent opinion on the adequacy and effectiveness of the council's risk management and control environment. This opinion is based on the programme of work carried out by the Internal Audit team.

Effectiveness of Internal Audit: a self-assessment against the mandatory Global Internal Audit Standards as amended by the Application note: Global Internal Audit Standards in the UK Public Sector and the Code of Practice for the Governance of Internal Audit in UK Local Government has been carried out and shows that the work of the Internal Audit team is carried out “generally conforms”.

The Internal Audit team lost staff at the end of the third quarter of the year and was therefore understaffed in the final quarter of the year, until a recruitment exercise could be undertaken. However, the Chief Internal Auditor is satisfied that sufficient work was carried out during the year to draw a reasonable conclusion on the council’s arrangements.

Previously the opinion has been caveated by the issues of risk management not being embedded across the organisation and the number of recommendations made by Internal Audit that have not been addressed. However, during this financial year action has been taken on outstanding recommendations and risk registers are now held for each department. More work is necessary but there has been a general improvement.

The Chief Internal Auditor is therefore of the opinion that reasonable assurance can given that the council’s risk management, internal control and governance arrangements were in operation during the year ending 31 March 2026.

EXTERNAL ASSURANCES AND ACCREDITATIONS

Investigatory Powers Commissioner's Office (ICPO)

The ICPO provides independent oversight of the use of investigatory powers. Its purpose is to oversee how these powers are used, taking into account of the public interest and ensuring that investigations are conducted in accordance with the law.

In July 2025, the ICPO inspector carried out a desktop inspection of the council's governance arrangements for conducting covert surveillance under the Regulation of Investigatory Powers Act (RIPA). The report from the investigator noted satisfaction with the information received and concluded "your council will not require further inspection this year".

Regulator of Social Housing Inspection

Following the inspection in 2025 by the Regulator of Social Housing (RSH), our regulatory judgement published on 15th October 2025 confirmed a positive C2 grading, Cabinet adopted its Regulatory Assurance Plan in December 2025, which will support the Council towards achieving a C1 grade – the highest grade possible under the consumer standards for social landlord services.

CONCLUSION

Areas For Improvement

To further improve our governance arrangements, we continue to:

- Fully address all agreed external audit recommendations
- Ensure all internal controls are thoroughly reviewed and that related agreed recommendations are appropriately addressed.
- Continue to maintain robust control of approved budgets
- Strengthen the link between capital investment and long-term revenue implications.
- Continue to streamline the accounts production process to ensure we remain ahead of the revised national reporting timelines and backstop requirements.

Lewes District Council Annual Governance Statement 2025/26 Appendix 1 – External Auditor Action Plan

Ref	Issue	Recommendation	Progress	Responsible Officer	Executive Lead
AFR 1	Inconsistencies between Councils fixed assets register and external experts' valuation report	Management should • Implement a robust process for reconciling FAR with valuation reports annually. • Ensure componentisation is correctly applied and avoid duplication.	The asset portfolio has to be revalued at least once every five years. The portfolio was last valued in March 2025 (previously 2020) and consists of around 900 properties and 3,200 housing dwellings. Valuations are received around mid-April which leaves only a short timeframe to review all the valuations, raise queries with the valuer and receive responses back, particularly in a full valuation year. In some cases, revised revaluations were received back from the external valuer but too late for inclusion in the draft accounts. The finance fixed asset register is currently held on a spreadsheet, and the accounting requirements can be complex. The finance team are currently implementing a new Civica system fixed asset register that will provide a user friendly database and more automated calculations. The enhanced system reporting will also allow for easier reconciliations to valuation information.	Deputy Chief Finance Officer (Corporate)	Director of Finance & Performance (S151)
AFR 2	Inadequate review of user and IT personnel access rights	Management should undertake a review of all user accounts on the system to identify all generic/ privileged accounts. For each account identified management should confirm that • requirement for the account to be active and be assigned privileged access. • which users have access to the account. • controls in place to safeguard the account from misuse	I disagree with the issue and risk proposed. Users who have left the Council are removed from Active Directory and the ability to log into the Council's network is removed, so there is absolutely no risk that access can still be obtained. I do agree with more regular monitoring of current user access to the system, which is what we are aiming to do with having Lewes, soon to be aligned with Eastbourne ways of working. This will simplify monitoring and conducting checks and also add preventative	Chief Information Officer	

Ref	Issue	Recommendation	Progress	Responsible Officer	Executive Lead
			measures in place, ensuring users have the correct level of access for their role.		
AFR 3	Inadequate record of floor plans used in assets valuation	Management should implement a process to link each property's GIA (Gross Internal Area) in the valuation report back to its source floor plan. Maintain a central repository where floor plans and corresponding GIA data are stored and indexed by unique property identifiers. Additionally, perform a reconciliation between the GIA data in the valuation report and the Council's source documents before finalising the accounts.	Although the Property team have floor plans, the plans do not include the GIA of each floor and a total for the property. The external valuer has a GIA for each property, on which they based their year-end valuations, but this could not be matched to a measured floor plan. Property can arrange a programme of measured surveys to be undertaken externally but this is not currently funded and previous requests for funding were unsuccessful.	Head of Property and Asset Management and Deputy Chief Finance Officer	Director of Finance & Performance (S151)
AFR 4	Errors in Journal postings leading to misstated expenditure figures	Management should implement which require independent review of all large/ unusual journals and all reversal journals, with evidence of purpose, source documents, and period justification.	Training has been provided to all budget holders on the year end process. issues identified from the 2024/25 audit have been raised as learning points to emphasise the importance of adequate checks and communication of accruals requested with the finance team.	Deputy Chief Finance Officer (both)	Director of Finance & Performance (S151)

Lewes District Council Annual Governance Statement 2025/26 Appendix 1 – External Auditor Action Plan

Ref	Issue	Recommendation	Progress	Responsible Officer	Executive Lead
AFR 5	Segregation of Duties within Journal Posting and Approval Process	Management should strengthen controls over journal posting and approval to ensure adequate segregation of duties and prevent unauthorized or erroneous postings. In this regard Council should configure the financial system to prevent users from both posting and approving the same journal entry. Additionally, reduce reliance on manual checks for journals over £100k by introducing automated checks for all journals or setting a lower threshold.	The financial management system (Civica Financials) functionality will only allow for a separate journal approval control to be switched on or off. Switching on is not completely practical due to the volume of journals and resource time this would require, particularly for low value journals. It is agreed that the journal approval threshold will be reduced from £100k to £50k to further reduce risk in the process	Deputy Chief Finance Officer (Planning)	Director of Finance & Performance (S151)
AFR 6	Proper Contract Management	Management should enhance contract management arrangements with the energy provider by; • Ensuring contracts clearly define metering requirements, data accuracy responsibilities, billing frequency, and dispute resolution mechanisms. • Assigning a named contract owner responsible for monitoring performance, reviewing income accuracy, and liaising with residents and the energy provider.	Meter readings are auto generated and sent to the Orsis portal. The issue previous issue was that some solar PV systems were not working and therefore not transferring the meter readings via the sim cards. The previous team dealing with the Solar PV contract were not checking the portal regularly to manage these issues. Since transferring to Housing Property Services, the LDC portal is checked on a weekly basis by the Compliance Data Analyst to check all systems are working as they should, as it is only those that are not working that readings are not automated. These are easily identifiable on the portal and works orders are raised for the contractor to visit site and remedy as soon as possible to ensure meter readings can be provided.	Head of Housing Property Services	Deputy Chief Executive & Director of Regeneration and Planning

Lewes District Council Annual Governance Statement 2025/26 Appendix 1 – External Auditor Action Plan

Ref	Issue	Recommendation	Progress	Responsible Officer	Executive Lead
AFR 7	Method used for Minimum revenue provision (MRP) calculation	We recommend that the Council perform an assessment of the Minimum Revenue Provision (MRP) using the straight-line method and compare the results with those calculated under the current annuity method. This comparison should help determine which approach provides a more prudent and appropriate charge for the Council in line with statutory guidance.	MHCLG MRP Guidance presents four ready-made options for calculating prudent provision. The Council MRP provision is under option 3, the asset life method which allows an annuity calculation.	Deputy Chief Finance Officer (Corporate)	Director of Finance & Performance (S151)
AFR 8	Creditor Invoice management	The Council should take action to resolve the long-standing invoicing issues arising from the 2019/20 system change and strengthen controls over creditors to ensure balances are complete, accurate, and fully supported.	The issue originally arose due to problems with the interface between the newly implemented Housing system and a supplier system for housing maintenance works. Most of the investigative work to identify all the relevant orders and invoices has been completed and a final reconciliation and resolution is expected soon.	Deputy Chief Finance Officer	Director of Finance & Performance (S151)
AFR 9	Absence of records to support assessment for council tax relief	The Council should strengthen controls over the awarding and retention of council tax reliefs and discounts by ensuring that documented evidence of eligibility is obtained, reviewed, and retained for all cases.	All Council Tax discounts and exemptions, with the exception of the Single Person Discount (SPD) can be claimed through an application process or by email application. Depending on the specific discount or exemption being claimed, applicants are also required to provide appropriate supporting documentary evidence. Single Person Discount applications may be made either online or through verbal declaration. The legislation does not prescribe how applications must be made, however the Council will ensure that where verbal applications are made that the date and details of the conversation are noted on our records. Adequate controls are in place to mitigate the risk of ineligibility	Assistant Director Revenue and Benefits	Deputy Chief Executive & Director of Regeneration and Planning

Ref	Issue	Recommendation	Progress	Responsible Officer	Executive Lead
			or fraud by undertaking annual risk-based canvass Single Person Discount reviews, the most recent of which was undertaken in August 2025.		
Auditor's Annual Report recommendations					
KR1	Risk management arrangements not fully embedded during 2024/25	Ensure risk management measures are fully embedded, with consistent SRR reporting and routine maintenance of departmental risk registers	Risk Management Strategy agreed and implementation underway. Departmental risk registers reviewed and aligned to the corporate framework. SRR reporting timetable established and embedded into CMT reporting.	Chief Internal Auditor	Director of Finance & Performance (S151)
KR2	No formal escalation route for overdue audit actions	Establish a formal escalation mechanism through Audit & Governance Committee, including written explanations for overdue actions	Escalation framework designed and agreed. Overdue and high-risk actions scheduled for routine reporting to Audit & Governance Committee with management explanations and revised delivery dates.	Chief Internal Auditor	Director of Finance & Performance (S151)
KR3	Finance capacity and quality of working papers constrained audit delivery	Review working papers and year-end reconciliation processes and assess finance team capacity to meet future deadlines	Standardised working papers introduced and year-end processes reviewed. Finance capacity strengthened through recruitment of two DCFOs; further Principal Accountant recruitment in progress.	Deputy Chief Finance Officer (both)	Director of Finance & Performance (S151)
KR4	Incomplete governance arrangements for Aspiration Homes	Complete governance arrangements, adopt a Business Plan and formalise shareholder oversight and scrutiny	Conflicts of Interest policies implemented across all companies. Shareholder oversight arrangements established. Draft Business Plan development underway.	Head of Governance & Data / Group Company Secretary	Deputy Chief Executive & Director of Regeneration and Planning

Lewes District Council Annual Governance Statement 2025/26 Appendix 1 – External Auditor Action Plan

Ref	Issue	Recommendation	Progress	Responsible Officer	Executive Lead
KR5	Planning service designated due to poor appeal performance	Implement Improvement Plan and establish a planned timeframe for the removal of designation	Performance improvement delivered since May 2024. Allowed appeals reduced to below 10% threshold by Dec 2025. Improvement Plan in preparation following PAS feedback.	Head of Development Management	Deputy Chief Executive & Director of Regeneration and Planning
KR6	Weak procurement controls and historic over-reliance on waivers	Implement Procurement Strategy actions, strengthen oversight, training, KPI reporting and waiver controls	Procurement Oversight Group established. KPI reporting introduced. CPRs under approval. Waiver register improved and reported to Audit & Governance Committee.	Procurement Manager	Director of Finance & Performance (S151)
IR1	Medium-term financial sustainability not fully assured	Implement strategic savings programme for LDC in 2026/27 for implementation on or before 2027/28. Use established methods for producing and monitoring savings.	Savings identified and detailed delivery plans being drawn up. Strategic Finance Programme extended to LDC.	Deputy Chief Finance Officer (Planning)	Director of Finance & Performance (S151)
IR2	Limited assurance over HRA reserve sustainability	Provide enhanced medium-term assurance over HRA reserves	Enhanced HRA reserves analysis included in budget documentation and planned for quarterly reporting from Q1 2026/27.	Deputy Chief Finance Officer (Planning)	Director of Finance & Performance (S151)
IR3	Capital project slippage on major schemes	Undertake lessons-learned reviews and strengthen capital governance	Capital governance strengthened through expanded monthly Capital Programme Oversight Board and scheme-specific reviews.	Deputy Chief Finance Officer (Corporate)	Director of Finance & Performance (S151)
IR4	Gaps in performance measures for regeneration and sustainability	Review and expand KPIs for tourism, regeneration, and environmental performance	Review underway and new measures identified for implementation from April 2026.	Head of Business Planning & Performance	Director of Finance & Performance (S151)

Lewes District Council Annual Governance Statement 2025/26 Appendix 1 – External Auditor Action Plan

Key:

AFR *Audit Finding Report*

KR *Key Recommendations*

IR *Improvement Recommendations*