

MINUTES OF A MEETING OF THE
AUDIT AND GOVERNANCE COMMITTEE
HELD IN THE COUNCIL CHAMBER,
WALLFIELDS, HERTFORD ON TUESDAY
24 FEBRUARY 2026, AT 7.00 PM

PRESENT: Councillor M Adams (Chair)
Councillors B Deering, C Hart and S Nicholls

ALSO PRESENT:

Councillors C Brittain and B Crystall
Mr M Poppy and Mr N Sharman

OFFICERS IN ATTENDANCE:

Michele Aves	- Committee Support Officer
Brian Moldon	- Director for Finance, Risk and Performance
Alison Street	- Financial Planning Manager

ALSO IN ATTENDANCE:

Martha Charima	- Azets
Paul Grady	- Azets
Nick Jennings	- Shared Anti-Fraud Service (SAFS)
Simon Martin	- Shared Internal Audit Service

335 APOLOGIES

There were apologies for absence from Councillors Dunlop, Willcocks and Williamson. It was noted that Councillor Connolly was substituting for Councillor Dunlop.

336 MINUTES - 26 NOVEMBER 2025

It was moved by Councillor Nicholls and seconded by Councillor Deering that the Minutes of the meeting of the Committee held on 26 November 2025 be confirmed as a correct record and signed by the Chair.

After being put to the meeting and a vote taken, the motion was declared CARRIED. It was noted that Councillor Connolly abstained from the vote.

RESOLVED – that the Minutes of the Committee meeting held on 26 November 2025 be confirmed as a correct record and signed by the Chair.

337 CHAIR'S ANNOUNCEMENTS

The Chair welcomed all to the meeting and reminded participants to use their microphones when speaking. He apologised for being unable to attend the recent Treasury Management training, which he advised the Director for Finance, Performance and Risk would touch upon later in the meeting.

The webcast of the meeting can be viewed at [Audit & Governance Committee Meeting - 24 February - YouTube](#)

338 DECLARATIONS OF INTEREST

There were no declaration of interest.

339 EXTERNAL AUDITORS COMPLETION REPORT - 2024/25

The Azets representative introduced the report, which presented the culmination of all audit work for the 2024/25 financial year and outlined the matters that had to be reported before approval of the Statement of Accounts. Members were informed that the statutory backstop date of 27 February 2026 would be met for the first time in several years, bringing the Council's accounts fully up to date. However, due to the national backlog, the audit opinion for 2024/25 would be disclaimed, meaning a

clean opinion was not yet possible.

Members' attention was drawn to key points, including the Council's position to begin a three-year programme to return to clean audit opinions, a summary of Value for Money arrangements, limited targeted work on financial statements, and the start of the "build back" process reviewing reserves across the disclaimed period.

The plan going forward was to undertake a full in-year audit for 2025/26, continue the build-back work beginning with property, plant and equipment movements, and combine this with reserves analysis to rebuild assurance in the General Fund and help lift the disclaimer in future years.

The Chair and Members thanked the Azets representatives for their work, which had enabled the Council to meet the statutory deadline. Members asked questions about disparities in the 2023/24 comparator figures and the value of disclaimed accounts. They were told the discrepancies reflected the catch-up process and that disclaimed accounts provided no assurance due to historical missing information, though value remained in meeting statutory deadlines.

Members also heard that three years of build-back work would be required to achieve clean accounts again, potentially coinciding with Local Government Reorganisation, at which point East Herts Council would no longer exist in its current form. It was noted that disclaimed accounts were common across the county, but each Chief Financial Officer would be responsible for producing clean accounts at the point of LGR.

Finally, Members were updated on the Finance Department restructure, which had been approved by the Leadership Team and would be implemented over the coming months, increasing capacity and reflecting lessons learned about timely access to information.

It was moved by Councillor Connolly and seconded by

Councillor Deering that that the recommendations, as detailed, be approved.

After being put to the meeting and a vote taken, this motion was declared CARRIED.

RESOLVED – that (A) the external auditor's Completion Report for 2024/25 be received and commented on, and;

B) that the 2024/25 Statement of Accounts be approved.

340 **SHARED ANTI-FRAUD SERVICE - ANTI-FRAUD
PROGRESS REPORT 2025/26**

The SAFS representative introduced the report, which detailed the work undertaken by the Shared Anti-Fraud Service to protect the Council from fraud and to deliver the Council's Anti-Fraud Plan for 2025/26. He confirmed that a comprehensive report covering all work for the full 2025/26 year would be presented to the Committee in the summer.

Members' attention was drawn to key elements of the report, including the planned review of the Council's Anti-Fraud, Bribery and Corruption policies, current Fraud Alerts, Fraud Threat reports, training activity, and an overview of the new offence of "Failing to Prevent Fraud". Members also received a summary of both reactive and proactive anti-fraud work and were assured that all key performance indicators were on track to be met.

The Chair thanked the SAFS representative for the report.

Members sought clarification regarding the new "Failing to Prevent Fraud" offence and were informed that local authorities were not the primary target of the legislation, which had been introduced following high levels of suspected fraud during the Covid pandemic. However, Members heard that the Council fell within the scope of

the legislation due to its size and asset value, and that relevant training would therefore be rolled out.

It was moved by Councillor Nicholls and seconded by Councillor Connolly that that the recommendations, as detailed, be approved.

After being put to the meeting and a vote taken, this motion was declared CARRIED.

RESOLVED – that the progress by officers and the Shared Anti-Fraud Service to deliver the Anti-Fraud Plan for the Council be noted.

341 SHARED ANTI-FRAUD SERVICE - ANTI-FRAUD PLAN 2026/27

The SAFS representative introduced the report and began by apologising for two errors within it, noting that the name “Hertsmere Borough Council” had been used instead of “East Herts Council” on pages 213 and 214.

Members were assured that all information in the report including the fee referenced on page 214 was accurate and applicable to East Herts Council. They were also advised that a corrected version of the report would be uploaded to the Council’s website as a supplementary agenda item.

The representative explained that the 2026/27 Anti-Fraud Plan was largely unchanged from the current year’s plan and highlighted its key features.

The Chair thanked the SAFS representative for the report.

There were no questions or comments from Members.

It was moved by Councillor Deering and seconded by Councillor Nicholls that that the recommendations, as detailed, be approved.

After being put to the meeting and a vote taken, this

motion was declared CARRIED.

RESOLVED – that the Anti-Fraud Plan 2026/27 be reviewed and approved.

342 SHARED INTERNAL AUDIT SERVICE - INTERNAL AUDIT
PLAN REPORT 2026/27

The Shared Internal Audit (SIAS) Manager introduced the report which outlined the draft work programme for 2026/27. Members were informed that the plan included information on each audit, performance management details, and contained an extensive reserve list to provide flexibility if scheduled work was cancelled or deferred.

The SIAS Manager also drew Members' attention to Appendix D of the report, which contained the internal audit strategy and service plan for the coming year. Members heard that this document explained the purpose, methods, and rationale of the service, giving them opportunity to comment on internal audit matters if they wished.

The Chair thanked the SIAS Manager for the report.

Members referred to Appendix B of the report and asked that dates be added so readers could see when each audit item had last been reviewed. They were told that the intention had been to show the cyclical nature of audits, but that such dates could be included in future versions.

Members also asked whether the two additional audit days mentioned in the report were usually used, and whether any items from the reserve list would be brought forward.

Members were informed that the extra days were generally used and that a significant portion of the reserve list would become a priority for 2027/28, including work related to LGR, guided by direction from the SIAS Board of chief financial officers from each partner organisation.

It was moved by Councillor Connolly and seconded by Councillor Nicholls that that the recommendations, as detailed, be approved.

After being put to the meeting and a vote taken, this motion was declared CARRIED.

RESOLVED – that (A) East Herts Council Internal Audit Plan for 2026/27 be approved; and

(B) that the SIAS Internal Audit Strategy and Service Plan be noted and any comments provided.

343 STRATEGIC RISK REGISTER QUARTER 3 MONITORING

The Director for Finance, Risk and Performance presented the report, outlining the Council's key strategic risks, how they had evolved, and the actions in place to manage them. Members' attention was drawn to the internal audit findings on risk management, with recommendations set out in paragraph 2.3. They were informed that work was already underway to implement these recommendations, including clarifying target risk scores, strengthening risk indicators within the Strategic Risk Register, carrying out directorate-level deep dives to ensure alignment between corporate and operational risks, and arranging training for both officers and Members.

The Director for Finance, Risk and Performance confirmed that the overall strategic risk profile for Quarter 3 remained broadly similar to that of Quarter 2, with the only notable change being an update to the climate change risk.

The Chair thanked the Director for Finance, Risk and Performance for the report. Members commented that the inclusion of the target risk was very helpful.

Members queried whether the Local Government

Reorganisation (LGR) risk should be broadened to reflect the potential impact on frontline service delivery arising from the demands placed on management time. Members also questioned whether the current risk score attributed to Financial Resources remained appropriate or required reclassification.

In response, Members were advised that these were valid considerations and that the uncertainties surrounding LGR would continue to influence the development of the risk register. The Director for Finance, Risk and Performance confirmed that he would review the adequacy of the Financial Resources risk for Quarter 4.

Members observed that the climate change mitigations within the register appeared vague and questioned the extent to which the Council was able to control this risk.

Members were advised that the mitigations related specifically to Amwell Depot, for which a planning application had been submitted. They also heard that Leadership Team was mindful of delays associated with this achieving process.

It was moved by Councillor Deering and seconded by Councillor Nicholls that that the recommendations, as detailed, be approved.

After being put to the meeting and a vote taken, this motion was declared CARRIED.

RESOLVED – that (A) The 2025/26 quarter three corporate risk register and actions being taken to control and mitigate risk be considered and noted, and;

B) That the actions being taken following the recent internal audit report on the Council's risk management arrangements be noted.

The Finance Business Partner introduced the report setting out the forecast outturn position for 2025/26 as at Quarter 3 and highlighted several key points.

Members were told that there was a forecast overspend of £504k against the net revenue budget, representing a slight £4k improvement from the Quarter 2 position. Appendix A provided the detailed breakdown and movements. A forecast overspend of £906k was also reported against the net cost of services budgets, with significant directorate variances shown in Appendix B.

Members heard that several areas had shown increased forecast overspends since Quarter 2, most notably ongoing shortfalls in income at BEAM and pressures within Planning due to salary and agency costs. However, improvements had been recorded in most other areas, including treasury management performance, leisure services following the new agency agreement, and a contingency release to mitigate BEAM pressures.

The Finance Business Partner reported a forecast overachievement of £357k in interest and investment income within corporate budgets, which officers proposed transferring to the interest equalisation reserve.

Members were informed that the 2025/26 capital programme had been revised to include £400k of capital expenditure funded through the UK Shared Prosperity Fund, as reflected in Appendix C. A £2.5m forecast underspend against the capital programme was reported, £1.114m of which was proposed to be carried forward into 2026/27 for due works.

Finally, Members heard that overall debtors had increased by just over £380k since Quarter 2. Payments of £819k relating to the 30-day category, owed by neighbouring authorities, had now been received. The most significant outstanding debt sat in the over-180-day category, with discussions underway with services to address this and large debts already referred to the legal

team.

The Chair thanked the Finance Business Partner for the report.

Members sought clarity on the position of Rapier House. They were advised that the site was currently being used as a base by the contractor, Glendales, until Amwell Depot became operational. It was explained that this arrangement was incurring a cost to the Council, which had been built into the 2026/27 budget, but was not expected to continue once the relocation had taken place.

Members heard that options for the future use of Rapier House were being explored, with a report scheduled to be brought before Members in the new financial year.

Members asked questions relating to the Transformation Team, Pinehurst Community Centre and staffing costs within the Planning Department.

Members were advised that Pinehurst Community Centre was no longer a Council asset, and therefore expenditure had not been considered, Members could explore its refurbishment should they so wish.

Members heard that, due to Local Government Reorganisation (LGR), the Transformation Team had become smaller, with its focus shifting towards digitalisation. This would be led by a newly appointed digital officer.

A question was put to the Director for Finance, Risk and Performance regarding the understaffing of the planning department. It was explained that the staffing pressures within the Planning Department -particularly the reliance on agency staff -currently outweighed the income generated by the service. Recruitment and retention of Planning Officers continued to be a nationwide challenge for local authorities, though Members were assured that mitigation measures were being applied wherever

possible.

A further question was raised regarding the impact on budgets should the Planning Department were not understaffed – with a response on this point to be sought from the Director of Place.

It was moved by Councillor Nicholls and seconded by Councillor Connolly that that the recommendations, as detailed, be approved.

After being put to the meeting and a vote taken, this motion was declared CARRIED.

RESOLVED – that (A) East Herts Council Internal Audit Plan for 2026/27 be approved; and

(B) that the SIAS Internal Audit Strategy and Service Plan be noted and any comments provided

345 2025/26 ACCOUNTING POLICIES

The Finance Business Partner introduced the report, explaining that the Council was required to set its accounting policies in advance of closing the accounts. She drew Members' attention to Appendix A, which outlined these policies and described the accounting treatment applied to transactions during the financial year and in preparing the Statement of Accounts.

Members heard that the Council must publish its draft Statement of Accounts for 2025/26 by 30 June 2026. The Finance Team had reviewed the accounting policies to ensure they remained relevant, clear, and compliant with the Code of Practice on Local Authority Accounting. Members were advised that the 2025/26 Code introduced no changes requiring amendments to the Council's accounting policies, which therefore remained substantively the same as those used in preparing the 2024/25 Statement of Accounts.

The Chair thanked the Finance Business Partner for the

report.

There were no questions or comments from Members.

It was moved by Councillor Deering and seconded by Councillor Nicholls that that the recommendations, as detailed, be approved.

After being put to the meeting and a vote taken, this motion was declared CARRIED.

RESOLVED – that the accounting policies set out in Appendix A, be approved for use in the 2025/26 Statement of Accounts.

346 AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME

The Director for Finance, Risk and Performance introduced the report, which set out the Committee's work programme designed to ensure that statutory responsibilities were met, that assurance reports were received at appropriate intervals, and that the Committee maintained a balanced focus on audit, governance, and risk management throughout the year.

Members were informed that no substantive business had been identified for the May 2026 meeting, based on the forward plan and the timing of key activities. As a result, the Committee was advised that the May meeting was proposed for cancellation, as it would not provide meaningful business for Members.

The Director also referred to the in-person Risk Management training scheduled for 18 June. He emphasised the importance of Member attendance at training sessions and reminded Members that no Audit & Governance Committee representatives had attended the recent Treasury Management training, despite it being a key area within the Committee's remit. He confirmed that, once appointments for the forthcoming municipal year

were settled at Annual Council, Member availability for the June Risk Management session would be checked and an alternative session arranged if required.

The Chair thanked the Director for Finance, Risk and Performance for the report.

Members raised questions in relation to recent training sessions being held outside of the meetings and asked if officers were able to suggest any further training topics which were relevant for Committee. Clarity was also sought as to if any reports relating to LGR would come before the Committee.

Members heard that the training for both Treasury Management and Risk Management were 2-hour sessions, and it was therefore unfeasible to conduct these within the Committee's meetings.

Members were told that in respect of LGR, this process was in its preliminaries - with a statement due in July, hopefully giving direction to East Herts Council. Discussion was also had as to if LGR fell under the remit of the Audit and Governance Committee or the Overview and Scrutiny Committee – for which the Director for Finance, Performance and Risk would make enquires.

It was moved by Councillor Nicholls and seconded by Councillor Connolly that the recommendations, as detailed, be approved.

After being put to the meeting and a vote taken, this motion was declared CARRIED.

RESOLVED – that (A) the Audit and Governance Committee Work Programme for the 2025/26 municipal year and for 2026/27 as outlined in the report be noted and considered, and;

B) that any training requirements to support Members in fulfilling their roles effectively be

identified.

347 URGENT ITEMS

There were no urgent items.

348 SHARED ANTI-FRAUD SERVICE - EAST HERTS COUNCIL
ANTI-FRAUD PLAN 2026/27

The meeting closed at 8.17 pm

Chairman

Date