

MINUTES OF A MEETING OF THE
AUDIT AND GOVERNANCE COMMITTEE
HELD IN THE COUNCIL CHAMBER,
WALLFIELDS, HERTFORD ON TUESDAY
30 SEPTEMBER 2025, AT 7.00 PM

PRESENT: Councillors M Adams (Chair), B Deering, M Connolly, S Nicholls, G Williamson, D Willcocks and Mr M Poppy and Mr N Sharman

ALSO PRESENT:

Councillors B Crystall and G McAndrew

OFFICERS IN ATTENDANCE:

Michele Aves	- Committee Support Officer
Kirsten Brown	- Corporate Procurement Manager
Brian Moldon	- Director for Finance, Risk and Performance
Alison Street	- Financial Planning Manager
Stephanie Tarrant	- Assistant Director for Democracy, Elections and Information Governance
Ben Wood	- Director for Regeneration, Customer and Commercial Services

ALSO IN ATTENDANCE:

Darren Bowler	- Shared Anti-Fraud Service (SAFS)
Paul Grady	- Azets
Simon Martin	- Shared Internal Audit Service

164 APOLOGIES

There was an apology for absence from Councillor Hart. It was noted that Councillor Connolly was acting as substitute for the now vacant Green seat on the Committee.

165 MINUTES - 28 MAY 2025

It was moved by Councillor Williamson and seconded by Councillor Nicholls that the Minutes of the meeting of the Committee held on 28 May 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 Councillors Deering, Connolly and Willcocks abstained from the vote.

RESOLVED – that the Minutes of the Committee meeting held on 28 May April 2025 be confirmed as a correct record and signed by the Chair.

166 CHAIR'S ANNOUNCEMENTS

The Chair welcomed all to the meeting, including Councillor Connolly who was acting as substitute for the vacant Green seat on the Committee. He reminded participants to use their microphones when speaking, so they could be heard on the webcast.

167 DECLARATIONS OF INTEREST

There were no declarations of interest.

168 EXTERNAL AUDITORS COMPLETION REPORT - 2023/24

The Azets representative introduced the report which set out the external auditors Audit Completion and Annual Auditors Reports for the 2023/24 Statement of Accounts,

which gave an updated review, including value for money work, and considered the progress of recommendations raised. He reiterated that, as previously discussed, the audit opinion would however be disclaimed.

The Azets representative said that with regards to these recommendations (which remained in place), they were not all being labelled as statutory as they had been dealt with. He said that governance arrangements would be strengthened in 2025/26, with the undertaking of a full audit intended. He added that the change in the external environment would be reflected, to include local government reorganisation.

The Chair thanked officers for the reports.

Councillor Nicholls thanked the Azets representative, and said that all of her questions had been answered in his introduction.

It was moved by Councillor Nicholls and seconded by Councillor Willcocks 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 2023/24 and the Annual Auditors Report 2023/24 be received and any comments made, and;

(B) that the 2023/24 Statement of Accounts be approved.

169 EXTERNAL AUDITORS AUDIT PLAN 2024/25

The Azets representative introduced the report which set out their plan for the 2024/25 Statement of Accounts. He said that work had already commenced earlier in the year to avoid falling further behind, but that chunks of work would be unachievable due to the backstop.

The Azets representative drew Members attention to

page 19 of the report, which detailed materiality. He referred to the guidance issued by both the Local Audit Reset and Recovery Implementation Guidance (LARRIG) and the government to build back assurance and said that page 15 of the report provided a year-by-year overview of their aims to achieve this.

The Azets representative said that key risks were the Council's assets and the size of its pension fund, adding that the MRP was flagged as something to be looked at - although this would not impact an opinion.

The Chair thanked officers for the report and observed that problems had arisen from issues with resources.

The Azets representative said that barriers were created when records did not exist or took longer to obtain – being too much for the Finance Team to respond.

The Director for Finance, Risk and Performance said that a report would come before the Committee at their November meeting which would give an update on the action points raised by the previous external auditor.

Councillor Nicholls asked if the revised method of working was more costly.

The Azets representative said that it was, but that fees were set by the Public Sector Audit Appointments (PSAA). He said that the government had set aside extra funding for additional costs – as long as authorities produced accounts on time and their audit fees had been paid. He said that the reporting of fees was more complex but was good for transparency – showing any additional work undertaken and the reasons as to why.

The Chair asked how East Herts compared to other local authorities.

The Azets representative said that the complexity of East Herts was less than some of its neighbours, and that

approximately fifty percent of the country currently found itself in a disclaimer position. He said that missing the backstop and receiving statutory recommendations was not so normal, but the thinking and arrangements now in place at East Herts were promising.

Mr Sharman said that the comparability and build back charts were clear and asked if record keeping would support the ability to look back over the past three/four years.

The Director for Finance, Risk and Performance said that the Council was required to keep six years of records – and so this was not a major concern.

Councillor Nicholls thanked the Azets representative for the refreshing ‘critical friend’ style of his report.

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 external auditor’s Audit Plan for 2024/25 be received and any comments made.

- 170 ANNUAL PROCUREMENT REPORT 2025
The Corporate Procurement Manager introduced the report, which would now come to the Committee annually following an audit recommendation. She said that the report would go before Executive in October and would seek to approve that delegated authority be given to the relevant Director in consultation with the Portfolio Holder, to enable the forthcoming procurement activities to commence.

The Corporate Procurement Manager drew Members attention to the procurement schedule, noting several of the key planned projects.

The Chair thanked the Corporate Procurement Manager for the report.

Mr Poppy asked if procurement training was provided to staff.

The Corporate Procurement Manager said that training courses were run and updated regularly, as were the Council's procurement rules. She added that staff also maintained contact with managers during procurements.

Mr Sharman said that it was good to see the report and expressed that it would be helpful to see how many procurements were delivered to enable Members to assess progress.

Councillor Deering sought clarification of the term 'agency framework extension' as listed in the table at paragraph 2.5 of the report, and if this was the same as temporary staff.

The Corporate Procurement Manager said that the agency framework extension was an agreement to procure gender neutral common goods and services, and that this did include temporary agency staff. She said that this amounted to approximately £1m per year, and that discussion was underway with regards to extending the annual contract to run for between three to five years going forward which would result in a considerable saving.

Councillor Connolly asked if there was enough expertise within the Procurement Team to tackle the subjects on the procurement schedule.

The Corporate Procurement Manager said that procurement was a support service, acting as a 'critical friend', with procurements led on the ground by relevant department officers, i.e. the ground maintenance team for the weed spray project.

It was moved by Councillor Willcocks 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 report be considered and comments made before it goes forward to the Executive.

- 171 ASSETS OF COMMUNITY VALUE REPORT 2025
The Director for Commercial, Customer and Regeneration introduced the report which updated Members on the current Community Asset register. He said that there had been recent changes to legislation, which would both strengthen communities' rights and widen the definition of an asset.

The Chair thanked the Director for Commercial, Customer and Regeneration for the report.

Councillor Nicholls asked if Local Government Reform would see more buildings at risk from organisations offloading their assets.

The Director for Commercial, Customer and Regeneration said this was a possibility.

Councillor Deering complimented the report. He said that whilst the register did not guarantee an assets' future, he was pleased to see that the land at County Hall had been nominated, which was important for the whole of the County.

It was moved by Councillor Deering 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 Asset Register be reviewed.

172 SHARED ANTI-FRAUD SERVICE - ANTI-FRAUD REPORT 2024/25

The Shared Anti-Fraud Service Manager introduced the report which provided details of the work undertaken by the Council and the Shared Anti-Fraud Service to protect the Council against the risk of fraud, and the delivery of the Council's Anti-Fraud Plan for 2024/2025. He highlighted the main points within the report, including the table at page 280, which showed that all key performance indicators had been met.

The Chair thanked the Shared Anti-Fraud Service Manager for the report.

There were no questions from the Committee.

It was moved by Councillor Nicholls and seconded by Councillor Willcocks 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 activity undertaken by the Shared Anti-Fraud Service to deliver the 2024/2025 Anti-Fraud Plan for the Council be noted, and;

(B) that all Anti-fraud activity undertaken by Officers and SAFS to protect the Council against fraud in 2024/25 be noted.

173 SHARED ANTI-FRAUD SERVICE - ANTI-FRAUD PROGRESS REPORT 2025/26

The Shared Anti-Fraud Service Manager introduced the report which detailed the work undertaken by the Shared Anti-Fraud Service and officers to protect against the threat of fraud, and the delivery of the Council's Anti-Fraud Action Plan for 2025/26. He highlighted the key points of the report, including key performance indicators which were on target to be met.

The Chair thanked the Shared Anti-Fraud Service Manager officers for the report.

There were no questions from the Committee.

It was moved by Councillor Connolly and seconded by Councillor Williamson 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.

174 SHARED INTERNAL AUDIT SERVICE - PROGRESS REPORT

The Shared Internal Audit Service Manager introduced the report. He said that it was the first from internal audit for 2025/26 and set out details of internal audit activity - including any finalised internal audit reports issued between April and the middle of September, and the status of all internal audit work being delivered during the financial year.

The Shared Internal Audit Service Manager highlighted key points of the report, referencing paragraphs 2.2, 2.3, 2.6 and 2.7 to 2.10. He said that although the service was marginally behind schedule, there was currently no risk to delivering an annual assurance opinion at the end of the financial year.

The Chair thanked the Shared Internal Audit Service Manager for the report.

Mr Sharman asked referred to the recommendations within the External Auditors report regarding technology and asked if the service carried out work/gave assurance on cyber security.

The Shared Internal Audit Service Manager said that cyber security was looked at regularly as it was a critical

risk, picking up on gaps, to avoid duplication of audit work already done.

It was moved by Councillor Williamson 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 Internal Audit Progress Report be noted, and;

(B) that the Implementation Status of High Priority Recommendations be noted.

175 PROVISIONAL OUTTURN 2024/25 AND DRAFT STATEMENT OF ACCOUNTS 2024/25

The Service Manager (Strategic Finance) introduced the report which presented the 2024/25 Provisional outturn and the 2024/25 draft statement of accounts. She highlighted the report's key points, advising that variances had been monitored and reported to Members throughout the year.

The Service Manager (Strategic Finance) referred to Appendix B, which showed the significant variances against net cost of services compared to the amounts reported at Quarter 3. She said that variances not previously reported were shown at the bottom of this appendix.

The Service Manager (Strategic Finance) said that reviews of Minimum Revenue Provision (MRP) and capitalisation of interest were completed in Quarter 4 of 2024/25, adding that the impact of these had resulted in reductions in expenditure against the budgets of £281k and £340k respectively. She said that £4.7m of reserves had been utilised to fund expenditure in 2024/25, and of this £3m was used to fund capital works at BEAM and £1.8m funded the loss in investment in the Lothbury Property fund (which had been funded from a reserve specifically set aside for this purpose).

The Service Manager (Strategic Finance) drew Members attention to Table 3 in the report which showed the capital outturn position. She said that £7m was spent in 2024/25 against a budget of £19.15m giving a variance of just over £12m. She added that carry forward budgets of just under £9m were approved as part of the 2025/26 capital programme in February 2025, with Members asked to approve an additional £358k of carry forwards, required in relation to schemes where expenditure has been reprofiled to 2025/26, or where retentions were still to be paid.

The Service Manager (Strategic Finance) said that the 2024/25 draft statement of accounts were included at Appendix D, which were published in line with the statutory deadlines, and which Members were requested to note. She said that officers were working with Azets to complete the audit of these accounts by the 27 February 2026.

The Chair thanked the Service Manager (Strategic Finance) for the report.

Councillor Deering referred to paragraph 3.3 of the report and sought further clarity in relation to the loss on the Lothbury property fund.

The Service Manager (Strategic Finance) said that the Council had equally invested a total of £20m of surplus income into two property funds in 2015, which gave the best return, with interest above that given elsewhere at that time. She said that the terms of entry for both of these funds had since changed, causing lots of investors to disengage, and assets within the fund to be sold – she added that the interest received from the fund exceeded the ‘loss’, which had been caused by units within the fund decreasing since their purchase.

It was moved by Councillor Willcocks 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 general fund revenue outturn of £132k overspend to be funded from the general reserve, and;

(B) that the capital outturn position and approve carry forward budgets of £358k be noted, and;

(C) that the 2024/25 draft statement of accounts be received.

- 176 ANNUAL GOVERNANCE STATEMENT 2024/25
The Director for Finance, Risk and Performance introduced the report, explaining that it was a statutory requirement to have an Annual Governance Statement that has reviewed the Council's governance arrangements at least once a year as part of the Statutory Statement of Accounts. He said that the draft version had come before Members in May 2025, and had now been updated to reflect the recommendations from the 2023/24 Completion and Annual Audit Reports as seen earlier on the agenda.

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

There were no questions from the Committee.

It was moved by Councillor Deering and seconded by Councillor Williamson 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 Final Annual Governance Statement for 2024/25 be reviewed and any comments given.

- 177 TREASURY MANAGEMENT 2024/25 OUTTURN
The Director for Finance, Risk and Performance

introduced the report which was the last of the three reports which Members receive each year on treasury management, and which provide outturn position against what Members set in the TMSS.

The Director for Finance, Risk and Performance said that the report provided Members with position on Capital Financing Requirement (CFR), Council borrowing - which has increased from £53m to £64m in line with projections, and detailed the investment position, which stood at £39m – a difference from £34m for 23/24.

The Director for Finance, Risk and Performance highlighted the compliance section of the report (from page 215 of the agenda pack) which confirmed that the Council had complied with the treasury management code, and importantly that there had been no breaches.

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

Mr Sharman asked if there were any indicators which were cause for concern.

The Director for Finance, Risk and Performance said that the Council was in a good position, with it being key that the borrowing limit and operational boundaries had not been breached.

It was moved by Councillor Williamson 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 Treasury Management Outturn and Prudential Indicators for 2024/25 be examined and any comments given.

- 178 FINANCIAL MANAGEMENT 2025/26 - QUARTER 1
FORECAST TO YEAR END
The Service Manager (Strategic Finance) introduced the

report which presented the forecast outturn position for 2025/26 as at Quarter 1. She said that as of 30 June 2025 a revenue overspend of £789k was forecast, and that of this, £888k related to variances against the net cost of services budget – which was being monitored by Leadership Team on a monthly basis.

The Service Manager (Strategic Finance) said that net £99k favourable variance was forecast against interest received and paid by the council, mainly due to better interest rates being achieved on the Councils investments than was budgeted.

The Service Manager (Strategic Finance) said that savings proposals of £3.4m were built into the net cost of services budgets in 2025/26, with the table in paragraph 1.2 of the report showing the progress made in achieving these savings. She said that of this £3.4m, nearly £3.1m would be achieved in full within in the year, with just under £200k not being realised for the same period (as highlighted in amber), and just under £130k, (highlighted in red) being reviewed for achievability.

The Service Manager (Strategic Finance) said that revised capital programme budget for 2025/26 was £11.25m, with a forecast that there will be an underspend of £637k in 2025/26. She said that this was due to no current requirement forecast for the capital contingency and underspends against the Old River Lane budget and ICT rolling programme.

The Service Manager (Strategic Finance) said that detail regarding debtors included the outstanding debt position as at the end of July, compared to 31 March 2025. She said that this showed a reduction in the debt outstanding of just under £700k between these two dates. She added that whilst outstanding debt was a constantly moving position, she wished to highlight that in line with the Council's debt management policy, just under £510k of debt had been written off, and large aged debts with a single customer of just under £700k had been collected –

with this reduction in the volume of debts outstanding allowing the team to focus their efforts on collectable debts.

The Chair thanked the Service Manager (Strategic Finance) for the report.

Councillor Deering referred to Appendix D of the report and questioned how in excess of £1m of old debt existed and why a large write off of debt had occurred.

The Service Manager (Strategic Finance) said that a review of aged debt had been undertaken, tackling the oldest debt first. She said that this enabled £512k of debts which were uncollectable, i.e. through bankruptcy, to be identified, allowing the team to focus on the £1m of collectable aged debt.

The Director for Finance, Performance and Risk said that much work had been undertaken over the past six months in relation to debt. He said that much of the old debt could not legally be pursued through the Courts, but lessons had been learned, and processes were now in place. He added that the level of debt was like levels seen in other local authorities and had been impacted by the pandemic.

Councillor Deering sought assurance that the Procurement Team had now been formed.

The Director for Finance, Performance and Risk said that there was a Debt Team within the Finance Department, with Procurement Team involvement relating to Parking and Revenue and Benefits debt – which engaged the services of external recovery agents. He said that there may be a possibility to incorporate these different debt collections moving forward. The Service Manager (Strategic Finance) clarified that the parking enforcement contract related to penalty charge notices (PCNs)

Mr Sharman sought further information regarding the savings proposals within the report.

The Director for Finance, Performance and Risk said that he was confident that the proposals shown in amber would come to fruition, but in all probability, these would not materialise until 2026/27. He said that those shown in red would have their achievability revised by the Executive in October as part of the Mid-Term Financial Plan, with any that were removed putting pressure on future years and leaving a funding gap for next year. He said that efforts to mitigate these pressures continued, with Leadership Team monitoring and working to address.

It was moved by Councillor Nicholls and seconded by Councillor Willcocks 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 net revenue budget end of year projected overspend of £789k be noted and considered, and;

(B) that the capital programme forecast outturn of £637k be noted and considered.

179 STRATEGIC RISK REGISTER MONITORING Q1 2025/26

The Director for Finance, Risk and Performance introduced the report which was the first quarterly update for 2025/26. He said that no new risks had been added to, nor any risks removed from the register – with the only change being the score related to the commencement of the new waste contract as this reduced the position of potential financial loss etc.

The Director for Finance, Risk and Performance said that the report asked members to reapprove the Risk Management Strategy (as at Appendix B), which had not been updated for several years, and now set out the approach the Council took in how it identifies, assesses and managed risks. He added that the only change was the scoring matrix, which had been updated from 3x3 matrix to 4x4 matrix.

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

There were no questions from the Committee.

It was moved by Councillor Connolly and seconded by Councillor Williamson 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 2025/26 quarter one corporate risk register and actions being taken to control and mitigate risk be noted, and;

(B) that the Risk Management Strategy be reviewed and approved.

180 AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME

The Director for Finance, Risk and Performance introduced the report, he drew Members attention to Appendix A which detailed the agenda items which would come before the Committee over the rest of the financial year and highlighted that the January 2026 meeting would be a joint Audit and Governance Committee and Overview and Scrutiny Committee to scrutinise the budget. He added that an additional February 2026 Audit and Governance Committee meeting had also been scheduled to pick up the 2024/25 Statement of Accounts approval, bringing the Council back in line with the Government backstop arrangement.

The Director for Finance, Risk and Performance said that the report also included a draft calendar for 2026/27, which proposed that the Committee move back to five meetings a year (plus the joint Audit and Governance Committee and Overview and Scrutiny Committee meeting in January 2027). He said that scheduling a meeting in July 2026 would assist with financial reporting, enabling the sign off the previous year's accounts.

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

Councillor Williamson thanked the Director for Finance, Risk and Performance for his helpful and productive approach.

Councillor Nicholls noted the slots within the calendar for Member training, and asked if the Director for Finance, Risk and Performance had any suggestions.

The Director for Finance, Risk and Performance said that there were areas which needed to be covered:

- Treasury Management
- Internal Audit
- Anti-Fraud
- Risk Management

Councillor Nicholls said that she would welcome Internal Audit training, and it was agreed that this should be delivered in person as the first item on the relevant meeting agenda.

The Committee Support Officer confirmed that an all-Member SAFS Anti-Fraud session was on the Programme of Training for November, which would be delivered to via Teams.

Mr Sharman suggested that the next Risk Register report be moved higher up the agenda and include more content around cyber security – enabling the Committee opportunity to more robustly scrutinise this area.

The Director for Finance, Risk and Performance said that the Assistant Director for Information Technology was bringing a Cyber Security Update before the Committee at their next meeting in November.

It was moved by Councillor Deering and seconded by

Councillor Williamson 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 Finance and Audit Work Programme for the 2025/26 municipal year as outlined in the report be approved, and;

(B) that the proposed meeting schedule for the 2026/27 municipal year be noted and comments provided, and;

(C) that any training requirements to support Members in fulfilling their roles effectively be identified.

181 URGENT ITEMS
There were no urgent items.

The meeting closed at 8.51 pm

Chairman
Date