

Minutes of the meeting of the Audit and Governance Committee held in Herefordshire Council Offices, Plough Lane, Hereford, HR4 0LE on Tuesday 29 September 2026 at 2.00 pm

Committee members present in person and voting: Councillors: David Hitchiner (Chairperson), Mark Woodall (Vice-Chairperson), Chris Bartrum, Frank Cornthwaite, Peter Hamblin, Robert Highfield and Aubrey Oliver

Non-Voting Committee Person:

[Note: Committee members participating via remote attendance, i.e. through video conferencing facilities, may not vote on any decisions taken.]

Others in attendance:

L Cater	Head of Internal Audit, Southwest Audit Partnership
S O'Connor	Head of Legal Services and Deputy Monitoring Officer
O Edwards	Manager Grant Thornton
A Hawkes	Democratic Services Officer
G Hawkins	Public Sector Audit Director, Senior Manager, Grant Thornton
R Sanders	Director of Finance
Pete Stoddart	Cabinet Member Finance and Corporate Services
J Tranmer	Chief Accountant

16. APOLOGIES FOR ABSENCE

Apologies were received from Kerry Diamond.

17. NAMED SUBSTITUTES (IF ANY)

There were no substitutes.

18. DECLARATIONS OF INTEREST

There were no declarations of interest.

19. MINUTES

RESOLVED: That the minutes of the meeting held on 21 July 2026 be confirmed as a correct record and signed by the chairperson.

20. QUESTIONS FROM MEMBERS OF THE PUBLIC

One public question had been received, and the response had been published as a supplement to the agenda papers. The chairperson advised that a proposed supplementary

question had been rejected; however, the matters raised would be brought to the attention of the relevant officers.

21. QUESTIONS FROM COUNCILLORS

There were no questions received from councillors.

22. EXTERNAL AUDIT FINDINGS REPORT

Councillor Aubrey Oliver joined the meeting at 2.13 pm.

The committee considered the external audit findings report for the year ended 31 March 2026. Grace Hawkins, representing the council's external auditor, Grant Thornton, confirmed that audit work was complete and an unqualified audit opinion was expected. No adjusted misstatements or significant deficiencies had been identified. A small number of unadjusted misstatements and audit recommendations related principally to property, plant and equipment valuations, pensions and journal controls.

Members discussed the valuation of land and buildings, including floor-area differences, indexation and the treatment of assets for which no suitable index existed. Officers confirmed that work to review floor-area information was continuing. It was explained that assets without an appropriate index would receive a desktop valuation every third year and that identified valuation differences were not material. Members also received assurance that errors identified in audit samples were extrapolated across the relevant population when assessing materiality.

The committee discussed the technical delay in issuing the final audit certificate pending completion of the Whole of Government Accounts process. The external auditor confirmed that this did not affect the audit opinion or prevent the accounts being signed.

Questions were also raised on IT access-control evidence and journal review arrangements. Officers confirmed that the annual user-access review would be formally evidenced going forward. The external auditor advised that journal controls remained a recurring best-practice recommendation, but mitigating controls were operating effectively and audit testing had identified no inappropriate journals.

Members recorded their thanks to the finance team and the external auditor, Grant Thornton, for the efficient completion of the audit.

RESOLVED: That the report of the external auditor be considered and that no issues raised in the report be added to the committee's future work programme.

23. FINAL ANNUAL GOVERNANCE STATEMENT

The committee considered the final Annual Governance Statement for 2025/26. Officers explained that the draft had previously been considered in June and had subsequently been audited and amended to reflect committee feedback, including wording on risks, the Shareholder Committee and governance arrangements.

RESOLVED: That the Annual Governance Statement for 2025/26 properly reflects the council's internal control environment and the appropriateness of the actions identified to improve governance arrangements.

24. FINAL STATEMENT OF ACCOUNTS

The committee considered the audited Statement of Accounts for 2025/26, the draft independent auditor's report and the letter of representation. Officers confirmed that the

figures in the accounts were unchanged from those presented in June, apart from narrative disclosure amendments arising from the audit.

Members discussed resilience within the finance function, the purpose of the officers' remuneration disclosure and the completeness of the earmarked reserves disclosure. Officers provided assurance that resilience and technical capability had been developed across the finance team over recent years, that the remuneration disclosure was required by the CIPFA Code, and that the earmarked reserves disclosure was complete.

The committee recorded its thanks to the finance team and the Grant Thornton external audit team.

RESOLVED: That the 2025/26 Statement of Accounts be approved and the letter of representation be signed by the chairperson and the Director of Finance.

25. EXTERNAL AUDIT - AUDITOR'S ANNUAL REPORT 2025/26

The committee received the Auditor's Annual Report for 2025/26 from the council's external auditor, Grant Thornton.

Two significant weaknesses were identified in financial sustainability: the Dedicated Schools Grant (DSG) deficit and the identification and delivery of savings required to bridge the medium-term funding gap. Two improvement recommendations were also highlighted, relating to organisational capacity and capability to deliver change and the transparency of performance reporting. No significant weaknesses were identified in governance arrangements or in arrangements for improving economy, efficiency and effectiveness.

The committee welcomed the good-practice insight relating to the sustained improvement and positive turnaround in Children's Services and noted that the previous recommendation concerning governance and oversight of major and capital projects had been closed.

Members discussed the DSG deficit and SEND reform. Officers advised that the council had submitted its SEND Reform Plan by the June deadline and had received favourable feedback. The council was hopeful of securing the High Needs Stability Grant covering 90% of the historic deficit to March 2026. Members noted, however, the continuing financial pressures in later years and the need to increase local provision and monitor the delivery of mitigations.

The committee discussed the £83.4m cumulative medium-term funding gap and the external auditor's recommendation for a credible multi-year savings and transformation plan. Officers outlined strengthened savings templates, directorate savings monitoring and multi-year planning, and advised that the deliverability of savings would be challenged and monitored through the budget-setting process.

The chairperson considered that detailed scrutiny of savings delivery would be more appropriately undertaken by the General Scrutiny Committee and indicated that the matter should be drawn to its attention.

Members also discussed capacity to deliver major projects and transformation. Officers advised that a Major Projects Oversight Programme Board was in place and that resource requirements and interdependencies would be considered as part of budget and transformation planning.

On performance reporting, the external auditor explained that areas of underperformance and mitigating actions should be consistently visible in public

reporting. It was noted that this was a best-practice recommendation rather than a significant weakness.

Officers agreed to consider the best-practice examples provided and strengthen future reporting.

RESOLVED: That the committee reviewed the Auditor's Annual Report, noted its findings and recommendations and considered the management responses.

26. INTERNAL AUDIT - PROGRESS REPORT Q2

The committee received the internal audit progress report. Three final reports were presented: the Transport Hub follow-up, Treasury Management and Public Protection. Treasury Management received substantial assurance and Public Protection reasonable assurance. The Head of Internal Audit advised that six actions had been closed since the report was drafted, reducing the number of open agreed actions to 44.

Members discussed the Transport Hub follow-up. It was noted that the council's Contract Management Framework remained in force and should be followed, with any departures appropriately recorded. The relevant director would also review whether the framework remained fit for purpose. Further testing was required on financial reconciliations between project systems and Business World.

In relation to Public Protection, members sought assurance on response times and case management. Internal Audit advised that structured management reviews and one-to-one supervision were to be introduced to improve case progression, closure decisions, compliance with procedures and monitoring of response targets. The committee was content to rely on the follow-up arrangements.

Members discussed outstanding agreed actions and the distinction between full follow-up audits and action follow-ups. Officers advised that limited-assurance work would receive a fuller follow-up audit where appropriate, while other actions would be reviewed directly.

A member asked whether audit work would consider controls around access to the Mosaic case management system. The Head of Internal Audit agreed to discuss this with the Director of Finance and ensure the matter was considered as part of audit planning.

Members also highlighted the importance of transformation to the council's financial plans. The Director of Finance and Head of Internal Audit agreed to revisit the audit plan in light of the external auditor's findings and consider where internal audit could add value without duplicating other assurance work. An update on any additions to the audit plan would be brought to a future meeting.

RESOLVED: That the committee reviewed the areas of activity and concern, was satisfied that necessary improvements were outlined and being delivered, and noted the report, assurances and recommendations.

27. WORK PROGRAMME

The committee considered the work programme. Members noted that the next meeting would include updates on internal audit and risk management. It was requested that the Cabinet Member responsible for environmental matters be invited to provide information relevant to the environmental risks previously raised by the Environment Scrutiny Committee.

The committee also noted forthcoming items on the whistleblowing policy, governance matters and the waste contract.

RESOLVED: That, subject to the updates made by the committee, the work programme be noted.

28. DATE OF NEXT MEETING

Tuesday 3 November 2026 at 2.00 pm.

The meeting ended at 3.45 pm

Chairperson