

Draft Annual Report of the Audit and Governance Committee

Role of the Audit and Governance Committee

The purpose of the audit and governance committee is to provide independent assurance on the adequacy of the risk management framework together with the internal control of the financial reporting and annual governance processes. The responsibility for functions are set out in paragraphs 3.5.9(e) to paragraph 3.5.15 of the [Council constitution](#).

Brief summary of report

This is a draft annual report from the Audit and Governance Committee which provides an update on the work undertaken as a committee, during the municipal year. The senior officers who support the work of the Committee have each contributed sections to this report covering:

Accounts

Code of Conduct

Governance

Internal Audit

External Audit

Information Requests and Complaints. Service Requests, Enquiries, Compliments and LGSCO decisions.

Regulation of Investigatory Powers

Risk Framework

Shareholder Committee

Waste Contract

1. Chairman's Introduction

The information summarises the work of the committee during the last municipal year and so is not new. The purpose is to put in one place an easy-to-read summary of the work of the committee.

I am pleased to draw attention to the Annual Audited Accounts which are amongst the first to be audited and signed off in the country. Completion of the Audit gives assurance that the Accounts are accurate and can be relied upon. This cannot be said for many Councils whose Audits are several years behind. My committee would like to thank the council officers who have worked hard to achieve this position.

I am pleased that we have been able to recruit an Independent Person to the Committee who has relevant experience and qualifications. They have contributed to our discussions already.

The year saw work on the approach to risk in the Council. This will involve greater engagement with all Councillors. The Committee will continue to play its part in ensuring that there is a good process in place which will improve decision making for the benefit of the County.

2. Accounts

Statutory Accounts 2023/24

The Finance Team prepared the council's Statement of Accounts for 2023/24 and published in line with the statutory deadline of 31 May 2024: presenting the draft, unaudited accounts to Audit & Governance Committee in June 2024.

In September 2024, the Audit & Governance Committee approved the audited Statement of Accounts and the Annual Governance Statement for 2023/24, providing assurance to Members and residents on the council's timely financial reporting processes, governance framework and internal controls in place throughout the financial year.

3. Code of Conduct

During 2024/25, the Monitoring Officer received 32 complaints about alleged breaches of the Code of Conduct; 2 proceeded to formal investigation. There were 45 complaints in the previous year. 84% of complaints related to elected members of Town or Parish Councils.

A review of the process was approved by Council on 8th March 2024, following recommendation by the Audit and Governance Committee.

The Council has four Independent Persons, who provide advice and consultation to the Monitoring Officer, as required by the Localism Act 2011. In accordance with the Council's resolution in May 2022, two Independent Persons are consulted on all cases that proceed to initial assessment or beyond.

A change to transparency provisions, in respect of officer decisions made under the arrangements for investigations, was agreed by the Committee in December 2023. The change ensures that the Standards Panel is aware of all decisions taken, even where the outcome is no further action. This has been in effect throughout 2024/25.

4. Governance

Independent Expert

Kerry Diamond was appointed as the independent expert to the Committee on 11 October 2024.

Whistleblowing

During 2024/25, 4 whistleblowing disclosures were made to the Council under the formal Whistleblowing Policy.

Of these, two were relating to other organisations and were not progressed by Herefordshire. The persons making the disclosures were provided with 'signposting' to enable them to redirect their complaint to the correct organisation.

In relation to the third complaint, this was considered and the Council agreed there was a shortcoming in training for a group of staff. The recommendation was that training was performed and this was completed. The final complaint led to recommendations for communication improvements with service users and further performance monitoring with an improved escalation process. This has been implemented.

5. Internal Audit

The Committee has received quarterly Internal Audit progress reports during 2024/25 to review audit work completed and receive assurance in respect of the internal controls and governance arrangements across the council. Internal Audit have also provided regular updates on the implementation of audit recommendations to enable the Committee to consider the effectiveness of the agreed management actions and impact of improvements.

Through the presentation of the annual Internal Audit Plan, the Committee has had the opportunity to review coverage across Directorates and Service areas and consider whether planned work is sufficient to give an opinion on the adequacy and effectiveness of the council's internal control and governance framework. During 2024/25, the Committee reviewed a number of reports presented by Internal Audit where audit testing and review provided only 'limited assurance'. The role of the Committee in such instances is to understand weaknesses identified and gain assurance that recommendations and agreed actions will strengthen controls and deliver improvements.

6. External Audit

The council's external auditors issued an unqualified audit opinion in September 2024, with no material errors or adjustments to the financial statements identified through their audit testing.

As part of the work undertaken by the external audit team, the appropriateness of the council's accounting policies, accounting estimates and financial statement disclosures were evaluated with no errors or omissions noted.

Herefordshire Council was the first and only local authority to receive an audit opinion, including Value for Money opinion, by this date. The issue of an unqualified audit opinion for 2023/24 is a significant achievement for the council and is the result of high-quality financial statements and supporting audit evidence and an effective relationship between the council's finance team and external auditors, supported by members of the Audit & Governance Committee.

The timely completion of the statutory, independent, audit process provides valuable assurance over the local authority's arrangements to provide complete, accurate and timely financial statements as well as confirming the appropriateness of accounting policies and treatment of estimates and judgements.

7. Information Requests and Complaints. Service Requests, Enquiries, Compliments and LGSCO decisions.

In September 2024, the Audit & Governance Committee considered a report from the Information Governance Manager entitled 'Information Requests & Complaints 2023/24'. This report detailed performance information for the municipal year 2023/24, specifically around information security incidents and data breaches and information requests received by the council. These included Freedom of Information requests, Environmental Information Regulation requests, subject access requests under the data protection legislation, and requests from the police and other organisations. The report set out the volume of requests received. The number of Freedom of Information and Environmental Information requests received had fallen compared to the previous year. This was attributed to the increased use of the disclosure log, which publishes requests / responses previously answered, and an increase in the number of requests dealt with as business as usual. However, the volume of other information requests received continued to be high.

The report also detailed the other work undertaken by the Information Governance team during the year, which included assessing data protection impact assessments for new programmes, projects

and systems involving the processing of personal data, and the review of information security policies and procedures.

Complaints

The report recorded that the council dealt in 2023/24 with 483 corporate complaints, a significant decrease from the previous year when 734 were recorded. In addition, the Complaints team managed 158 service requests, and 102 complaints were processed under the children's complaints procedure. 55 complaints were referred to the LGSCO of which they considered 10. This means 80% of complaints the LGSCO investigated were upheld. This compares to an average of 79% in similar organisations. In 100% of cases the council has complied with the recommendations made by the LGSCO to resolve the case. In some cases, compensation was recommended. The council paid out a total sum of £250 as advised by the LGSCO for the period of 1 April 2023 to 31 March 2024, a notable decrease from the £2200 paid to complainants 1 April 2022 to 31 March 2023.

The Committee will receive a report on the 2024/25 year at their meeting in September 2025.

8. Regulation of Investigatory Powers

Regulation of Investigatory Powers Act 2000 (RIPA) provides a lawful means for public authorities to breach the right to privacy which is contained in the European Convention on Human Rights Article 8. A revised Code of Practice was published in December 2022 pursuant to section 71(4) of the Regulation of Investigatory Powers Act 2000.

No RIPA authorisations have been requested in 2024/25.

RIPA training was offered to those involved in investigations over 3 sessions in May and June 2024. Specific further training was provided to Authorising Officers, Senior AO, Senior Responsible Officer and RIPA Monitoring Records Officer in June 2024.

9. Risk Framework

The constitutional role of the Committee includes ensuring that the council's risk management process is carried out effectively. It is not the function of the Committee to examine specific risks in detail, but should it have specific concerns it will raise these with officers or make a recommendation to the relevant Scrutiny Committee. The Committee has supported the development of the revised Risk Management Strategy, Risk Appetite Statement and refresh of the Corporate Risk Register throughout 2024/25.

10. Shareholder Committee

The Shareholder Committee has met in a decision-making capacity on three occasions since April 2024. The main business of the Shareholder Committee relates to the council's investment in Cyber Quarter Ltd and Hoople Ltd. The protocol in respect to the reporting of company performance was adopted by the Shareholder Committee and a variation to the new service contract with Hoople includes and has a basis within this protocol.

11. Waste Contract

In October 2024, the Committee received an annual update on the council's energy from waste loan arrangement. This review enables the Committee to monitor administration of the loan, compliance with financial covenants and to consider any risks to the council as lender. The Committee received

assurance that loan repayments of interest and principal amounts have continued and that loan covenants have been satisfied with no significant issues or risks to future loan repayments. The loan represents a significant asset in the council's balance sheet and this annual review, alongside external audit testing of balances, confirms that the financial affairs of the council are properly conducted and there is an adequate risk management framework in place.

Sources of further information

The agendas, reports and minutes of the Audit and Governance Committee for the period under review can be found on the Council's website at:

[Browse meetings - Audit and Governance Committee - Herefordshire Council](#)