

Minutes of the meeting of the Audit and Governance Committee held in Conference Room 1, Herefordshire Council Offices, Plough Lane, Hereford, HR4 0LE on Thursday 25 September 2025 at 10.00 am

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: **K Diamond**

[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, South West Audit Partnership
S O'Connor	Head of Legal Services and Deputy Monitoring Officer
C Jacobs	Information Governance Manager
G Hawkins	Public Sector Audit Director, Grant Thornton
J Preece	Democratic Services Officer
T Page	Complaints and Children's Rights Manager
N Preece	Value for Money Manager, Grant Thornton
R Sanders	Director of Finance
C Smith	Public Sector Audit Manager, Grant Thornton
Cllr P Stoddart	Cabinet Member Finance and Corporate Services
D Thornton	Democratic Services Support Officer
J Tranmer	Chief Accountant

82. APOLOGIES FOR ABSENCE

There were no apologies.

83. NAMED SUBSTITUTES (IF ANY)

There were no named substitutes.

84. DECLARATIONS OF INTEREST

There were no declarations of interest.

85. MINUTES

RESOLVED:

That the minutes of the meeting held on 15 July 2025 be confirmed as a correct record and signed by the chairman.

86. QUESTIONS FROM MEMBERS OF THE PUBLIC

No questions had been received from members of the public.

87. QUESTIONS FROM COUNCILLORS

No questions had been received from councillors.

88. ANNUAL REVIEW OF THE COUNCIL'S INFORMATION REQUESTS & COMPLAINTS 2024/25

The Information Governance Manager (IGM) introduced the report. The following points were highlighted:

1. 789 Freedom of Information (FOI) and 196 Environmental Information Regulation (EIR) requests had been dealt with by the Council during the municipal year.
2. 96.4% of requests were answered within the statutory 20 working days and exceeded the councils target rate of 95% compliance.
3. The volume of requests remained steady and was felt to be attributed by the disclosure log detailing past requests and responses.
4. 2 cases were referred to the Information Commissioner's Office (ICO). In 1 case the ICO upheld the council's decision and in the other confirmed previously withheld information should be disclosed.
5. 189 subject access requests were actioned at a response rate of 64% (below the set target of 95%). It was highlighted that these requests were often very complex and resource heavy to respond to.
6. 80 requests made by the police in relation to criminal investigations had been received.
7. 288 data security incidents were reported to the team; the fact the number of breaches were high was not necessarily a cause for concern and was likely from a high level of staff awareness due to mandatory training processes in place for reporting such issues and an open culture around reporting things which have gone wrong.

In response to committee questions, it was noted:

- I. Data is monitored each month which showed no recurrent pattern of any one directorate missing targets.
- II. The information governance team is made up of 10 officers.

The Complaints and Children's Rights Manager (CCRM) informed the committee that:

- 1) 560 corporate complaints were processed, an increase from the previous year at 483. It was noted this was not reflective of all complaints received as many are dealt with as business as usual.
- 2) The children and young people and corporate services directorates experienced decreases in complaints.
- 3) The Community Well-being directorate had seen an increase in complaints from 66 to 91, the service was collaborating closely with the director and senior managers to look at trends and how they could support in responding to their complaints.
- 4) The Economy and Environment directorate received 252, which was not surprising given the number of services dealt with within the directorate.
- 5) Although overall there was an increase in complaints, it was not felt to be a cause for concern as the complaints procedure was much more accessible, the council having been selected by the ombudsman and piloted the new complaint handling codes.
- 6) The Local Government and Social Care Ombudsman (LGSCO) had received 55 communications from Herefordshire members of the public, an increase from

previous year but not surprising with the adoption of the new complaint handling code which signposts complaints to the ombudsman at every stage.

- 7) Of the complains investigated, the LGSCO upheld 2 cases which was found the council to have caused fault and injustice.
- 8) 79 complaints were made under the children's complaints and representations policy of which 23 were taken to the LGSCO for review. The LGSCO found the council to have caused fault and injustice in 7 cases and suggested financial redress.

In response to committee questions, it was noted:

- i. The financial implications of statutory complaints gone on to stages 2 and 3 had increased significantly over the last 3 years, this was due to the number of complaints received and that these stages incurred additional cost in utilising an investigatory officer and independent persons.
- ii. Independent persons are commissioned on the recommendation of other local authorities and would have a background of working in areas where they would understand the detail, depth, procedure of children's services complaints and case work such as social workers and the police.
- iii. The team were working on internal procedures to target the number of complaints being submitted such as offering a "resolution meeting" with the relevant officer to discuss their concerns in the hope an internal resolution could be reached. The quality assurance team were now providing responses, and a mediation meeting is also offered. It was felt that these measures would give enough opportunity for the local authority to resolve the concerns that have been raised and prevent further escalation to stages 2 and 3.
- iv. The complaints procedure does not cover compensation. When money is paid out to a complainant this is a gesture of goodwill or if the ombudsman had suggested the complaint be remedied in that way.
- v. Data showing where significant number of complaints are received where departments have failed to return a lessons learnt form, are to be included in future reports.
- vi. The CCRM's team including herself is made up of 5 officers. The process followed when a complaint is first received was explained.
- vii. Data on repeat complainants is not held as each complaint regardless of who it comes from is treated on its own merit.
- viii. Complainants are asked in the first stages if any reasonable adjustments need to be considered. If a complainant is identified as needing an advocate, the case would be put on hold until one was assigned. The process for allocating an advocate through "onside advocacy" was explained.

The committee noted the report.

Action 2025/26-03: The CCRM to include data showing where significant number of complaints are received where departments have failed to return a lessons learnt form are to be included in future reports.

Chairperson Announcements

The chairperson informed the committee that he was using his discretion in allowing the following items on the agenda to be discussed, the papers had been published late but it was felt to be inappropriate to postpone reviewing the accounts and in the best interest of the Council that the signing of the statement of accounts should not be delayed.

89. 2024/25 EXTERNAL AUDIT FINDINGS REPORT

The Director of Finance (DOF) introduced the report and offered her thanks to the council's finance team and Grant Thornton (GT) for the collaborative work they had undertaken this year and working through a challenging audit process to bring the audit findings report in a timely manner. The following principal point were noted:

1. The report confirmed the statement of accounts for 2024/25 were true, fair and free from material error. They were compliant with the Chartered Institute of Public Finance and Accountancy (CIPFA) code of practice and the local audit and accountability act.
2. A small number of disclosure and presentation adjustments were identified. Some had been made in the final set of financial statements. Those that had not been adjusted were generally immaterial in nature.
3. The DOF had alerted an issue in relation to decision making and governance in respect of an individual capital project to GT. She had conducted a piece of internal assurance work to identify opportunities where controls could be strengthened around capital projects. The findings had been shared with both internal and external audit. GT orchestrated additional work to provide assurance in respect of the financial statements and their value for money arrangements of whether there were any further instances to consider. The results confirmed and provided assurance in what the internal review had shown that there were no additional risks, instances or breaches in laws or regulations.

The Public Sector Audit Director (PSAD) explained they had received the accounts well in advance of the statutory deadline of the 30th of June which enabled them to start the audit earlier than planned. She advised the audit had gone well with both teams working together and spending some time physically on site at Plough Lane had helped move audit queries forward. A handful of areas were outstanding, all of which were expected at that stage and were in line with their original time scale to sign by the end of the month.

With regards to the capital projects and in line with ISA 240, as auditors, GT were required to carry out additional procedures to ensure there were no further issues which could impact on their opinion. No further issues were identified, and an unqualified opinion was proposed.

The PSAD expressed her thanks to the DOF, chief accountant (CA) and the finance team for their support. The council were in a great position, not common in the sector at that time and with the additional challenges that were faced, to stay on track with the original time scale was a great achievement for both sides.

The Public Sector Audit Manager (PSAM) gave an overview of the report which included details around materiality, an overview of the significant risks identified and other areas impacting the audit. She expressed her thanks to the CA and noted her team had reported that this had been one of the most fun audits they had done.

In response to committee questions, it was noted:

- i. How the DOF discovered the management override issue in relation to the student accommodation project was explained. Assurances were given that the existing controls in place were effective and the expenditure incurred, and the level of work completed were within the approved governance and decision that had been taken.
- ii. The reduction from £94.9 million net asset to a £7.1 million liability for pensions was explained.
- iii. 54% of total assets were revalued during 2024/25, it was explained that Investment properties were valued annually whilst property, plant and equipment assets are valued on a rolling basis, a new section each year being selected to gain a comprehensive valuation across a period of time. Further details on the movements in valuations would be circulated to the committee.

- iv. The PSAD's main concern under ISA 240 with having no formal review process for journals under £250K was because journals could be used to override positions and manipulate the financial statements and the financial position. It was best practice that all journals are reviewed within a system with an audit trail in place. There are limitations in the current software used and this would be addressed when it was time to be renewed. It was noted that this area had been tested extensively because of the significant risk and there have been no instances of journals that had been inappropriately posted.

The chairperson offered his thanks to the PSAD, her team and the CA for their collaborative achievements. Thanks, and congratulations were extended to the CMFCS.

The CMFCS offered his thanks to the PSAD her team and the team at GT for their hard work in securing Herefordshire as the 1st in the Country to sign for the second year in a row.

The committee noted the report.

Action 2025/26-04: The DOF to provide the committee with movements in valuations for investment properties, property, plant and equipment assets.

90. ANNUAL GOVERNANCE STATEMENT 2024/25

The Director of Finance (DOF) introduced the Annual Governance Statement (AGS) 2024/25 a draft of which was presented to the committee in June. The only change made following feedback from the Committee, was additional wording added under core principle G with regards to good practices around transparency to include arrangements for member and public questions.

RESOLVED

The committee approves the Annual Governance Statement.

91. 2024/25 STATEMENT OF ACCOUNTS

The Director of Finance (DOF) introduced the statement of accounts a draft of which was presented to the committee in June. The document remained largely unchanged with a small presentation adjustment having been made with regards to the property plant and equipment valuations.

The audit opinion confirmed the accounts were true, fair and free from material error and that they are compliant with the Chartered Institute of Public Finance and Accountancy (CIPFA) code of practice and the local audit and accountability act.

The Chair expressed his congratulations and thanks to the DOF and officers for their hard work and dedication.

RESOLVED: That the 2024/25 Statement of Accounts (at Appendix 1) be approved; and the letter of representation (at Appendix 2) be signed by the chairperson of the committee and the Chief Finance Officer.

92. EXTERNAL AUDITOR'S ANNUAL REPORT 2024/25

The Director of Finance (DOF) introduced the report. The following principal points were noted:

- The annual auditors report is a review of the arrangements that have been put in place under three key themes, financial sustainability, governance and the three ES - economy, efficiency and effectiveness in the council's use of resources. The report outlines against each of those criteria the recommendations made, and any weaknesses identified in arrangements.
- No significant weaknesses or improvement recommendations were found in respect of financial planning arrangements.
- Key recommendations had been raised in respect of the dedicated school's grant (DSG), and control of capital expenditure to ensure there is effective oversight and governance around major projects.
- An improvement recommendation had been raised in respect of financial sustainability that related to the delivery of savings in the previous financial year.
- Governance arrangements had received a green rating against all themes.
- Positive improvement within children's services were highlighted and it having downgraded from a red rating to amber.

The Value for Money Manager (VMM) highlighted the significant improvements in children's services as reflected in the recent Ofsted report and in its reallocation from red to amber in his annual report. The dedicated schools grant (DSG) deficit which is a national issue effecting all council was highlighted and the council's need to continue to work with schools, education providers and the DfE through the SEND and AP Change Programme to support the management of cost pressures in the High Needs Block. GT as a firm were actively lobbying the government for this issue to be addressed.

In response to committee questions, it was noted:

- 1.The VMM felt local authorities needed to make "more noise" around the DSG and to make national government better understand what the issues were.
- 2.The Cabinet Member Finance and Corporate Services (CMFCS) confirmed that cabinet were already lobbying MPs, and working with the Rural Services Network (RSN), County Council Network (CCN) and the Local Government Association (LGA) to raise concerns.
- 3.A deputy section 151 officer with significant experience in DSG had been appointed within the finance team.
- 4.Government intervention was required but the council were being proactive and taking control of the elements they could by reviewing its deficit management plan and joining the plan up with the capital program to consider how to increase efficiency.
- 5.At quarter 1, £5.9 million (50%) of the £11.9 million brought forward savings had been delivered with a further £4.6 million (38%) forecast to be delivered in year; £1.4 million (12%) remained at risk and with focused activity underway to resolve or mitigate in year. The delivery of savings in full and on time is critical to ensure the 2025/26 revenue outturn position is balanced and to prevent further pressure on future years' budgets. Progress on delivery of savings and mitigations would continue to be monitored.
- 6.The potential risk to the budget with Herefordshire being 1 of 43 locations central government had selected for a new project on health care to help keep people out of hospital and in their own home was discussed.
- 7.No recommendations had been made around partnership working but there was scope to broaden the framework.

The committee noted the report.

93. INTERNAL AUDIT PLAN 2025/26

The Director of Finance (DOF) introduced the Internal Audit Plan 2025/26. The following principal points were noted:

- The plan had been developed using a risk based, assurance mapping approach, which aligned to the council's corporate objectives and priorities and the key

risks which may prevent them from being achieved. It had been informed by a variety of sources including the Council Plan 2024-2028, Delivery Plan 2025/26, Corporate Risk Register and Risk Management Strategy.

- Each of the core financial system audits are to be audited with sufficient regularity to provide assurance that foundations and building blocks are in place to give opportunity to address any weaknesses in a more timely manner.
- The Plan would remain flexible and included an element of contingency in order to be able to respond to new and emerging risks as and when they are identified.
- The traditional framework approach enables the council and members of the audit and governance committee to hold the delivery of internal audit work throughout the year to account.

In response to committee questions, it was noted:

1. An audit in the procurement of the public realm contract had already been undertaken, but a further audit would be undertaken and likely included on the audit plan for 2026/27 once contract management works and service delivery had been experienced.
2. There are two principal and two senior auditors assigned to Herefordshire. The Head of Internal Audit (HIA) had a further 6 auditors in her team, who could be redeployed to work on the Herefordshire audit plan as and if required.

RESOLVED: The committee approves the internal audit plan 2025/26.

94. WORK PROGRAMME

The committee's work programme was noted.

95. DATE OF NEXT MEETING

Tuesday, 28 October 2025. 2pm.

The meeting ended at 12.15 pm

Chairperson