Finance, Audit and Risk Committee

Annual Report 2025-26

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Introduction from the Chair of the Committee

I am pleased to present the Annual Report of the Finance, Audit & Risk (FAR) Committee which describes the Committee's work and achievements over a 12 month period to March 2026.

After a lot of change to the membership of the Committee in May 2024, it was nice to have a fairly consistent membership as we moved from 2024/25 to 2025/26. We just saw Cllr Sarah Lucas replacing Cllr Bhartwas. Then in January, Cllr Nolan becoming Executive Member for Customers, resulted in me moving from Vice-Chair to Chair, and Cllr Wright-Mason joining the Committee. Councillor Lucas also moved in to the Vice-Chair role.

I would like to thank Cllr Nolan for his time chairing the Committee. He had been Chair of the Committee since May 2023 (and a member of the Committee since May 2022). My experience of him as Chair is that he has encouraged the development of the Committee and promoted good discussions on how we support good governance.

We have had less need for training this year. We have still had one specific training session on treasury management. We also continue to use our discussion of the reports presented to us to ask questions and expand our knowledge. I will continue to promote the value of training during 2026/27.

The Committee is a key part of supporting good governance. Good governance supports effective decision making, improved performance, and our response to risks and opportunities. I hope that this Annual Report helps to demonstrate this, and the importance of the role of the Finance Audit & Risk Committee

All of our meetings are open to the public and I would encourage residents to come along and see the Committee in action- either in person or via the Council's YouTube channel.

As well as elected members and our independent member, the Committee is supported by the Director: Resources. The Policy and Strategy Team Leader provides reports and information in relation to approving and reviewing the Annual Governance Statement. Similarly, representatives from the Shared Internal Audit Service (SIAS), the Shared Anti-Fraud Service (SAFS) and our External Auditors regularly attend the meetings of the Committee.

Both our External and Internal Auditors have further promoted the opportunity for members of the Committee to meet with them outside of formal committee meetings. I am hoping we will be able to take up more of that opportunity during the coming year.

The Committee have received great support from the Committee Services team throughout the year, particularly Amy Cantrill and Susan Le Dain.

I would like to thank those Members of the Committee from last year and look forward to seeing those that are able to continue with us in 2026/27.

Councillor Vijaiya Poopalasingham

May 2026

Role of the Committee

The purpose of the FAR Committee is to provide independent oversight and assurance of processes in relation to risk management, internal audit, anti-fraud, governance and internal control matters. It also reviews financial monitoring and budget reports to ensure that they are based on sound assumptions and consider relevant risks. This includes providing comments to Cabinet.

The Committee is also the Council's Audit Committee. This means that it reviews reports from our External Auditors and approves our Annual Governance Statement and Statements of Accounts.

The full Terms of Reference for this Committee are provided in the Council's Constitution. https://www.north-herts.gov.uk/sites/default/files/2025-05/Section%2010%20-%20Other%20Committees.pdf

Effectiveness

The Chartered Institute of Public Finance and Accountancy (CIPFA) produced a publication on "Audit Committees: Practical Guidance for Local Authorities and Police". This recommends that Audit Committees should consider their effectiveness.

The last SIAS review of effectiveness was in 2024-25, with the report published in December 2024. The progress against the recommendations made was covered in last year's annual report. The outstanding actions that will be further addressed this year relate to:

- Highlighting the need for self-assessment. See below.
- Encouraging members to shape training and attend the opportunities provided. This was also picked up in last year's self-assessment. Members will continue to be asked for topics that they would like training on. There was an attempt last year to move the training to after the meeting, but that did not work. Discussion will continue on topics and the best timing for any training.
- Members being able to meet with Internal and External Audit outside of the committee meetings. Meeting times are being arranged for these meetings.

Last year, when this report was presented to the FAR Committee in advance of Council, it was used as an opportunity for self-reflection. The points raised mainly duplicated the above but did also pick up having a more strategic outlook and training to support that.

The points raised during this year's discussion were:

- Make use of existing training resources, e.g. from Local Government Association
- Make use of GrowZone to access existing resources and add recordings of training sessions.
- Focus on training to meet the needs of Committee members but also make available more widely.
- Deliver training on Business Rates, Internal and External Audit, funding settlements and treasury strategy.

Members of the Committee

The following Members were appointed to the Committee for 2025/26:

Councillor Sean Nolan (to January 2026)	Labour and Co-operative	Chair
Councillor Vijaiya Poopalasingham	Labour and Co-operative	Vice-Chair/ Chair from January 2026
Councillor Ruth Brown	Liberal Democrats	
Councillor Dominic Griffiths	Liberal Democrats	
Councillor Sarah Lucas	Labour and Co-operative	Vice- Chair from January 2026
Councillor Steven Patmore	Conservative	
Councillor Paul Ward	Liberal Democrats	
Councillor Stewart Willoughby	Labour and Co-operative	
Councillor Daniel Wright-Mason (from January 2026)	Labour and Co-operative	
John Cannon	Independent (non-voting)	

Substitutes:

Councillor David Barnard (from January 2026)	Conservative
Councillor Matt Barnes	Liberal Democrats
Councillor Cathy Brownjohn	Labour and Co-operative
Councillor Sam Collins	Liberal Democrats
Councillor Ralph Muncer	Conservative
Councillor Daniel Wright-Mason (to January 2026)	Labour and Co-operative

Meetings

A work plan was set out at the start of the year, which included review of the following:

- Governance reports, including the Annual Governance Statement
- Reports of the External Auditor (KPMG)
- Internal Audit Reports (Shared Internal Audit Service – SIAS) to enable monitoring of the delivery of the internal audit service
- Anti-fraud reports (Shared Anti-Fraud Service- SAFS) to enable monitoring of the effectiveness of anti-fraud activity
- Risk Management Updates
- Financial budget-setting and monitoring
- Treasury Management

As and when required, the planned Agenda is supplemented by reports where the Committee has requested additional information or assurance.

The Committee met six times in the year and the following reports were presented and discussed:

	Jun 2025	**Sep 2025**	**Nov 2025**	**Jan 2026**	**Feb 2026**	**Mar 2026**
Annual Governance Statement	Draft AGS 24/25 and Action Plan 25/26				AGS 24/25 and Action Plan 25/26	Local Code of Governance
Reports from External Auditors (KPMG)	External Audit Plan and Strategy 24/25 (draft)		External Audit Plan and Strategy 24/25 Annual Report 24/25		Reports on the 24/25 Accounts	
Statement of Accounts					Statement of Accounts 24/25	
Internal Audit (SIAS) progress reports	Assurance Statement 24/25	Progress Report 25/26		Progress Report 25/26		26/27 Plan and 25/26 Progress
Anti-Fraud (SAFS) reports		Annual Report 24/25 and progress 25/26	Progress update 25/26			26/27 Plan and 25/26 Progress
Budget monitoring reports	Outturn for 24/25	Q1 25/26		Q2 25/26		Q3 24/25
Risk Management	Annual Report on Risk Governance			Mid-year update		
Budget setting reports			Medium Term Financial Strategy	Draft Budget 26/27	Budget 26/27	
Other reports	FAR Annual Report 24/25		Procurement Strategy 2025-28	Financial Regulations		

Main Achievements

The audit back-stop dates have helped with making sure that the Committee is only looking at one year's accounts at a time. This has helped with developing an understanding of the external audit cycle, from the development of the audit plan through to the audit report on the accounts. Due to limitations of the work that could be carried out on prior year's audits, the Council still has a disclaimed opinion. However KPMG are working through a programme of building back assurance to get back to providing a full opinion. A full Value for Money assessment was carried out (as this is prioritised by legislation) and this did not find any significant risks.

With a focus on governance, the Committee received reports on updates to the Council's Financial Regulations and a new Procurement Strategy.

That was on top of the regular reports that the Committee receive. The reports from SIAS and SAFS have allowed a strong oversight on Internal Audit and Fraud prevention. The Committee agree plans for each year and then monitor performance against those plans.

The regular reports on finance and risk allow the Committee to provide assurance and make recommendations to Cabinet.

Planned work for 2026-27

The cycle of meetings and regular reports will be very similar to 2025/26. The back-stop date for audit completion is the end of January 2027, so the Committee will approve the 2025/26 accounts at the January 2027 meeting.

The current procurement rules were approved in September 2024 and have been in operation since January 2025. They are being reviewed considering how they are working in practice. Most changes are minor, but any more significant changes will be brought to the Committee before a decision by Council.

Members of the Committee can also make recommendations of other topic areas that they would like to discuss/ be reported on. However, there should be a focus on the terms of reference of the Committee.

Training will continue to be provided. Training topics will be based on discussions with the Committee throughout the year. The format and timing of the training will continue to be reviewed to try and maximise uptake, as well as reflecting learning preferences.

All Members of the Committee are encouraged to take advantage of the various offers of training and development that will be made by Officers, as well as any relevant external courses that are available. All Members are also able to contact the Director: Resources or Committee Services for any support that they require.