STEVENAGE BOROUGH COUNCIL

AUDIT COMMITTEE
MINUTES

Date: Wednesday, 16 September 2026
Time: 6.00pm
Place: Council Chamber

Present: Councillors: Forhad Chowdhury (Chair), Jim Brown, Jeff Bullock, Coleen De Freitas, Sarah Mead, Liam Morrell Phillips, Graham Spencer and Peter Wilkins

Independent Member: Syed Uddin

Start / End Time: Start Time: 6.00pm
End Time: 8.00pm

1 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were received from Councillors Dermot Kehoe and Leanne Brady.

Councillor Jim Brown was in attendance as a substitute.

It was noted that the Audit Committee's Independent Member, Syed Uddin, would be extended until 31 March 2028.

2 MINUTES OF PREVIOUS MEETING

The minutes of the Audit Committee held on 2 June 2026 were approved and signed by the Chair.

3 SHARED INTERNAL AUDIT SERVICE - PROGRESS REPORT

The Committee received the first progress report for the financial year on the Shared Internal Audit Service (SIAS), covering work undertaken between April and August 2026.

The report provided an update on completed and ongoing audit work and outstanding recommendations. It also provided an update on the assessment of the internal audit function and a minor amendment to the Audit Charter to clarify the Committee's oversight role.

It was noted that four audits had been finalised, all of which had provided a positive level of assurance, with further audits scheduled to commence during the year. The Committee discussed the outstanding internal audit recommendations, with particular attention given to the cybersecurity recommendations.

Members queried the lack of an update against a recommendation due in July 2026, noting the significance of cybersecurity risks. It was noted that further cybersecurity audit work was planned for Quarter 4, reflecting the rapidly changing nature of the risk. It was also suggested that the Committee would benefit from a further cybersecurity briefing from the Director of ICT, similar to the presentation provided to the Committee in November 2025.

Members also sought clarification on how overdue audit recommendations were monitored and how revised implementation dates were agreed. It was explained that Internal Audit tracked all medium and high-priority recommendations, while responsibility for implementation remained with the relevant managers, and were escalated to senior management where necessary.

Discussions took place regarding the audit findings relating to council garages and damp and mould. Members sought clarification on the assurance ratings and what action would be required to improve them. It was explained that addressing the recommendations and closing identified gaps in the control environment would be expected to improve the level of assurance following any subsequent audit work. Members welcomed the recommendations relating to damp and mould, particularly in light of the requirements under Awaab's Law, and emphasised the importance of ensuring that cases were progressed promptly.

Members also discussed missed appointments for housing-related works. Concerns were raised regarding the effectiveness of communication with tenants and the potential impact of missed appointments on the delivery and cost of services. It was noted that work was already underway to review missed appointments and improve communication with tenants, and that further discussion would take place outside the Committee.

Following the discussion, a further question was raised regarding whether the Council had any direct or indirect exposure to Palantir through its contracts and whether this presented any cybersecurity or data protection risks. It was agreed that this matter would be included within the next cybersecurity presentation to the Committee.

It was **RESOLVED** that the report be noted.

4 **ADOPTION OF ANTI-FRAUD & CORRUPTION POLICY STATEMENT & STRATEGY / ANTI-MONEY LAUNDERING POLICY / FRAUD SANCTIONS POLICY**

The Committee considered the revised Anti-Fraud and Corruption Policy Statement and Strategy, Anti-Money Laundering Policy and Fraud Sanctions Policy. It was explained that the three revised policies strengthened the Council's counter-fraud framework and had been updated to reflect current legislation, guidance, frameworks and local government best practice.

The revised Anti-Fraud and Corruption Strategy had been substantially expanded to provide clearer governance arrangements, responsibilities, fraud risk management

and reporting procedures, with wider coverage of bribery, corruption, money laundering, tax evasion and other economic crime.

The Committee was advised that the policies placed greater emphasis on fraud prevention and developing an organisational culture that reduced the risk of fraud occurring. It was noted the cash acceptance limit had been reduced from £3,000 to £1,000, reflecting the relatively low level of cash collected by the Council and practice elsewhere.

It was further noted that the three policies had been presented using a new corporate template to improve consistency and accessibility. Following consultation with stakeholders, flow charts had also been incorporated into each policy to clearly set out how and where suspected fraud, money laundering and related matters should be reported.

It was explained that where an actual financial loss had occurred, such as an incorrect Council Tax reduction, the precise amount could be established and recovery action taken. In tenancy fraud cases, the financial impact could include temporary accommodation costs, costs associated with putting a property back into use and the loss of an opportunity to re-let the property.

Members also queried cases where tenants had left family members living in Council properties. Officers clarified that where a tenant had moved elsewhere and left family members in the property without formally regularising the tenancy, this could constitute a breach of the tenancy.

It was **RESOLVED** that the report be noted.

5 **EXTERNAL AUDIT PLAN - AZETS**

The Committee received a presentation on the External Audit Plan for the year ended 31 March 2026. The auditors outlined the materiality thresholds, significant audit risks and Value for Money arrangements.

The Committee was also advised of the proposed audit fee for 2025/26 of £487,503, which included additional work required to rebuild assurance following the previous disclaimer opinions.

The Committee were also presented with the Build Back Assurance Plan, which set out the approach to rebuilding assurance over the previous four years alongside the 2025/26 audit and would be reported to the Committee quarterly, enabling progress and any slippage against the timetable to be monitored.

Members raised questions regarding the proposed timescale for rebuilding audit assurance, particularly whether the target of completing four years' outstanding work within nine months was achievable, and what assurances could be provided that the timetable would not slip further.

It was explained that the timetable had been agreed between the external auditors and the Council's Finance team, with both parties having committed the necessary

resources. The external auditors advised that the Council had been assessed as being towards the lower end of the risk spectrum, allowing a more targeted approach.

It was agreed that further updates would be provided to the Committee on any additional funding made available by MHCLG to support build-back costs when available.

Further questions were raised regarding the potential consequences if the timetable was not achieved. It was explained that there would be no immediate financial penalty, but delays could extend the period for which the Council received a disclaimer opinion and would postpone the return to a clean audit.

Questions were also raised regarding the transparency of the Build Back Plan and how the Committee would be able to understand which areas of work remained outstanding. It was confirmed that progress would be presented using a heat-map format, identifying work not yet undertaken, work in progress and completed work, with further detail and findings provided as the audit progressed.

Members sought clarification on the timetable in relation to other district councils and the forthcoming Local Government Reorganisation (LGR). It was explained that each council would have an individual timetable based on its risk profile and the approach of its external auditor. The auditors confirmed that the current timetable remained ambitious but was considered achievable, with the intention of returning the Council to a clean audit opinion by the proposed date.

It was **RESOLVED** that the report be noted.

6 ANNUAL TREASURY MANAGEMENT REVIEW OF 2025/26 INCLUDING PRUDENTIAL INDICATORS

The Committee received the Annual Treasury Management Review for 2025/26, which set out the Council's Treasury Management and Prudential Indicators for the year.

It was reported that the Council had operated within all approved Treasury and Prudential Indicators, complied with the relevant Treasury Management and Prudential Codes, and remained within its authorised borrowing limits.

It was explained that the rephasing of the capital programme from 2025/26 into the following financial year had reduced the Council's immediate borrowing requirement. This had enabled the Council to invest funds for a short period before they were required for the committed capital programme.

The Committee was advised that the Council had continued to use internal borrowing where this represented better value than external borrowing. The only new loan taken during the year had been £12 million for the Housing Revenue Account (HRA) to refinance an existing loan, in accordance with the HRA 40-year Business Plan.

In response to a question regarding whether the Council's financial performance could result in reduced Council Tax requirements, Officers clarified that the Council Tax for 2026/27 had already been set and that decisions regarding 2027/28 would form part of the future budget setting process.

The Committee also sought clarification on the Council's overall level of debt, which was approximately £266 million at the end of March 2026. Officers explained that the majority of this related to the approximately £200 million HRA borrowing undertaken in 2012 as part of the transfer of the Council's housing stock.

The HRA borrowing was managed through the HRA 40-year Business Plan, which provided for the borrowing to be repaid over the life of the plan. It was further explained that additional HRA borrowing was linked to the Council's housing regeneration and redevelopment programmes and was required to be supported by the HRA Business Plan and Medium-Term Financial Strategy.

It was **RESOLVED** that the report be noted.

7 SHARED ANTI-FRAUD SERVICE (SAFS) YEAR END REPORT AND PROGRESS UPDATE

The Committee received the Shared Anti-Fraud Service (SAFS) Year-End Report, which provided an overview of the work undertaken during 2025/26 to protect the Council against fraud, and to deliver the Council's Anti-Fraud Action Plan.

It was reported that the SAFS partnership comprised eight councils, and that the service worked with senior officers to deliver the agreed programme of Counter-Fraud activity.

Members were advised that work had continued to strengthen the Council's Anti-Fraud culture, including 11 training sessions covering areas such as identity fraud and fraud risk assessments. SAFS had also supported the review and development of the Council's anti-fraud policies and had issued five fraud alerts and 31 real-time threat alerts covering issues including internal fraud, planning fraud and business rates fraud.

It was reported that 31 Council Tax cases had been resolved through compliance activity, preventing approximately £53,000 in Council Tax and Housing Benefit fraud. Of the 24 cases investigated and closed, 18 had identified fraud, with total recoverable losses of approximately £514,000.

In response to a question regarding the cost of recovering the identified losses, SAFS explained that there was no additional fee for individual recoveries, as the service operated on an agreed annual flat fee. The partnership was jointly funded by its eight participating councils, with each Council's contribution determined according to its level of need. It was noted that Stevenage's contribution was higher than some other district councils due to the Council's housing stock generating additional Counter-Fraud activity.

The Committee also received an update on delivery of the Anti-Fraud Action Plan for

April to June 2026. It was reported that all key performance indicators were currently on target and that the plan covered fraud alerts, emerging trends, executive reports and delivery of the training programme.

It was **RESOLVED** that the report be noted.

8 **RIPA POLICY AND REPORT**

The Head of Information Governance introduced the report and advised that the Council's Regulation of Investigatory Powers (RIPA) policy had been reviewed following an inspection by the Investigatory Powers Commissioner's Office.

The revised policy addressed recommendations from the inspection and included updated guidance on social media investigations, directed surveillance and the use of covert human intelligence sources.

Practical scenarios had been included to help officers understand when surveillance powers could be used and to provide greater clarity and confidence in applying the procedures.

It was noted that the Council had last used its surveillance powers in 2021, but that appropriate procedures and authorisation arrangements needed to remain in place.

Members thanked officers for the practical scenarios included within the revised RIPA policy, noting that these provided a clearer understanding of when the Council's surveillance powers could appropriately be used. Particular reference was made to the potential application of the powers in circumstances involving the protection of children from harm.

It was **RESOLVED** that the report be noted.

9 **URGENT PART 1 BUSINESS**

There was no Urgent Part I report.

10 **EXCLUSION OF PUBLIC AND PRESS**

It was **RESOLVED**:

1. That, under Section 100(A) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involved the likely disclosure of exempt information as described in paragraphs 1 to 7 of Part 1 of Schedule 12A of the Act, as amended by SI 2006 No. 88.

2. That having considered the reasons for the following item being in Part II, it be determined that maintaining the exemption from disclosure of the information contained therein outweighed the public interest in disclosure.

11 **PART II MINUTES - AUDIT MARCH & JUNE 2026**

The minutes of the Audit Committee held on 24 March and 2 June 2026 were approved and signed by the Chair.

12 **Q1 CORPORATE RISK REPORT**

The Committee considered the Quarter 1 update on the Strategic Risk Register.

The Corporate Performance and Improvement Officer presented the report.

Members asked several questions that were answered by Officers.

13 **URGENT PART II BUSINESS**

There was no Urgent Part II Business.

CHAIR