

TITLE OF REPORT: ITEM REFERRED FROM FINANCE, AUDIT AND RISK COMMITTEE: 18 SEPTEMBER 2014 – FINANCE, AUDIT AND RISK COMMITTEE – ANNUAL REPORT FOR 2013-2014

The following is an extract from the Draft Minutes of the Finance, Performance and Risk Committee meeting held on 18 September 2014.

21. FINANCE, AUDIT AND RISK COMMITTEE – ANNUAL REPORT FOR 2013-2014

The Chairman of this Committee, Councillor M.E. Weeks, presented the Annual Report for 2013-2014 and thanked all Members and officers for their contributions and support in the last Civic Year and in particular to the previous Vice-Chairman – Councillor J. Cunningham.

The Chairman reminded Members that this Committee reported to Cabinet and provided assurance to Cabinet and Council on the annual accounts, risk management, governance and internal control. The Chairman was pleased to advise the Committee that the review of FAR for its effectiveness by SIAS had been successful. The Committee had met five times in 2013-2014 and covered a good range of topics in addition to the core items of: Reports of the External Examiner, Internal Audit Reports, Risk Management Updates and Financial Monitoring.

The Chairman highlighted the main achievements of the Committee in the last 12 months with a successful overview of internal control and governance, a key role in financial monitoring with an Assurance Statement from the Chairman in support of the Annual Governance Statement. Additional reports were presented on Hitchin Churchgate, the cancelled Shared Services project with Stevenage BC and East Herts Council and the Hitchin Swim Centre development. The Committee requested an internal review of car parking charges which received a substantial level of assurance, together with a review of the use of surplus income from car parking charges and fixed penalty notices. Also, the Committee investigated the possibility of investing in Housing Associations as part of the NHDC Investment Strategy but were advised that the expected income did not make an attractive proposal.

The Chairman proposed and it was agreed that this Annual report should be presented to Council for endorsement.

The Vice-Chairman on behalf of the Committee thanked the Chairman for his report.

RESOLVED: That the Annual Report from the Chairman of the Finance, Audit and Risk Committee for 2013-2014 be noted.

RECOMMENDED TO COUNCIL: That the Annual Report from the Chairman of the Finance, Audit and Risk Committee be presented to Council for endorsement on 27 November 2014.

REASON FOR DECISION: To comply with Section 6.3.1(b) of the Council's Constitution.

The following is the report considered by the Finance, Audit & Risk Committee at its meeting held on 18 September 2014.



North Hertfordshire District Council

Finance, Audit & Risk Committee Annual Report

2013 - 2014

Contents

Introduction from the Chairman

Role of the Committee

Effectiveness

Members of the Committee

Meetings in 2013/14

Main Achievements

Planned work for 2014/15

Introduction from the Finance Audit & Risk Committee Chairman



I am pleased to present the Annual Report of the Finance, Audit & Risk Committee which describes the Committee's work and achievements over a 12 month period to March 2014.

I hope this Annual Report demonstrates the important role of the Finance Audit & Risk Committee and the contribution it makes to the Council's overall governance. All meetings are open to the public and I would welcome residents to come along and see the Committee in action.

As well as elected members, the Committee is supported by the Strategic Director of Finance, Policy & Governance; the Head of Finance Performance & Asset Management; the Accountancy and Risk & Performance Managers. Similarly representatives of the Council's internal audit service provided by the Shared Internal Audit Service (SIAS) and Grant Thornton (external auditors) regularly attend the meetings of the Committee.

I would like to express my gratitude to those Officers and Members who have, over the past 12 months, attended the Committee to present and discuss reports. I would particularly like to express my thanks to the Vice Chairman, Councillor Julian Cunningham.

Councillor Michael Weeks
August 2014

Role of the Committee

The purpose of the FAR Committee is to provide independent scrutiny and assurance of finance, audit and internal control matters and to provide effective scrutiny of financial matters. This also encompasses corporate governance and risk management.

The Committee reports to Cabinet. The work of the Committee provides assurance to Cabinet and Council on the annual accounts, risk management and internal control.

The full Terms of Reference for this Committee are provided in the Council's Constitution.

<http://www.north-herts.gov.uk/constitution - 9.4.14 - section 6.pdf>

Effectiveness

The Code of Practice for Internal Audit in Local Government 2006 requires an Audit Committee to review its own remit and effectiveness.

Such a review was carried out by the Audit Manager within the Shared Internal Audit Service who has responsibility for the provision of the Internal Audit Service at North Herts District Council. It was reported to the June 2013 meeting of the FAR Committee. This review concluded that the Committee was operating effectively.

A further review will again be carried out and reported to the September 2014 meeting of the Committee.

Members of the Committee

The following members were appointed to the Committee for 2013/14:

Councillor M E Weeks	Conservative	Chairman
Councillor J Cunningham	Conservative	Vice Chairman
Councillor Bill Davidson	Conservative	
Councillor John Booth	Conservative	
Councillor Ian Mantle	Labour	
Councillor David Kearns	Labour	
Councillor Lawrence Oliver	Liberal Democrat	

Substitutes:

Councillor Faye Barnard	Conservative
Councillor Steve Jarvis	Liberal Democrat
Councillor M.R.M Muir	Conservative
Councillor Frank Radcliffe	Labour

To support Members appointed to the Committee, assistance was readily available from relevant Officers. Additional development opportunities that some members took advantage of included attendance at a Risk Management Group meeting, the "Audit Committees and Emerging Risks" event held by SIAS and before the March 14 meeting a presentation was made on the Internal Audit procedure used by SIAS at NHDC.

Meetings

A work plan was agreed at the start of the year, which included regular review of the following:

- Reports of the External Auditor (Grant Thornton)
- Internal Audit Reports (Shared Internal Audit Service – SIAS)
- Risk Management Updates
- Financial monitoring including Treasury Management Activity

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

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

13 June 2013
Risk Management Update Audit Charter – Public Sector Internal Audit Standards 2012-2013 Annual Assurance Statement and Internal Audit Annual Report Audit Committee Progress Report The Effectiveness of the Finance Audit & Risk Committee Annual Governance Statement Revenue Budget Outturn 2012/2013 Annual Treasury Management Review 2012/13 Capital Programme Outturn 2012/13 Debt Recovery Lending to Housing Associations External costs incurred by NHDC through the Churchgate project Updated Contract Procurement Rules
19 September 2013
Annual Report to those Charged with Governance for 2012-2013 Annual Governance Statement for 2012 -2013 Risk Management Update SIAS update on progress against the 2013-14 Audit Plan SIAS Annual Report for 2012-2013 Shared Services - Costs and Savings within the Halted Joint Project with Stevenage and East Herts Councils Statement of Annual Accounts for 2012 -2013 First Quarter Revenue Monitoring 2013-14 First Quarter Capital Monitoring for 2013-14 First Quarter Treasury Monitoring Report for 2013-14
5 December 2013
The Annual Audit Letter for 2012/13 Risk Management Update SIAS update on progress on the 2013-14 audit plan Parking Enforcement 2013-14 Final Report Second Quarter Revenue Budget Monitoring 2013-14 Second Quarter Capital Monitoring for 2013-14 Second Quarter Treasury Monitoring Report for 2013-14 Corporate Business Planning – Budget for 2014-15
27 January 2014
'Invest to Save' Hitchin Swimming Centre Development and Extension to the Car Park Grant Certification report Corporate Business Planning Budget 2014-15 Capital Programme 2014-15 Onwards Treasury Management Strategy for 2014-15

19 March 2014

Risk Management Update
Review of Annual Governance Statement Action Plan and Local Code of Corporate Governance
Confidential Reporting Code (Whistleblowing) Review
Audit Plan 2013-14
SIAS Update on progress against the 2013 - 2014 Audit Plan
SIAS Internal Audit Plan for 2014 - 2015
Third Quarter Revenue Budget Monitoring 2013-14
Third Quarter Capital Monitoring 2013-14
Treasury Management Third Quarter Report 2013-14
Parking

Main Achievements

Taking the year as a whole, the Finance, Audit & Risk Committee has been successful in maintaining a comprehensive overview of internal control and governance. In addition, it played a key role in financial monitoring. The Chairman of the Committee was in a position to provide an Assurance Statement on the role of the Committee to support the Annual Governance Statement for 2013/14.

Particular clarifications were sought and received on the costs incurred on various projects. These included Churchgate; the halted shared services project with Stevenage Borough Council and East Herts Council and the Hitchin Swimming Centre development.

The Committee requested an internal audit review of car parking enforcement and was pleased with the outcome that provided a substantial level of assurance. In addition it reviewed the use of surplus income raised from parking charges for on street and off street parking and the income from the issue of Fixed Penalty Notices.

The Committee investigated the possibility of lending to Housing Associations as part of NHDC's investment strategy and noted the recommendation that this was unlikely to generate sufficient benefits to make such a proposal attractive.

Planned work for 2014/15

The Committee will receive the items that ensure it covers its remit. In addition the Committee may also request reports or details of follow up actions on specific areas.

There are several new Members that have been appointed to the Committee for 14/15. They are encouraged to take advantage of the various offers of training and development that have been made by Officers as well as some of the external courses that are available. Attendance at a meeting of the Risk Management Group would also be beneficial. This will enable Members of the Committee to discharge their responsibilities to the best of their ability.