

***PART 1 – PUBLIC DOCUMENT**

AGENDA ITEM No.

6

TITLE OF REPORT: ITEM REFERRED FROM FINANCE, AUDIT AND RISK COMMITTEE: 15 JUNE 2015 – FINANCE, AUDIT AND RISK COMMITTEE ANNUAL REPORT FOR 2014/15

The following is an extract from the Draft Minutes of the Finance, Audit and Risk Committee meeting held on 15 June 2015.

12. FINANCE, AUDIT & RISK COMMITTEE ANNUAL REPORT 2014-15

The Chairman of the Committee (Councillor Michael Weeks) presented the Finance, Audit and Risk Committee Annual Report for 2014/15.

The Chairman thanked Members of the Committee and officers for their help and support during 2014/15.

RECOMMENDED TO COUNCIL: That the Annual Report of the Finance, Audit and Risk Committee 2014/15 be noted.

REASON FOR DECISION: To comply with the requirements of the Council's Constitution.

The following is the report considered by the Finance, Audit and Risk Committee at its meeting held on 15 June 2015.



Finance, Audit & Risk Committee Annual Report

2014 to 2015

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Introduction from the Finance Audit & Risk Committee Chairman



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 2015.

I hope this Annual Report demonstrates the importance of the 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 encourage 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 audit services 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 John Booth and to Nigel Schofield, Committee and Member Services Officer. Nigel has supported the Committee for many years and I wish him well in his retirement.

Councillor Michael Weeks

May 2015

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, audit and internal control.

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

[http://www.north-herts.gov.uk/sites/northherts-cms/files/constitution - 9.4.14 - section 6.pdf](http://www.north-herts.gov.uk/sites/northherts-cms/files/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 September 2014 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 June 2015 meeting of the Committee.

Members of the Committee

The following Members were appointed to the Committee for 2014/15:

Councillor M E Weeks	Conservative	Chairman
Councillor John Booth	Conservative	Vice-Chairman
Councillor Simon Harwood	Conservative	
Councillor Jim McNally	Conservative	
Councillor Clare Billing	Labour	
Councillor Deepak Sangha	Labour	
Councillor Steve Jarvis	Liberal Democrat	
Substitutes:		
Councillor Alison Ashley	Conservative	
Councillor Paul Clark	Liberal Democrat	
Councillor John Harris	Conservative	
Councillor Lorna Kercher	Labour	

To support Members appointed to the Committee, assistance was readily available from relevant Officers. Two additional development opportunities that some Members took advantage of were; attendance at the "Maximising the Value of Audit Committees" event held by SIAS and a Treasury Management briefing by Capita Asset Services.

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) to enable monitoring of the delivery of the internal audit service
- Risk Management Updates
- Financial monitoring including Treasury Management Activity and Revenue/Capital monitoring

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:

23 June 2014

Risk Management Update
Annual Assurance Statement and Internal Audit Annual Report 2013-2014
SIAS update on progress against the 2014-15 audit plan
Draft Annual Governance Statement for 2013-14
Anti Fraud & Corruption and Anti Money Laundering Policies
Revenue Budget Outturn 2013/2014
Annual Treasury Management Review 2013/14
Capital Programme Outturn 2013/14
Information Note – HCC Shared Managed Services Framework agreement for a payroll service provided by SERCO

18 September 2014

Annual Report to those Charged with Governance for 2013-14
Annual Governance Statement for 2013-14
Risk Management Update
SIAS update on progress against the 2014-15 Audit Plan
SIAS Annual Report for 2013-14
Statement of Annual Accounts for 2013 -2014
First Quarter Revenue Monitoring 2014-15
First Quarter Capital Monitoring for 2014-15
First Quarter Treasury Monitoring Report for 2014-15
The Effectiveness of the Finance Audit & Risk Committee

11 December 2014

The Annual Audit Letter for 2013/14
NHDC Payroll Service Update
Risk Management Update
Proposed shared anti-fraud service partnership
SIAS update on progress on the 2014-15 audit plan
Amendments to the Council's Financial Regulations
Second Quarter Revenue Budget Monitoring 2014-15
Second Quarter Capital Monitoring for 2014-15
Treasury management Mid-year review 2014-15
Corporate Business Planning – Draft Budget for 2015-16

26 January 2015

Annual Audit Letter – Housing Benefit Grant Certification
Corporate Business Planning Budget 2015-16
Capital Programme 2015-16 Onwards
Treasury Management Strategy for 2015-16

18 March 2015

Risk Management Update
Audit Committee update – Grant Thornton
Grant Thornton Audit Plan 2015-16
SIAS Update on progress against the 2014 - 2015 Audit Plan
SIAS Internal Audit Plan for 2015 - 2016
Third Quarter Revenue Budget Monitoring 2014-15
Third Quarter Capital Monitoring 2014-15
Treasury Management Third Quarter Report 2014-15

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 2014/15.

The Committee received an informative report on the outcomes following the outsourcing of the Payroll Service and the steps taken to manage the service and associated risks.

The Committee requested more information from the Head of Revenues, Benefits & Information Technology on the points raised by Grant Thornton in their Annual Report to those Charged with Governance on IT controls. They received assurance that the recommendations from Grant Thornton had been acted upon.

Planned work for 2015/16

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.

All Members of the Committee 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.