

<b>COUNCIL</b> <b>14 JULY 2016</b>
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<b>*PART 1 – PUBLIC DOCUMENT</b>	<b>AGENDA ITEM No.</b>  <b>6</b>
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**TITLE OF REPORT: ITEM REFERRED FROM FINANCE, AUDIT AND RISK COMMITTEE: 13 JUNE 2016 – FINANCE, AUDIT AND RISK COMMITTEE ANNUAL REPORT FOR 2015/16**

*The following is an extract from the Draft Minutes of the Finance, Audit and Risk Committee meeting held on 13 June 2016.*

**11. FINANCE, AUDIT AND RISK COMMITTEE ANNUAL REPORT 2015/16**

The Chairman of the Committee (Councillor Michael Weeks) presented the Finance, Audit and Risk Committee Annual Report for 2015/16.

The Chairman thanked Members of the Committee and officers for their help and support during 2015/16.

In response to a Member's question, the Shared Risk Manager undertook to provide Committee Members with details of the dates of forthcoming Risk Management Group meetings.

**RECOMMENDED TO COUNCIL:** That the Annual Report of the Finance, Audit and Risk Committee 2015/16 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 13 June 2016.*

NORTH HERTFORDSHIRE  
DISTRICT COUNCIL



# Finance, Audit & Risk Committee Annual Report 2015/16

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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 2016.

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 our external auditors regularly attend the meetings of the Committee. During the year our external auditors changed from Grant Thornton to Ernst and Young. My thanks go to the former for their contribution to the Committee, and I would like to welcome the latter.

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 like to thank Andy Cavanagh who has contributed to the Committee as Lead Officer for a number of years and left NHDC during this year. I would particularly like to express my thanks to the Vice Chairman, Councillor John Booth, who has left the Committee to take up the position as Chairman of the Council. I would like to thank him for his contribution to the Committee over the past six years.

**Councillor Michael Weeks**

**May 2016**

## **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%20Section%2010\\_0.pdf](http://www.north-herts.gov.uk/sites/northherts-cms/files/Constitution%20Section%2010_0.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 2015 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 2016 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 John Bishop	Conservative	
Councillor Simon Harwood	Conservative	
Councillor Lorna Kercher	Labour	
Councillor Jim McNally	Conservative	
Councillor Deepak Sangha	Labour	

Substitutes:

Councillor Alison Ashley	Conservative
Councillor Clare Billing	Labour
Councillor John Harris	Conservative

To support Members appointed to the Committee, assistance was readily available from relevant Officers. An additional development opportunity that some Members took advantage of, was an Audit Committee training session.

## 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 up to December 2015, Ernst and Young from January 2016 onwards)
- 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:

### 15 June 2015

SIAS Methodology  
The Effectiveness of the Finance Audit & Risk Committee  
Annual Assurance Statement and Internal Audit Annual Report 2014-2015  
SIAS update on progress against the 2015-16 audit plan  
External audit update on 2014-15 audit  
Risk Management Update and Annual Report on Risk Management  
FAR Annual Report  
Draft Annual Governance Statement for 2014-15  
Revenue Budget Outturn 2014-2015  
Capital Programme Outturn 2014-15  
Annual Treasury Management Review 2014-15  
Updated Contract Procurement Rules and Social Value recommendations

### 24 September 2015

Information Technology Strategy 2015-20  
Progress report on the Shared Anti-Fraud Service (SAFS)  
Managing Organisational Conflict in Council Roles and Duties- draft guidance  
Audit findings report 2014-15  
SIAS Annual Report for 2014-15  
SIAS update on progress against the 2015-16 Audit Plan  
Risk Management Update  
Annual Governance Statement for 2014-15  
Statement of Annual Accounts for 2014 -2015  
First Quarter Revenue Monitoring 2015-16  
First Quarter Capital Monitoring for 2015-16  
First Quarter Treasury Monitoring Report for 2015-16

### 10 December 2015

The Annual Audit Letter for 2014-15  
Certification Letter 2014-15  
SIAS update on progress against the 2015-16 Audit Plan  
Risk Management Update  
Second Quarter Revenue Budget Monitoring 2015-16  
Second Quarter Capital Monitoring for 2015-16  
Second Quarter Treasury management 2015-16  
Draft Budget 2016-17  
Building Control (7 Hertfordshire Authorities) Project

**25 January 2016**

External Audit Update- December 2015 (Ernst and Young)  
Value for Money Code of Audit Practice 2015  
Corporate Business Planning- Revenue Budget 2016-17  
Capital Programme 2016-17 onwards  
Treasury Management Strategy for 216-17

**23 March 2016**

Audit Plan Year Ending 31 March 2016 (Ernst and Young)  
Anti-Bribery Policy Review 2015-16  
Whistleblowing Policy Review 2015-16  
Update on Shared Anti-Fraud Service (SAFS)  
SIAS update on progress against the 2015-16 Audit Plan  
Internal Audit Plan for 2016-17  
Risk Management Update  
Review of the Annual Governance Statement Action Plan and Local Code of Corporate Governance  
Third Quarter Revenue Budget Monitoring 2015-16  
Third Quarter Capital Monitoring 2015-16  
Treasury Management Third Quarter Report 2015-16

**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 2015-16.

The Committee received reports on the progress and performance of the new Shared Anti-Fraud Service (SAFS).

The Committee received a report on the Building Control Project, which allowed them to make a recommendation to Cabinet to approve the proposal.

The Committee requested more information from the Head of Revenues, Benefits & Information Technology on the future proposed investment and development of IT systems. They received assurance that the service was reacting to user needs, promoting new technology and making best use of assets.

**Planned work for 2016-17**

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.