



North Hertfordshire District Council

Finance, Audit & Risk Committee Annual Report

2013 - 2014

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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 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.