

NORTH HERTFORDSHIRE  
DISTRICT COUNCIL



North Hertfordshire District Council

# Finance, Audit & Risk Committee Annual Report

2019 to 2020

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## **Introduction from the Finance Audit & Risk Committee Chair**

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 2020.

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 Service Director: Resources and the Accountancy Manager. The Policy and Community Engagement Manager supports us in approving and reviewing the Annual Governance Statement. Similarly representatives from the Shared Internal Audit Service (SIAS), the Shared Anti-Fraud Service (SAFS) and our External Auditors (Ernst Young) regularly attend the meetings of the Committee.

**Councillor Kate Aspinwall**

**May 2019**

## **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.

[https://www.north-herts.gov.uk/sites/northherts-cms/files/S.10\\_0.pdf](https://www.north-herts.gov.uk/sites/northherts-cms/files/S.10_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 Client Audit Manager within the Shared Internal Audit Service who has responsibility for the provision of the Internal Audit Service at North Herts District Council. This review concluded that the Committee was operating effectively.

A further review is in progress and will be sent around the Committee when it has been completed.

## **Members of the Committee**

The following Members were appointed to the Committee for 2018/19:

Councillor Kate Aspinwall	Labour	Chair
Councillor Sam North	Liberal Democrat	Vice-Chair
Councillor Steve Deakin-Davis	Conservative	
Councillor Morgan Derbyshire	Conservative	
Councillor Steve Jarvis	Liberal Democrat	
Councillor Kay Tart	Labour	
Councillor Michael Weeks	Conservative	

Substitutes:

Councillor Sam Collins	Liberal Democrat
Councillor George Davies	Conservative
Councillor Ian Moody	Conservative
Councillor Adem Ruggiero-Cakir	Labour

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 a training session on Fraud.

## Meetings

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

- Reports of the External Auditor (Ernst and Young)
- Internal Audit Reports (Shared Internal Audit Service – SIAS) to enable monitoring of the delivery of the internal audit service
- Anti-fraud reports (Shared Anti-Fraud Service- SAFS) to enable monitoring of the effectiveness of anti-fraud activity
- Risk Management Updates
- Financial monitoring including Revenue budget and the Investment Strategy (Capital and Treasury)

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:

### 3 June 2019

Annual Assurance Statement and Internal Audit Annual Report 2018-2019  
SIAS update on progress against the 2019-20 audit plan  
FAR Annual Report  
Draft Annual Governance Statement for 2018-19  
Revenue Budget Outturn 2018-2019  
Capital Programme Outturn 2018-18  
Annual Treasury Management Review 2018-19

### 29 July 2019

Shared Anti-Fraud Service Annual Report 2018-19  
Annual Governance Statement for 2018-19  
Audit findings report 2018-19  
Statement of Annual Accounts for 2018-2019  
Risk Management Update and Annual Report on Risk Management  
First Quarter Revenue Monitoring 2019-20  
First Quarter Investment Strategy (Integrated Capital and Treasury) 2019-20  
Medium Term Financial Strategy

### 16 September 2019

SIAS Annual Report for 2018-19  
SIAS update on progress against the 2019-20 Audit Plan  
Annual Governance Statement Action Plan 2019/20- Progress Review  
Fraud Policy Review  
Risk Management Update

### 5 December 2019

SAFS Anti-Fraud Progress Report  
NHDC Annual Audit Letter 2018-19  
SIAS update on progress against the 2019-20 Audit Plan  
Amendments to the Contract Procurement rules  
Draft Budget 2020/21  
Second Quarter Revenue Monitoring 2019-20  
Second Quarter Investment Strategy (Integrated Capital and Treasury) 2019-20  
Risk Management Update

**20 January 2020**

External Audit Plan for the year ending 31<sup>st</sup> March 2020  
Revenue Budget 2020-21  
Investment Strategy (Integrated Capital and Treasury)  
Financial Management Code

**16 March 2020**

SIAS update on progress against the 2019-20 Audit Plan  
Internal Audit Plan for 2020-21  
SAFS Anti-Fraud Plan for 2020-21  
SAFS Anti-Fraud Progress Report  
Review of the Annual Governance Statement Action Plan and Local Code of Corporate Governance  
Risk Management Update and proposed changes to the Risk Management framework  
Third Quarter Revenue Monitoring 2019-20  
Third Quarter Investment Strategy (Integrated Capital and Treasury) 2019-20

**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 by reviewing reports and providing comments and recommendations to Cabinet.

The Committee received a report on changes to the Contract Procurement Rules, the Fraud Policy and the Risk Management Framework. This allowed the Committee to review the proposals, and in the case of the Fraud Policy to make a recommendation on a change. These were all referred on to Cabinet or Council (as relevant) where they were adopted.

**Planned work for 2020-21**

The Committee will receive the items that ensure it covers its remit. This will include fulfilling its statutory requirement to approve the Annual Governance Statement and Statement of Annual Accounts. The Committee will also comment on an update to the financial regulations.

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 and Opportunities Management Group would also be beneficial. This will enable Members of the Committee to discharge their responsibilities to the best of their ability.