

COUNCIL
13 JULY 2023

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: FINANCE, AUDIT AND RISK COMMITTEE ANNUAL REPORT 2022-23

REPORT OF: SERVICE DIRECTOR: RESOURCES

EXECUTIVE MEMBER: NON-EXECUTIVE FUNCTION

COUNCIL PRIORITY: SUSTAINABILITY

1. EXECUTIVE SUMMARY

To consider the Annual Report of the Finance, Audit and Risk Committee for the 2022/23 Civic Year.

2. RECOMMENDATIONS

- 2.1. That Full Council note the Annual Report of the Finance, Audit and Risk Committee.

3. REASONS FOR RECOMMENDATIONS

- 3.1. To provide Full Council with assurance as to the effectiveness of the Finance, Audit and Risk Committee.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. None, the constitution requires an Annual Report to be provided to Council.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1. The outgoing Chair of the Committee have been consulted on the content of the report.
- 5.2. The current Members of the Committee have been provided with an opportunity to comment on the Report before it is presented to Full Council.

6. FORWARD PLAN

- 6.1 This report does not contain a recommendation on a key Executive decision and has therefore not been referred to in the Forward Plan.

7. BACKGROUND

- 7.1. The Chair of Finance, Audit and Risk Committee reports to Full Council each year providing an overview of the work that has been done over the previous Civic Year. It also provides a summary of the work planned for the forthcoming year.

8. RELEVANT CONSIDERATIONS

- 8.1 The Annual Report for 2022-23 is attached at Appendix A. The Annual Report is intended to provide Full Council with assurance as to the effectiveness of the Finance, Audit and Risk (FAR) Committee.

9. LEGAL IMPLICATIONS

- 9.1 The Constitution (4.4.1 (ee)) states that Full Council will receive an Annual Report from the Finance, Audit and Risk Committee.
- 9.2 In terms of the Statement of Accounts and approval deadlines mentioned in 10.2 of this report and the Annual report, set out under the Planned work in the 2022-23 section, this has caused concern amongst the statutory officers, regarding the failure to meet a deadline and the potential upcoming issue of being unable to meet the Accounts and Audit Regulations 2015 (as amended by Regulation 10 6B, The Accounts and Audit (Amendment) Regulations 2022) requirements to approve the 22/23 accounts within statutory deadlines. Under the Amendment Regulations 2022, this should be “*..not later than 30th September*” 2023.
- 9.3 CIPFA have sent correspondence to Chief Finance Officers to say it is down to their judgement as to whether to publish by the deadline. There is a legal duty on a Monitoring Officer, in consultation with the Chief Finance Officer, and Head of Paid Service, to report under section 5(2) & (3) Local Government & Housing Act 1989, for a non-Executive Function: “*if it at any time appears to him that any proposal, decision or omission by the authority, by any committee, or sub-committee of the authority, by any person holding any office or employment under the authority or by any joint committee on which the authority are represented constitutes, has given rise to or is likely to or would give rise to—(a) a contravention by the authority, by any committee, or sub-committee of the authority, by any person holding any office or employment under the authority or by any such joint committee of any enactment or rule of law.*” Such a contravention is anticipated and being notified accordingly to the Committee and Council as the recommended referral denotes. It will be considered further as to whether any other action is required at this stage, given the national situation and the advice of CIPFA.

10. FINANCIAL IMPLICATIONS

- 10.1 Providing Full Council with assurance over the effectiveness of the Finance, Audit and Risk Committee gives confidence that the areas of its work (including financial management) are being managed effectively.
- 10.2 The Annual Report references the delay in publishing the 2022/23 Statement of Accounts, that has been caused by not being to finalise the pension position on the 2021/22 accounts and the knock-on impact on to 2022/23. The delays in audits are a common problem across Local Government and due to a number of issues including auditor resources and increases in audit requirements (as set by the Financial Reporting Council). There is extensive communication from representative bodies (e.g. Society of

District Council Treasurers) and CIPFA to highlight the concerns and impacts. The Levelling Up, Housing and Communities Committee have also launched an inquiry in to financial reporting and audit.

11. RISK IMPLICATIONS

- 11.1. Providing Full Council with assurance over the effectiveness of the Finance, Audit and Risk Committee gives confidence that the areas of its work (including oversight of risk) are being managed effectively.

12. EQUALITIES IMPLICATIONS

- 12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2. There are no equalities implications arising from this report.

13. SOCIAL VALUE IMPLICATIONS

- 13.1. The Social Value Act and “go local” requirements do not apply to this report.

14. ENVIRONMENTAL IMPLICATIONS

- 14.1. There are no known Environmental impacts or requirements that apply to this report.

15. HUMAN RESOURCE IMPLICATIONS

- 15.1 There are no direct HR implications arising from this report.

16. APPENDICES

- 16.1 Appendix A- Finance, Audit and Risk Committee Annual Report 2022-23.

17. CONTACT OFFICERS

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18. BACKGROUND PAPERS

- 18.1 *Reports to and minutes of the Finance, Audit and Risk Committee during the Civic Year 2022-23 can be found here: [Browse meetings - Finance, Audit and Risk Committee | North Herts Council \(north-herts.gov.uk\)](https://www.north-herts.gov.uk/finance-audit-risk-committee)*