



Finance, Audit and Risk Committee
Annual Report 2023-24

Contents

Introduction from the Chair of the Committee

Role of the Committee

Effectiveness

Members of the Committee

Meetings in 2023-24

Main achievements

Planned work for 2024-25

Introduction from the Chair of the Committee

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 2024.

At the start of every meeting, I highlight the importance of this Committee in relation to good governance. Good governance supports effective decision making, improve performance, and respond to risks and opportunities. I hope that this Annual Report helps to demonstrate this, and the importance of the role of the Finance Audit & Risk Committee

All of our 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, the Policy and Strategy Team Leader 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 regularly attend the meetings of the Committee.

I would like to thank those Members of the Committee from last year, especially those that have supported the Committee over a number of years.

Councillor Sean Nolan

May 2024

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 provides comments on relevant reports to Cabinet, including quarterly finance reports and budget-setting reports. The work of the Committee provides assurance to 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

Effectiveness

The Chartered Institute of Public Finance and Accountancy (CIPFA) produced a publication on "Audit Committees: Practical Guidance for Local Authorities and Police". This recommends that Audit Committees should consider their effectiveness and provides an self-evaluation tool to facilitate this. The Council asked the Shared Internal Audit Service (SIAS) to undertake such a review in July 2021, which was reported to Committee at the July 2021 meeting (<https://democracy.north-herts.gov.uk/documents/s16780/Appendix%20A%20-%20SIAS%20Review%20of%20the%20effectiveness%20of%20the%20Finance%20Audit%20and%20Risk%20Committee.pdf>).

The findings of the 2021 review (and progress made against the recommendations) were:

- **Independent Member (non-political appointment).** The Committee now has an Independent Member, who has been in place since September 2022.
- **Forward Work Plan.** This document provides a forward work plan (see the Planned Work section). Members of the Committee are also encouraged to recommend future agenda items.
- **Learning and Development.** See the Main Achievements section below for details of training provided during 2023/24.
- **Terms of Reference.** The Terms of Reference for Council confirm that this Annual Report is considered by a meeting of Full Council.

During 2022/23 we received peer support to look at improving the effectiveness of the Finance, Audit and Risk Committee (as well as the Overview and Scrutiny Committee). The recommendations of that process (and progress made against the recommendations) were:

- **All-Member training on Finance and Risk (2023/24).** Training provided in June 2023.
- **Introductory to Local Government Finance training (2024/25).** External trainer commissioned for training to be provided in June 2024.
- **Regular training before FAR meetings.** Has been in place during 2023/24 when there has been sufficient interest. Planned to continue during 2024/25 onwards.
- **Reassure Members that additional support is available.** Offer has been made and some Members have taken up the offer.
- **Move the review of finance monitoring reports (referred to as Finance Scrutiny) to Overview and Scrutiny Committee.** Agreed that recommendation was premature when it was made, but that would be reviewed again 2024/25.
- **If split above goes ahead, ensure that Members of the Audit Committee are clear on the scope of the Committee-** To be progressed if action above is taken forward.
- **Group Leaders to promote the role of FAR-** Group Leaders contacted in advance of Annual Council highlighting the importance of the Committee.

- **Short explanation of the role of the Committee to be read out before each meeting.** Complete and now part of the Chair's script.
- **Explanation added to the website to explain the role of the Committee.** Complete.
- **Easier ways of accessing the risk register.** It was promoted in the Finance and Risk training in June 2023, as well as via Members Information Service. To be promoted again during Summer 2024 via e-mail and in Members Information Service.
- **Support Members with understanding the risks that the Council faces.** Was part of training in June 2023. To carry out more training during 2024 with a focus on FAR and Cabinet Members.
- **Meeting minutes reflect agreed actions.** This is in place for all meetings.
- **Consideration of future discussion topics.** This is on the agenda for each meeting and has been discussed regularly.
- **Skills audit/ regular training for FAR members.** Has been addressed through regular training sessions before FAR meetings. Topics are guided by relevant agenda items and requests for Members.

The SIAS review of this committee is included in the audit plan for this year (2024/25), and is expected to take place early in the civic year.

Members of the Committee

The following Members were appointed to the Committee for 2023/24:

Councillor Sean Nolan	Labour and Co-operative	Chair
Councillor Terry Tyler	Liberal Democrat	Vice-Chair
Councillor Terry Hone	Conservative	
Councillor Chris Lucas	Liberal Democrat	
Councillor Tom Plater	Labour and Co-operative	
Councillor Mandi Tandi	Conservative	
Councillor Tamsin Thomas	Labour and Co-operative	
John Cannon	Independent (non-voting)	

Substitutes:

Councillor Matt Barnes	Liberal Democrat
Councillor Clare Billing	Labour and Co-operative
Councillor Sam Collins	Liberal Democrat
Councillor Adam Compton	Conservative
Councillor Juan Cowell	Conservative
Councillor Daniel Marsh	Labour and Co-operative

To support Members appointed to the Committee, assistance was readily available from relevant Officers.

Meetings

A work plan was set out at the start of the year, which included review of the following:

- Governance reports, including the Annual Governance Statement
- 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 Chief Finanec

The Committee met six times in the year and the following reports were presented and discussed:

	Jun 2023	Sep 2023	Nov 2023	Dec 2023	Jan 2024	Mar 2024
Annual Governance Statement	Draft AGS 22/23	Annual Governance Statement 22/23				Local Code of Governance and AGS Action Plan update
Reports from External Auditors (Ernst and Young)		Audit Results Report 21/22 and Annual Audit Report 21/22				
Statement of Accounts		Statement of Accounts 21/22				
Internal Audit (SIAS) progress reports	Annual Report 22/23	Progress Report 23/24	Progress Report 23/24		Progress Report 23/24	Audit Plan 24/25 and 23/24 Progress
Anti-Fraud (SAFS) reports		Annual Report 22/23 and progress 23/24		Progress Report		24/25 Plan and 23/24 Progress
Budget monitoring reports	Outturn for 22/23	Q1 23/24		Q2 23/24		Q3 23/24
Risk Management	Annual Report on Risk Governance			Mid-year update		
Budget setting reports			Medium Term Financial Strategy	Draft Budget 24/25	Revenue Budget 24/25	

					Investment Strategy 24/25 onwards	
Other reports	FAR Annual Report 22/23 LGA Review Action Plan					Clearing the External Audit backlog

Main Achievements

As an Audit Committee, it is important that FAR undertakes its key and regular tasks to ensure good governance. Training helps in understanding the topics, as well as developing skills to help analyse the reports that are presented.

It was pleasing to see that FAR was able to approve the Statement of Accounts for 2021/22 in September 2023. The pension issue (that was outside the Council's control) was finally resolved. Whilst this is a delay on when the accounts are supposed to be, relatively the Council is in a good position. The report on the External Audit backlog (March 2024) set out the national plans on how to address the situation. Ernst and Young (current auditors up to 2022/23) and KPMG (new auditors from 2023/24) both supported the Committee by detailing the implications of the proposed plans. We are planning on the basis of the actions being put in place, but still waiting for confirmation that it will actually happen.

In June there was a training session open to all Members covering finance and risk. In November there was another all-Member session from the Shared Anti-Fraud Service (SAFS). In advance of FAR meetings, we have had mini-training sessions which have covered topics including Internal Audit, budget-setting and good governance. The topics were determined by FAR Members and the topics being discussed.

Planned work for 2024-25

The Committee will receive the items that ensure it covers its remit. This is expected to include the following items:

	Jun 2024	Early Sep 2024	End Sept 2024	Nov 2024	Jan 2025	Feb 2025	Mar 2025
Annual Governance Statement	Draft AGS 23/24		AGS 23/24				
Reports from External Auditors (Ernst and Young)	Value for Money report 22/23		22/23 Audit Report (limitation of scope opinion)				
Reports from External Auditors (KPMG)	Audit Plan 23/24				TBC 23/24 Audit Report (expected with some limitation of scope)		
Internal Audit (SIAS) progress reports	Annual Report 23/24	Service Report 23/24 and update 24/25		Progress Report			Audit Plan 25/26 and 24/25 Progress
Anti-Fraud (SAFS) reports		Annual Report 23/24 and progress 24/25			Progress Report		25/26 Plan and 24/25 Progress
Budget monitoring reports	Outturn for 23/24	Q1 24/25			Q2 24/25		Q3 24/25
Risk Management	Annual Report				Mid-year update		
Budget setting reports				Medium Term Financial Strategy	Draft Budget 25/26	Revenue Budget 25/26 Investment Strategy 25/26 onwards	
Other reports	FAR Annual Report 23/24	Contract and Procurement Rules		Financial Regulations			

The review of the Contract and Procurement Rules is due to the new Procurement Act 2023 that will need to be implemented from the end of October 2024. The review will also consider how we can simplify the rules.

The Financial Regulations will be reviewed to ensure that they still work well in balancing the need for good governance with being productive.

Members of the Committee can also make recommendations of other topic areas that they would like to discuss/ be reported on.

The training sessions immediately prior to each meeting will continue. The first topic will be on carrying out risk assessments as that was a topic that was requested at the end of last year.

All Members of the Committee are encouraged to take advantage of the various offers of training and development that will be made by Officers, as well as any relevant external courses that are available. All Members are also able to contact the Service Director: Resources for any support that they require.