

Item No	Referred from:	FINANCE, AUDIT AND RISK COMMITTEE
8D	Date:	19 JUNE 2024
	Title of item:	FINANCE, AUDIT AND RISK COMMITTEE ANNUAL REPORT 2023-24
To be considered alongside agenda item:		Agenda item 17

The report considered by Finance, Audit and Risk Committee at the meeting held on 19 June 2024 can be viewed here [Agenda for Finance, Audit and Risk Committee on Wednesday, 19th June, 2024, 7.30 pm | North Herts Council \(north-herts.gov.uk\)](#)

RECOMMENDED TO COUNCIL: The Annual Report of the Finance, Audit and Risk Committee (as amended) be noted.

REASON FOR RECOMMENDATION: To enable the Committee to consider the report before it is presented to Full Council. To provide Full Council with assurance as to the effectiveness of the Finance, Audit and Risk Committee.

Audio recording – 5 minutes 40 seconds

The Service Director – Resources presented the report entitled 'Finance, Audit and Risk Committee Annual Report 2023-24' and highlighted that:

- The report provided Council with a performance overview of the Finance, Audit and Risk Committee (FAR) for the civic year 2023-24.
- The report described the role of the Committee, with the main achievements for 2023-24, being the approval of the accounts for 2021-22 and the report regarding the external audit backlog.
- There was a national backlog of external audits, partly due to the strengthening of the rules and regulations of the Financial Reporting Council after recent failures at both companies and public organisations and this had meant more detailed work was required.
- The audit sector had been experiencing resourcing issues both within their teams and at various Councils and this had impacted on the backlog. North Herts had a backlog of 1 year and a stable team available to assist with the accounts.
- In January 2024 there had been a proposal to resolve the backlog and introduce backstop dates for approval of accounts. It was proposed that for all years up 2022-23 that any remaining accounts would be approved at the end of September 2024, even if the audit work was not fully completed, with further backstop dates being put in place for future years.
- The approval of an uncompleted account would lead to extra work for the subsequent audit year and this would lead to an increase in auditor fees.
- This backstop date was now uncertain as the legislation was stalled following the dissolution of Parliament ahead of the General Election.
- The proposed reporting dates for 2024-25 were listed on page 184 of the report, however these were now likely to change due to the delays in passing the legislation.
- The Annual Governance Statement (AGS) was linked to the statement of accounts, and this was now likely to be presented at a later date.
- Amendments to the table on page 184 of the report would be made prior to this report being presented to the July Council meeting.

- Ernst and Young were auditors for the Council for Civic Year 2022-23.
- KPMG were now the auditors for the Financial year 2023-24 onwards.
- This Committee set the internal audit plan at the end of each financial year and monitored the progress of the plan throughout the year.
- The Shared Anti-Fraud Service (SAFS) were a shared service hosted by the County Council with the aim to investigate, prevent and detect fraud from staff and the public. SAFS used specialist staff, data bases and information to investigate fraud, SAFS also provided information regarding the prevention of fraud.
- Throughout the year key financial and risk reports were presented to FAR. The Committee were then able to question the Officer, focusing on financial elements and controls and comment on the report prior to the item being referred to Cabinet.
- The Committee received the draft budget setting report to its January meeting for the following Civic Year and looked at the Medium-term Financial Strategy at the November meeting.
- The table on page 182 of the report detailed the reports the Committee received in the Civic Year 2023-24.
- The peer support recommendations for the Committee were highlighted on pages 180 and 181 of the report with the appropriate action points.
- This report belonged to the Chair of the Committee.

The Chair, Councillor Sean Nolan, noted his thanks to the internal auditors, external auditors and Officers for their support over the year and to previous Committee Members for their input and service.

In response to a question from Councillor Paul Ward, the Service Director – Resources advised:

- There had been no impact on staffing levels in relation to the backstop audits, however the timings of the work had moved slightly.
- The backstop fees for the 2022-23 audit were as yet unknown, but as this was a limited scope audit with less work involved, it was anticipated that these would be less than previously forecasted. However the new auditors KPMG would be required to complete more work than previously expected due to this limited scope backstop audit.

Councillor Stewart Willoughby proposed and Councillor Paul Ward seconded and, following a vote, it was:

RESOLVED: That the Committee considered and commented on the Annual Report of the Finance, Audit and Risk Committee as attached at Appendix A and noted that there may be delays to some of the Planned Work for 2024-25, detailed on page 184, and this would be updated by the Service Director – Resources.

RECOMMENDED TO COUNCIL: The Annual Report of the Finance, Audit and Risk Committee (as amended) be noted.

REASON FOR RECOMMENDATION: To enable the Committee to consider the report before it is presented to Full Council. To provide Full Council with assurance as to the effectiveness of the Finance, Audit and Risk Committee.