

**COUNCIL
18 JULY 2018**

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: ITEM REFERRED FROM FINANCE, AUDIT AND RISK COMMITTEE: 18 JUNE 2018 – FINANCE, AUDIT AND RISK COMMITTEE ANNUAL REPORT FOR 2017/18

The following is an extract from the Minutes of the Finance, Audit and Risk Committee meeting held on 18 June 2018.

11 FINANCE, AUDIT AND RISK COMMITTEE ANNUAL REPORT 2017/18

The Committee received the Finance, Audit and Risk Committee Annual Report for 2017/18, prepared by the Chairman of the Committee (Councillor Terry Hone). The Chairman referred to the various sections in the report regarding the role of the Committee; its effectiveness; the types of reports submitted to meetings; main achievements; and planned work for 2018/19.

In response to a Member's query, the Service Director undertook to circulate to Committee Members the dates of future meetings of the Risk Management Group.

RECOMMENDED TO COUNCIL: That the Annual Report of the Finance, Audit and Risk Committee 2017/18 be noted.

REASON FOR DECISION: To comply with the requirements of the Council's Constitution.

The following is the report considered by the Finance, Audit and Risk Committee at its meeting held on 18 June 2018.

NORTH HERTFORDSHIRE
DISTRICT COUNCIL



North Hertfordshire District Council

Finance, Audit & Risk Committee Annual Report

2017 to 2018

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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 (FAR) Committee which describes the Committee's work and achievements over a 12 month period to March 2018.

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 Strategic Director of Finance, Policy & Governance; the Head of Finance Performance & Asset Management and the Accountancy Manager. 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 Terry Hone

June 2018

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 Committee also provides the statutory approval of the Council's Statement of Accounts and Annual Governance Statement.

The full Terms of Reference for this Committee are provided in the Council's Constitution (see Section 10).

<https://www.north-herts.gov.uk/home/council-and-democracy/council-constitution>

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 2017 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 June 2018 meeting of the Committee.

Members of the Committee

The following Members were appointed to the Committee for 2017/18:

Councillor Terry Hone	Conservative	Chairman
Councillor Simon Harwood	Conservative	Vice Chairman
Councillor Ian Albert	Labour	
Councillor John Bishop	Conservative	
Councillor Jim McNally	Conservative	
Councillor Deepak Sangha	Labour	
Councillor Terry Tyler	Liberal Democrat	

Substitutes:

Councillor Clare Billing	Labour
Councillor John Booth	Conservative
Councillor Nicola Harris	Conservative
Councillor S K Jarvis	Liberal Democrat

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

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 Treasury Management Activity and Revenue/Capital monitoring

As and when required, the planned Agenda is supplemented by reports where the Committee has requested additional information or assurance.

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

12 June 2017

Annual External Audit and Certification Fees
External Audit Update
Information Note: Planning Obligations Funding (Section 106 and Unilateral Undertakings)
The Effectiveness of the Finance Audit & Risk Committee
Annual Assurance Statement and Internal Audit Annual Report 2016-2017
SIAS update on progress against the 2017-18 audit plan
Risk Management Update and Annual Report on Risk Management 2017-18
FAR Annual Report
Draft Annual Governance Statement for 2016-17
Revenue Budget Outturn 2016-2017
Capital Programme Outturn 2016-17
Annual Treasury Management Review 2016-17
Medium Term Financial Strategy 2018-23
Information Note: Car Parking Expenditure and Income
Draft Statement of Accounts 2016-17- Narrative Report

21 September 2017

Progress report on the Shared Anti-Fraud Service (SAFS)
SIAS Annual Report for 2016-17
SIAS update on progress against the 2017-18 Audit Plan
Audit results report for the year ended 31 March 2017
Annual Governance Statement for 2016-17
Statement of Annual Accounts for 2016-2017
First Quarter Revenue Monitoring 2017-18
First Quarter Capital Monitoring for 2017-18
First Quarter Treasury Monitoring Report for 2017-18
Risk Management Update

20 November 2017

Annual Audit Letter 2016-17
Local Government Audit Committee briefing
Second Quarter Revenue Budget Monitoring 2016-17
Second Quarter Capital Monitoring for 2016-17
Second Quarter Treasury management 2016-17
Updated Financial Regulations

18 December 2017
SIAS update on progress against the 2017-18 Audit Plan Risk Management Update Corporate Business Planning- Draft Budget 2018-19
22 January 2018
External Audit Plan for the year ending 31 March 2018 Certification of Grants and Claims Annual Report 2016-17 Corporate Business Planning- Draft Revenue Budget 2018-19 Capital Programme 2018-19 onwards Treasury Management Strategy for 2018-19
21 March 2018
External Audit Update Local Government Audit Committee Briefing SIAS update on progress against the 2017-18 Audit Plan Internal Audit Plan for 2018-19 SAFS Proposed Anti-Fraud Plan for 2018-19 Risk Management Update Local Code of Corporate Governance and Annual Governance Statement Actions Update Third Quarter Revenue Budget Monitoring 2017-18 Third Quarter Capital Monitoring 2017-18 Treasury Management Third Quarter Report 2017-18 Statutory Guidance on Local Government Investments

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 2017-18.

The Committee received an information note on planning obligations funding, which allowed them to see what funding was available and how it could be used.

The Committee received a report on statutory guidance on Local Government investments, which allowed them to comment on how this would affect capital and treasury planning in future years.

The Committee received a report on changes to the Financial Regulations, which allowed the Committee to make an onward recommendation to Council that the proposals be approved.

The Committee reviewed the budget for 2018-19, including an early look at the Medium Term Financial Strategy in June. This allowed the Committee to make comments on the recommendations that went to Cabinet.

Planned work for 2018-19

The Committee will receive the items that ensure it covers its remit. This will include a review of the Contract and Procurement Regulations. They will also review proposals for a capital strategy for 2019/20 onwards, which will include setting indicators for monitoring performance. In addition the Committee may also request reports or details of follow up actions on specific areas, as it has done a few times during 2017-18.

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. This will include risk training and briefings from Ernst and Young. 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.