



Finance, Audit and Risk Committee
Annual Report 2024-25

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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 2025.

Following the whole District elections in May 2024, we welcomed quite a few new Members to the Committee. In fact it was just me and our Independent Member who continued from the previous year. We have had a lot of training provided for us, and it has been a good experience to learn together. It has been great to see the level of interest from the Members (and substitutes) of the Committee, which has been evident from the level of discussion that we have seen.

At the start of every meeting, I highlight the importance of this Committee in relation to good governance. Good governance supports effective decision making, improved performance, and our response 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- either in person or via the Council's YouTube channel.

As well as elected members and our independent member, the Committee is supported by the Director: Resources. The Policy and Strategy Team Leader provides reports and information in relation to 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. Thank you to our auditors from Ernst and Young as they depart, and welcome to KMPG.

Both myself (in my role as Chair) and the Committee have received great support from the Committee Services team throughout the year, particularly Amy Cantrill, Sjanet Wickenden and James Lovegrove.

I would like to thank those Members of the Committee from last year and look forward to seeing those that are able to continue with us in 2025/26.

Councillor Sean Nolan

May 2025

Role of the Committee

The purpose of the FAR Committee is to provide independent oversight and assurance of processes in relation to risk management, internal audit, anti-fraud, governance and internal control matters. It also reviews financial monitoring and budget reports to ensure that they are based on sound assumptions and consider relevant risks. This includes providing comments to Cabinet.

The Committee is also the Council's Audit Committee. This means that it reviews reports from our External Auditors and approves our Annual Governance Statement and Statements of Accounts.

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.

The 2024-25 Audit Plan included a SIAS review of the FAR Committee. A final report was published in December 2024 and was considered by the Committee at its meeting in January 2025. The report made 3 medium and 1 low priority recommendations. These are detailed below, with actions and progress against those actions.

Recommendation and priority	Response	Progress
The Committee should carry out an annual self-assessment of its effectiveness (medium priority)	This was included for discussion when the SIAS report was presented in February. The resulting discussion focused on other areas, and so there was not a clear action.	Whilst not following the full CIPFA guidance on assessing effectiveness, all Members of the Committee were written to in advance of preparing this report. They were asked to provide feedback on what had gone well during 2024/25, and areas still to work on. The feedback received is detailed below.
Practices of the Committee/ the Council, including (1) having a dedicated audit committee, (2) FAR members meeting privately with External Audit and SIAS, (3) risk reports should include a summary of the key issues.	(1) A decision for Council as part of Constitution/ Governance reviews. (2) To highlight to Members that External Audit and SIAS were open to private meetings. (3) Added to the January 2025 risk report.	(1) Discussion at FAR on the SIAS report noted that we were an outlier, but also the practical implications of any change. When presenting finance reports, the Committee are now asked to focus on governance aspects (e.g. assumptions, risks and the quality of the information provided). (2) Members were made aware at the January 2025 FAR meeting, and this message will be repeated regularly. (3) To be an ongoing part of future risk reports.
Members missing the training that has been made available (Medium)	The importance of training has been highlighted, but also noted that there may be difficulties in attending.	Discussion at FAR on the SIAS report considered other ways of accessing training, e.g. recording the training sessions, doing at alternative times. This will continue to be discussed with the Committee during 25/26.
Training should be provided on how Members can use their role to scrutinise, check and challenge Council Officers and activities.	To continue to seek feedback from members on the training that they would find useful.	The general member skills self-assessment for 25/26 included a specific section for FAR members. This will be used (alongside feedback during the year) to determine what training will be provided.

As mentioned above, Members of the Committee (including substitutes who had attended at least one meeting) were asked to provide feedback on how the Committee had operated during 2024/25. Officers who regularly attend the meetings were also asked for their thoughts. The feedback requested was to consider what went well and areas for improvement. The comments from the Chair are reflected in the introduction to this Annual Report. The other comments received related to:

- The importance of training and attendance at training. We will look at ways (including timings) to deliver training to make it more accessible.
- The focus of the last year (through questions on reports and training) has been on understanding the detail. Over the next year, with most of the Members continuing on the Committee, develop that in to taking more of a strategic outlook. For example, that could include ideas on how we could improve governance.
- To add any further comments arising from the discussion at the FAR meeting.

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). All the recommendations (except consideration of the role of the Committee in relation to finance reports) from that have been completed and (where relevant) are in place on an ongoing basis.

The SIAS review of this committee is not included in the audit plan for this year (2025/26), but will be considered for future years.

Members of the Committee

The following Members were appointed to the Committee for 2024/25:

Councillor Sean Nolan	Labour and Co-operative	Chair
Councillor Vijaiya Poopalasingham	Labour and Co-operative	Vice-Chair
Councillor Tina Bhartwas	Labour and Co-operative	
Councillor Ruth Brown	Liberal Democrats	
Councillor Dominic Griffiths	Liberal Democrats	
Councillor Steven Patmore	Conservative	
Councillor Paul Ward	Liberal Democrats	
Councillor Stewart Willoughby	Labour and Co-operative	
John Cannon	Independent (non-voting)	

Substitutes:

Councillor Cathy Brownjohn	Labour and Co-operative
Councillor Sam Collins	Liberal Democrats
Councillor Nigel Mason	Labour and Co-operative
Councillor Caroline McDonnell	Liberal Democrats
Councillor Ralph Muncer	Conservative
Councillor Claire Strong	Conservative
Councillor Claire Winchester	Liberal Democrats
Councillor Daniel Wright-Mason	Labour and Co-operative

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 (initially Ernst and Young and then KPMG)
- 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 six times in the year and the following reports were presented and discussed:

	Jun 2024	Sep 2024	Nov 2024	Jan 2025	Feb 2025	Mar 2025
Annual Governance Statement	Draft AGS 23/24				AGS 23/24 and Action Plan	Local Code of Governance
Reports from External Auditors (Ernst and Young)	Value for Money interim report 22/23		Completion report 22/23 Accounts			
Reports from External Auditors (KPMG)	External Audit Plan and Strategy 23/24				Reports on the 23/24 Accounts	
Statement of Accounts			Statement of Accounts 22/23		Statement of Accounts 23/24	
Internal Audit (SIAS) progress reports	Assurance Statement 23/24	Annual Report 23/24 and Progress Report 24/25	Progress Report 24/25		Progress Report 24/25	Audit Plan 25/26
Anti-Fraud (SAFS) reports		Annual Report 23/24 and progress 24/25	Progress update 24/25			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 on Risk Governance			Mid-year update		

Budget setting reports		Medium Term Financial Strategy		Draft Budget 25/26	Budget 25/26	
Other reports	FAR Annual Report 23/24 Leisure Investment Options	Procurement Rules	Code for Statutory Officers	SIAS Report-review of FAR Committee		

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.

In June there was a training session open to all Members covering Local Authority finances that was delivered by an external trainer. There have been regular training sessions in advance of FAR Committee meetings that have covered the role of the FAR Committee, Statements of Accounts, risk and internal audit. The topics were based on the reports being considered and the views of FAR members. There has also been general training (in advance of a Council meeting) on fraud awareness.

Legislation had been put in place to address the audit backlog. This set backstop dates for audits to be completed by, and two of those dates fell in 2024/25- the 13th December 2024 for the 22/23 Accounts and 28th February 2025 for the 23/24 Accounts. The legislation reflected that there was not capacity in the audit system to fully complete audits by the backstop dates, so disclaimed opinions would be used. The Committee received advice on what was meant by a disclaimed opinion (not able to carry out sufficient work to form an opinion) and how this compared to unqualified and qualified opinions. For the 22/23 accounts the opinion was fully disclaimed, but for 23/24 it was partially disclaimed (in some areas sufficient audit work was carried out). For both years, Value for Money assessments were carried out (as these were prioritised by the legislation) and these did not find any significant risks. During all the above the Council said goodbye to Ernst and Young (our auditors up to 22/23) and welcomed KMPG (our auditors from 23/24 onwards). Part of the transition involved getting used to the different format and presentation of their reports.

With a focus on governance, the Committee received reports on the changes to the Council's Procurement Rule and also considered the Code for Statutory Officers. Both reports prompted positive discussion and questions.

Planned work for 2025-26

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

	Jun 2025	Sept 2025	Nov 2025	Jan 2026	Feb 2026	Mar 2026
Annual Governance Statement	Draft AGS 24/25				Final AGS 24/25	
Reports from External Auditors (KPMG)	Audit Plan 24/25				Reports on the 24/25 Accounts	
Statement of Accounts					Accounts 24/25	
Internal Audit (SIAS) progress reports	Assurance Statement 24/25	Annual Report 24/25 and Progress Report 25/26	Progress Report			Audit Plan 26/27 and 25/26 Progress
Anti-Fraud (SAFS) reports		Annual Report 24/25 and progress 25/26		Progress Report		26/27 Plan and 25/26 Progress
Budget monitoring reports	Outturn for 24/25	Q1 25/26		Q2 25/26		Q3 25/26
Risk Management	Annual Report			Mid-year update		
Budget setting reports			Medium Term Financial Strategy	Draft Budget 26/27	Budget 26/27	
Other reports	FAR Annual Report 24/25		Financial Regulations			

The review of the Financial Regulations is due to the length of the time since the last review and any changes that can be put in place as a result of the new finance system and changes to other processes. There will be a balance between governance and being productive.

Members of the Committee can also make recommendations of other topic areas that they would like to discuss/ be reported on. However, there should be a focus on the terms of reference of the Committee.

Training will continue to be provided. The overall Councillor skills self-assessment includes a specific section for Members of this Committee. The training topics will be based on a combination of those assessments and conversations throughout the year. The format of the training will be reviewed to try and maximise uptake, as well as reflecting learning preferences.

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 Director: Resources or Committee Services for any support that they require.