

COUNCIL 19 JULY 2017

*PART 1 – PUBLIC DOCUMENT	AGENDA ITEM No. 6
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TITLE OF REPORT: ITEM REFERRED FROM FINANCE, AUDIT AND RISK COMMITTEE: 12 JUNE 2017 – FINANCE, AUDIT AND RISK COMMITTEE ANNUAL REPORT FOR 2016/17

The following is an extract from the Draft Minutes of the Finance, Audit and Risk Committee meeting held on 12 June 2017.

13. FINANCE, AUDIT AND RISK COMMITTEE ANNUAL REPORT 2016/17

The Committee received the Finance, Audit and Risk Committee Annual Report for 2016/17, prepared by the former Chairman of the Committee (Councillor Michael Weeks).

RECOMMENDED TO COUNCIL: That the Annual Report of the Finance, Audit and Risk Committee 2016/17 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 12 June 2017.

NORTH HERTFORDSHIRE
DISTRICT COUNCIL



Finance, Audit & Risk Committee Annual Report 2016/17

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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 2017.

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.

I have recently been offered the post of Executive Cabinet Member for Waste Recycling and Environment which I have accepted. In view of this appointment I have had to step down as Chairman of this Committee, a position that I have held for several years. I would like to express my thanks to the Members of the Committee and all others involved.

Councillor Michael Weeks

May 2017

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 full Terms of Reference for this Committee are provided in the Council's Constitution.

http://www.north-herts.gov.uk/sites/northherts-cms/files/Constitution%20Section%2010_0.pdf

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 2016 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 2017 meeting of the Committee.

Members of the Committee

The following Members were appointed to the Committee for 2016/17:

Councillor Michael Weeks	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 Mrs A G Ashley	Conservative
Councillor Clare Billing	Labour
Councillor Nicola Harris	Conservative
Councillor S K Jarvis	Liberal Democrat

To support Members appointed to the Committee, assistance was readily available from relevant Officers. An additional development opportunity that some Members took advantage of was a training session on questioning skills, interpreting financial information, controls and risk.

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 five times in the year and the following reports were presented and discussed:

13 June 2016
Annual External Audit and Certification Fees The Effectiveness of the Finance Audit & Risk Committee Annual Assurance Statement and Internal Audit Annual Report 2015-2016 SIAS update on progress against the 2016-17 audit plan Risk Management Update and Annual Report on Risk Management FAR Annual Report Draft Annual Governance Statement for 2015-16 Revenue Budget Outturn 2015-2016 Capital Programme Outturn 2015-16 Annual Treasury Management Review 2015-16
22 September 2016
Audit findings report 2015-16 Progress report on the Shared Anti-Fraud Service (SAFS) SIAS Annual Report for 2015-16 SIAS update on progress against the 2016-17 Audit Plan Risk Management Update Annual Governance Statement for 2015-16 Statement of Annual Accounts for 2015-2016 First Quarter Revenue Monitoring 2016-17 First Quarter Capital Monitoring for 2016-17 First Quarter Treasury Monitoring Report for 2016-17 Updated Contract Procurement Rules Ongoing financial and operational viability of contractors Parking Income
21 November 2016
Annual Audit Letter 2015-16 Land and Property Review Appointment of External Auditors from 2018-19 onwards Second Quarter Revenue Budget Monitoring 2015-16 Second Quarter Capital Monitoring for 2015-16 Second Quarter Treasury management 2015-16
19 December 2016
SIAS update on progress against the 2016-17 Audit Plan Risk Management Update Corporate Business Planning- Draft Budget 2017-18

23 January 2017

External Audit Plan for the year ending 31st March 2017
Certification of Grants and Claims Annual Report 2015-16
Corporate Business Planning- Budget Setting 2017-18
Capital Programme 2017-18 onwards
Treasury Management Strategy for 2017-18

22 March 2017

External Audit Update
Local Government Audit Committee Briefing
SIAS update on progress against the 2016-17 Audit Plan
Internal Audit Plan for 2017-18
SAFS Progress Report
Risk Management Update
Review of the Annual Governance Statement Action Plan and Local Code of Corporate Governance
Third Quarter Revenue Budget Monitoring 2016-17
Third Quarter Capital Monitoring 2016-17
Treasury Management Third Quarter Report 2016-17
Car Parking Expenditure

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 2016-17.

The Committee received a report on the financial and viability of contractors, which allowed them to comment on the controls that are in place and the difficulty in balancing the controls with the risks involved.

The Committee received reports on changes to the Contract Procurement Rules and the Appointment of External Auditors from 2018/19 onwards. In both cases this allowed the Committee to make an onward recommendation to Cabinet and Council that the proposals be approved.

The Committee reviewed the budget for 2017-18 and also looked at a Cabinet report covering a land and property review. In both cases the Committee were able to make comments on the recommendations that went to Cabinet.

Planned work for 2017-18

The Committee will receive the items that ensure it covers its remit. This will include a planned update to the Financial Regulations. 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 2016-17.

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. 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.