

**REPORT CONSIDERED BY FINANCE, AUDIT AND RISK COMMITTEE AT THE MEETING HELD ON 3 JUNE 2019**

North Hertfordshire District Council

# Finance, Audit & Risk Committee Annual Report

2018 to 2019

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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 2019.

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 Service Director: Resources 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.

Due to the changes in Administration as a result of the recent NHDC elections, I will no longer be Chairman nor a member of this Committee, a position that I have held for the past two years. I would like to express my thanks to the Members of the Committee, Ian Couper and his team and all others involved in this very important statutory Committee.

**Councillor Terry Hone**

**May 2019**

## **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](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 Client 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 2018 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 2019 meeting of the Committee.

## **Members of the Committee**

The following Members were appointed to the Committee for 2018/19:

Councillor Terry Hone	Conservative	Chairman
Councillor Simon Harwood	Conservative	Vice-Chairman
Councillor Ian Albert	Labour	
Councillor Kate Aspinwall	Labour	
Councillor Jim McNally	Conservative	
Councillor Ian Moody	Conservative	
Councillor Terry Tyler	Liberal Democrat	

Substitutes:

Councillor Steve Jarvis	Liberal Democrat
Councillor Ben Lewis	Conservative
Councillor Helen Oliver	Labour
Councillor Janine Paterson	Conservative

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 Treasury, Risks and Investments.

## 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:

### 18 June 2018

The Effectiveness of the Finance Audit & Risk Committee  
Annual Assurance Statement and Internal Audit Annual Report 2017-2018  
SIAS update on progress against the 2018-19 audit plan  
Risk Management Update and Annual Report on Risk Management  
FAR Annual Report  
Draft Annual Governance Statement for 2017-18  
Revenue Budget Outturn 2017-2018  
Capital Programme Outturn 2017-18  
Annual Treasury Management Review 2017-18

### 30 July 2018

Audit findings report 2017-18  
Annual Governance Statement for 2017-18  
Statement of Annual Accounts for 2017-2018  
Medium Term Financial Strategy  
First Quarter Revenue Monitoring 2018-19  
First Quarter Capital Monitoring for 2018-19  
First Quarter Treasury Monitoring Report for 2018-19

### 24 September 2018

Annual Audit Letter for the year ended 31 March 2018  
Progress report on the Shared Anti-Fraud Service (SAFS)  
Annual Governance Statement Action Plan 2018/19- Progress Review  
SIAS Annual Report for 2017-18  
SIAS update on progress against the 2018-19 Audit Plan  
Risk Management Update  
Integrated Capital and Treasury Strategy

### 17 December 2018

SAFS Anti-Fraud Progress Report  
SIAS update on progress against the 2018-19 Audit Plan  
Updated Contract Procurement Regulations  
Risk and Opportunities Management Update  
Second Quarter Revenue Budget Monitoring 2018-19  
Second Quarter Capital Monitoring for 2018-19

Second Quarter Treasury management 2015-16  
Corporate Business Planning- Draft Budget 2019-20

### **28 January 2019**

External Audit Plan for the year ending 31<sup>st</sup> March 2019  
Certification of Grants and Claims Annual Report 2017-18  
Revenue Budget 2019-20  
Investment Strategy (Integrated Capital and Treasury)

### **21 March 2019**

SIAS update on progress against the 2018-19 Audit Plan  
Internal Audit Plan for 2019-20  
SAFS Anti-Fraud Plan for 2019-20  
Review of the Annual Governance Statement Action Plan and Local Code of Corporate Governance  
Risk and Opportunities Management Update  
Third Quarter Revenue Budget Monitoring 2018-19  
Third Quarter Capital Monitoring 2018-19  
Treasury Management Third Quarter Report 2018-19

## **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 by reviewing reports and providing comments and recommendations to Cabinet.

The Committee received a report on changes to the Contract Procurement Rules. This allowed the Committee to make a recommendation on a change. With this change it was referred on to Cabinet and Council that the proposals be approved.

The Committee received a report on the proposed format of the new Investment Strategy report, which combines the capital and treasury strategies. This report is a new statutory requirement. This allowed the Committee to provide a view on how user friendly the new format was.

## **Planned work for 2019-20**

The Committee will receive the items that ensure it covers its remit. This will include fulfilling its statutory requirement to approve the Annual Governance Statement and Statement of Annual Accounts. The Committee will also comment on a planned update to the fraud prevention policy.

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 and Opportunities Management Group would also be beneficial. This will enable Members of the Committee to discharge their responsibilities to the best of their ability.