

NORTH YORKSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

3 December 2015

Audit Committee Terms of Reference

Report of the Corporate Director – Strategic Resources

1.0 PURPOSE OF THE REPORT

- 1.1 To consider possible changes to the Audit Committee's Terms of Reference in line with the requirement to review the Terms of Reference on an annual basis. To identify future training needs for the Committee.

2.0 BACKGROUND

- 2.1 The Audit Committee last reviewed its Terms of Reference at its meeting on 4 December 2014. At that time no changes were considered necessary.
- 2.2 It is best practice to formally review the Terms of Reference on a regular basis and to make changes as necessary. This report therefore seeks to identify any changes that may now be required as a result of recent legislation or developments in recommended best practice. Members' views are also sought on whether the current Terms of Reference enable the Committee to discharge its responsibilities effectively.
- 2.3 To remain effective, the Committee should also receive regular training on topics relevant to its work. Members' views are important in establishing the programme of training and support.

3.0 CURRENT TERMS OF REFERENCE

- 3.1 The full Terms of Reference are attached as **Appendix A**. In summary, the paragraphs relate to the following areas –

1. Internal Audit
2. External Audit
3. Contract, Finance and Property Procedure Rules
4. Financial Statements (includes Statement of Final Accounts)
5. Corporate Governance
6. Risk Management
7. Information Governance
8. Treasury Management
9. Value for Money
10. Terms of Reference
11. Any other relevant matter referred
12. Audit and Counter Fraud

- 3.2 A number of the areas identified above are responsibilities discharged by the Audit Committee on behalf of the County Council where there is a statutory obligation. In addition, there are areas where the Audit Committee is fulfilling a role which ensures that Members and the public receive assurance about the County Council's framework of governance, risk management and internal control. It is important that these areas remain in place but that the Committee can discharge its responsibilities effectively.
- 3.3 It is not felt that there are any areas that currently merit change in the Terms of Reference. However, it is recognised that changes may be required in the future as a result of the introduction of the local appointment of external auditors from 2018/19 onwards. We are currently awaiting guidance from CIPFA and possibly DCLG on this and further details will be shared with the Committee once this is received.

4.0 TRAINING / FURTHER DEVELOPMENT

- 4.1 Most Audit Committee meetings have continued to be preceded by briefing sessions or more in-depth training. These have been generally well received and it is intended that this approach continues. During 2015, the Committee received training on the role of the Committee and a briefing on Health and Social Care Integration. Members were also provided with the opportunity to meet and discuss future audit arrangements with the new external auditors, KPMG.
- 4.2 A briefing on counter fraud arrangements is planned for the March 2016 meeting. Members' views are however welcomed in considering other topics for future briefing or training sessions.

5.0 RECOMMENDATION

- 5.1 The Audit Committee are requested to
- i. Approve (i.e. no changes) the existing Terms of Reference for the Audit Committee
 - ii. Offer views on topics for future training or briefing sessions which would help support the working of the Committee.

GARY FIELDING
Corporate Director – Strategic Resources

County Hall
NORTHALLERTON

24 November 2015

Background Documents:

None

AUDIT COMMITTEE

TERMS OF REFERENCE

1. In respect of Internal Audit
 - ◆ to approve the Internal Audit Strategy, Annual Audit Plan and performance criteria for the Internal Audit Service.
 - ◆ to review summary findings and the main issues arising from internal audit reports and seek assurance that management action has been taken where necessary.
 - ◆ to review the effectiveness of the anti-fraud and corruption arrangements throughout the County Council.
 - ◆ consider the annual report from the Head of Internal Audit.
 - ◆ to review the effectiveness of the system of Internal Audit and the Committee itself on an annual basis.
2. To review the workplan and performance of External Audit.
3. To review, and recommend to the Executive, changes to Contract, Finance and Property Procedure Rules.

4. In respect of **financial statements**

For both the County Council and the North Yorkshire Pension Fund

- ◆ to approve the respective annual Statements of Final Accounts
 - ◆ to receive and review the Annual Audit Letters and associated documents issued by the External Auditor
 - ◆ to review changes in accounting policy.
5. In respect of **Corporate Governance**
 - ◆ to assess the effectiveness of the County Council's Corporate Governance arrangements
 - ◆ to review progress on the implementation of Corporate Governance arrangements throughout the County Council
 - ◆ to approve Annual Governance Statements for both the County Council and the North Yorkshire Pension Fund
 - ◆ to review the annual Statements of Assurance provided by the Chief Executive, Management Board and Corporate Directors
 - ◆ to liaise, as necessary, with the Standards Committee on any matter(s) relating to the Codes of Conduct or both Members and Officers.

6. In respect of **Risk Management**

- ◆ to assess the effectiveness of the County Council's Risk Management arrangements
- ◆ to review progress on the implementation of Risk Management throughout the County Council.

7. In respect of **Information Governance**

- ◆ to review all corporate policies and procedures in relation to Information Governance
- ◆ to oversee the implementation of Information Governance policies and procedures throughout the County Council.

8. In respect of **Treasury Management**

- ◆ to be responsible for ensuring effective scrutiny of the County Council's Treasury Management strategy and policies as required by the CIPFA Treasury Management Code of Practice
- ◆ to review these Treasury Management strategies, policies and arrangements and make appropriate recommendations to the Executive.

9. In respect of **Value for Money**

- ◆ to have oversight of the arrangements across the County Council in securing Value for Money

10. To meet not less than four times a year on normal business and review its Terms of Reference on an annual basis.

11. To consider any other relevant matter referred to it by the County Council, Executive or any other Committee. In addition any matter of concern can be raised by this Committee to the full County Council, Executive or any other Member body.

12. To exercise all functions in relation to the making and changing of policy relating to such audit and counter-fraud matters which fall within the remit of the Committee (save as may be delegated otherwise).