

**NORTH YORKSHIRE COUNTY COUNCIL****AUDIT COMMITTEE****22 JUNE 2017****REVIEW OF THE EFFECTIVENESS OF THE AUDIT COMMITTEE****Report of the Head of Internal Audit****1.0 PURPOSE OF THE REPORT**

- 1.1 To advise Members of the results of the effectiveness questionnaire and to agree the next steps.

**2.0 BACKGROUND**

- 2.1 The Audit Committee forms an integral part of the County Council's overall governance framework and is an important source of assurance in respect of the Council's arrangements for managing risk, maintaining an effective control environment, and reporting on financial performance. Guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) recommends that audit committees should periodically undertake a review of their own effectiveness to ensure that they are continuing to properly fulfill their responsibilities.
- 2.2 The last full review of the Committee's effectiveness was conducted in 2010. The review resulted in a small number of changes being made to the Committee's Terms of Reference and operating arrangements. Whilst there have not been any significant changes in the scope of the Committee's work since then the membership of the Committee has changed so it is considered a further review would be timely. Members expressed their support for this approach at the last meeting of the Committee.

**3.0 REVIEW OF THE EFFECTIVENESS OF AUDIT COMMITTEE**

- 3.1 To help inform the planned review a questionnaire was issued to all the members of the Audit Committee in March 2017. A similar questionnaire was sent to officers who regularly attend the committee as well as the external auditors, KPMG. Respondents were asked to rate the Committee's effectiveness across its areas of responsibility and in the way it operates. The responses were anonymous.
- 3.2 In the majority of areas, respondents felt that the Committee was mostly or always effective. However, in a few areas one or more respondents felt that the Committee was only occasionally effective. The questions related to whether:
- Committee members have sufficient skills, experience, time and resources to undertake their duties properly

- Meetings are chaired in a manner which allows members to contribute constructively and for the Committee to properly discharge its responsibilities
- The Committee's discussions enhance the quality of management's decision making
- The Committee understands and accepts the Council's risk appetite
- The Committee discharges its responsibilities for overseeing the Council's treasury management and partnership governance arrangements effectively
- The Committee discharges its responsibilities for overseeing the Council's arrangements for securing value for money effectively
- Reports to the Committee are of an appropriate length and clarity
- Appropriate arrangements exist for the Committee to meet with external and internal audit in private
- The relationship between the Committee and the Council's scrutiny functions is properly understood

These may indicate areas that the Committee may wish to consider further as part of any review.

#### 4.0 **NEXT STEPS**

- 4.1 Members will want to consider whether there are benefits to undertaking a review of the Committee's effectiveness, the timing of such a review and how it will be progressed. Assuming there is agreement to proceed then several options exist for how such a review might be undertaken. The Committee could undertake the review collectively with support from officers, set up a working group (with support from officers) or arrange an external assessment (for example a peer review by an audit committee chair from a neighbouring authority).
- 4.2 The Committee will also need to consider the scope of the review, the areas to focus on and expected timescales.

#### 5.0 **RECOMMENDATIONS**

Members are asked to:

- 5.1 note the results of the initial questionnaire exercise
- 5.2 consider whether to proceed with a review of the Committee's effectiveness, and the form and scope of any such review

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## **BACKGROUND DOCUMENTS**

None

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