

18 July, 2007

The Report of the Audit Committee

The Audit Committee met at County Hall, Northallerton on Thursday 28 June 2007. Present:- County Councillor Roger Harrison-Topham in the Chair. County Councillors Bernard Bateman MBE, Bill Houlton, Christopher Pearson and Greg White. Jim Clark, James Daghish and John Goodfellow (Independent Members).

1. Audit Committee Terms of Reference: Working Groups established by the Audit Committee have reviewed the effectiveness of the County Council's internal audit system, including the Audit Committee. A CIPFA self-assessment checklist was used to review the Committee's effectiveness. The checklist required the Audit Committee's terms of reference to be reviewed annually.

The Working Groups' recommendations were considered at the Audit Committee's meeting on 28 June 2007. The recommendations, which were supported by the Audit Committee, included revisions to the Audit Committee's terms of reference. As those terms of reference are set out in the County Council's Constitution, the County Council's approval is required for any changes.

Proposed revisions to the terms of reference for the Audit Committee are set out in the Appendix to this report. The proposed changes are shown in italics. The main changes are:-

- (a) To add a paragraph which makes it a requirement that the Audit Committee assists the County Council to achieve Value for Money.
- (b) To review the effectiveness of the system of Internal Audit on an annual basis. This is a requirement of the 2006 Accounts and Audit Regulations.
- (c) In respect of financial statements, to 'review' the Annual Audit Letter rather than 'receive and review'. This is felt better to reflect what actually happens.
- (d) A new Section 8 relating to number of meetings annually and review of terms of reference to comply with the requirements of the checklist.
- (e) Section 9 is now worded to comply with the requirements of the checklist.

The CIPFA self assessment checklist, referred to above, also requires that an annual report of the work and the performance of the Audit Committee be made for full Council each year. That report is attached marked Appendix 2.

The Audit Committee RECOMMENDS:-

That the revised terms of reference for the Audit Committee, as set out in the Appendix, be approved.

ROGER HARRISON-TOPHAM
Chairman