

The Report of the Audit Committee

The Audit Committee met on 5 December 2013. Present:- County Councillor Andrew Backhouse (in the Chair); County Councillors Margaret Atkinson, Eric Broadbent, David Chance, Michael Heseltine (as Substitute for Jim Clark), Bill Hoult and Mike Jordan; and Mr James Daglish and Mr David Portlock (External Members). In attendance:- County Councillor Carl Les (Executive Member).

1. Terms of Reference for the Audit Committee: The Audit Committee has considered possible amendments to its terms of reference. The amendments are shown in Appendix A to this report. The amendments relate to: arrangements regarding Value for Money; and the authorisation of changes in accounting policies.

In relation to Value for Money, the Audit Committee believes it should have “oversight of the arrangements across the County Council in securing Value for Money”. Members of the Committee consider that Value for Money should be something which is embedded across the Council and cannot therefore be seen strictly in isolation, or simply as an Internal Audit issue. However, the Audit Committee can satisfy itself, or otherwise, that there are adequate arrangements. This would not involve the scrutiny of individual decisions from a value for money perspective per se, but the Audit Committee would ask “has there been satisfactory consideration of Value for Money in the decision making?”

In relation to accounting policies, Audit Committee Members recognise that the content of the accounting policies is largely technical and esoteric. The application of the accounting policies is therefore regarded as a professional matter. Under the Committee’s current Terms of Reference, it is authorised to disagree with officers and effectively not approve changes in accounting policy. However, this would have consequences for the production of the Statement of Final Accounts and External Audit. The Audit Committee effectively considers the output from changes in accounting policies when it considers the Statement of Final Accounts and this inevitably involves a degree of explanation for any changes. The proposed amendment therefore reflects practical application of accounting policies.

The Audit Committee RECOMMENDS:

That the following changes be made to the Terms of Reference for the Audit Committee:-

- (a) The revision of the reference from “to approve changes in accounting policy” to “to review changes in accounting policy”, as set out in paragraph 4 of Appendix A to this report.
- (b) The inclusion of text, as set out in paragraph 9 of Appendix A to this report, and the subsequent deletion in paragraph 1 of Appendix A.

ANDREW BACKHOUSE
Chairman

County Hall,
NORTHALLERTON.
11 February, 2014

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.
- ♦ ~~assist the County Council to achieve Value for Money.~~
- ♦ 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 approve 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

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

10.11. 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.

11.12. 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).