

# NORTH YORKSHIRE COUNCIL

## AUDIT COMMITTEE

9 DECEMBER 2024

### AUDIT COMMITTEE TERMS OF REFERENCE / REVIEW OF EFFECTIVENESS

#### Report of the Corporate Director – Resources

#### 1.0 PURPOSE OF THE REPORT

- 1.1 To consider whether any changes are required to the Audit Committee's Terms of Reference. Members are also asked to consider the timing and scope of the proposed review of the Committee's effectiveness.

#### 2.0 BACKGROUND

- 2.1 The Committee's current Terms of Reference were reviewed and updated as part of the process to prepare for local government reorganisation.
- 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 further changes that may now be required as a result of recent legislation, developments in recommended best practice or changes in the Council's governance arrangements.
- 2.3 As well as being a requirement of the Terms of Reference, the best practice guidance on audit committees in local government, published by the Chartered Institute of Public Finance and Accountancy (CIPFA) in October 2022, recommends that audit committees should complete a periodic self-assessment of their effectiveness. Alternatively, an independent review can be undertaken. The guidance includes a checklist to support the self-assessment, enabling the Committee to highlight the areas where it has made an impact on the Council's governance, risk management, control and audit arrangements. The outcomes of this exercise will help to support the preparation of the audit committee's future work programme, training plans and the annual report.

#### 3.0 TERMS OF REFERENCE

- 3.1 The current Terms of Reference are attached as **Appendix 1**. No further changes are proposed at this time although Members' views are sought on whether the Terms of Reference are enabling the Committee to discharge its responsibilities effectively.

#### 4.0 REVIEW OF AUDIT COMMITTEE EFFECTIVENESS

- 4.1 At the meeting held on 11 December 2023, Members agreed to conduct a review of the Audit Committee's effectiveness, possibly in the period January to March 2025. It was also agreed that the review should be facilitated by officers.

4.2 If Members are in agreement, it is proposed to issue a questionnaire to gather initial views about the functioning of the Committee and its effectiveness. The questionnaire would also be issued to officers who regularly attend meetings of the Committee. The individual responses would be kept confidential, but the overall results would be presented to the next meeting of the Committee. The results should help to identify whether changes or further support is needed, or whether a more in depth review is required.

## 5.0 **IMPLICATIONS**

5.1 This report is for information only. There are no local member, financial, human resources, legal, equalities or climate change implications.

## 6.0 **RECOMMENDATION**

Members are asked to consider:

6.1 whether any changes are required to the current Terms of Reference of the Committee.

6.2 whether the review of the Committee's effectiveness should proceed as proposed in paragraph 4.2.

GARY FIELDING  
Corporate Director – Resources

County Hall  
NORTHALLERTON

25 November 2024

### **Background Documents:**

None

Appendices  
**Appendix 1** Terms of Reference

## **AUDIT COMMITTEE**

### TERMS OF REFERENCE

1. In respect of **Internal Audit**

- to approve the Internal Audit Charter, 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 Council.
- consider the annual report from the Head of Internal Audit.
- to obtain assurance that the work of internal audit conforms to the Public Sector Internal Audit Standards.

2. In respect of **External Audit**

- to ensure the independence of External Audit is maintained
- to review the annual audit plan and monitor its delivery

3. To review, and recommend to the Executive, changes to Procurement and Contract, Finance and Property Procedure Rules.

4. In respect of **financial statements**

For both the 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 Council's Corporate Governance arrangements
- to review progress on the implementation of Corporate Governance arrangements throughout the Council
- to approve Annual Governance Statements for both the Council and the North Yorkshire Pension Fund
- to liaise, as necessary, with the Standards and Governance Committee on any matter(s) relating to the Codes of Conduct for both Members and Officers
- to work with the Standards and Governance Committee to promote good ethical standards within the Council
- to review the arrangements in place for ensuring good governance in the Council's key partnerships and owned companies

6. In respect of **Risk Management**

- to assess the effectiveness of the Council's Risk Management arrangements.

- to review progress on the implementation of Risk Management throughout the 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 Council.

8. In respect of **Treasury Management**

- to be responsible for ensuring effective scrutiny of the 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 Council in securing Value for Money.

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

11. 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).

12. To periodically review the effectiveness of the Audit Committee itself.

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