

Audit and Risk Assurance Committee

Meeting Date	12 March 2025
Title	Review of Committee effectiveness
Author(s)	Karen Flaherty, Head of Governance
Executive Sponsor	Claire Amor, Executive Director of Corporate Affairs
<p>Executive Summary</p> <p>Each of the Council’s committees should review its effectiveness periodically and report to the Council on this assessment.</p> <p>To help inform the Audit and Risk Assurance Committee (the Committee) in its review, the National Audit Office’s Audit and Risk Assurance Committee effectiveness tool was circulated to Committee members and regular attendees on 19 February 2025, the responses to which were intended to inform the review of effectiveness to take place at the meeting of the Committee. This was last completed for the Committee a couple of years ago and it is recommended for use on an annual basis.</p> <p>The paper provides an analysis of the five responses received.</p>	
Action required	The Committee is asked to provide input and feedback to develop the proposal.
Previous consideration	The Committee last reviewed its effectiveness in February 2024.
Next steps	The Chair of the Committee will report to the Council on the results of its assessment of the Committee’s effectiveness and any actions or recommendations as part of the Committee Chair’s report to the Council.
Financial and resource implications	There are unlikely to be any financial or resource implications, however, this will be determined based on the actions or recommendations agreed as a result of the review.
Associated strategic priority/priorities	Build a resilient, healthy, capable and sustainable organisation

Associated strategic risk(s)	5.a The resources we require to achieve our strategy are not in place or are not sustainable
Risk appetite	People - open
Communication and engagement	A questionnaire was circulated to Committee members and regular attendees to complete on 19 February 2025. Five responses were received.
Equality, diversity and inclusion (EDI) impact and Welsh language standards	None identified.
Other impact assessments	Not applicable
Reason for consideration in the private session of the meeting (if applicable)	Not applicable

Review of Committee effectiveness

1. Background

1.1 To help inform the Audit and Risk Assurance Committee (the Committee) in the review of its effectiveness, the National Audit Office's Audit and Risk Assurance Committee effectiveness tool was circulated to Committee members and regular attendees on 19 February 2025.

1.2 The tool is divided into six parts:

- Membership, independence, objectivity and understanding
- Skills and experience
- Roles and responsibilities
- Scope
- Communication and reporting
- Continual improvement

1.3 There are three ratings for each question:

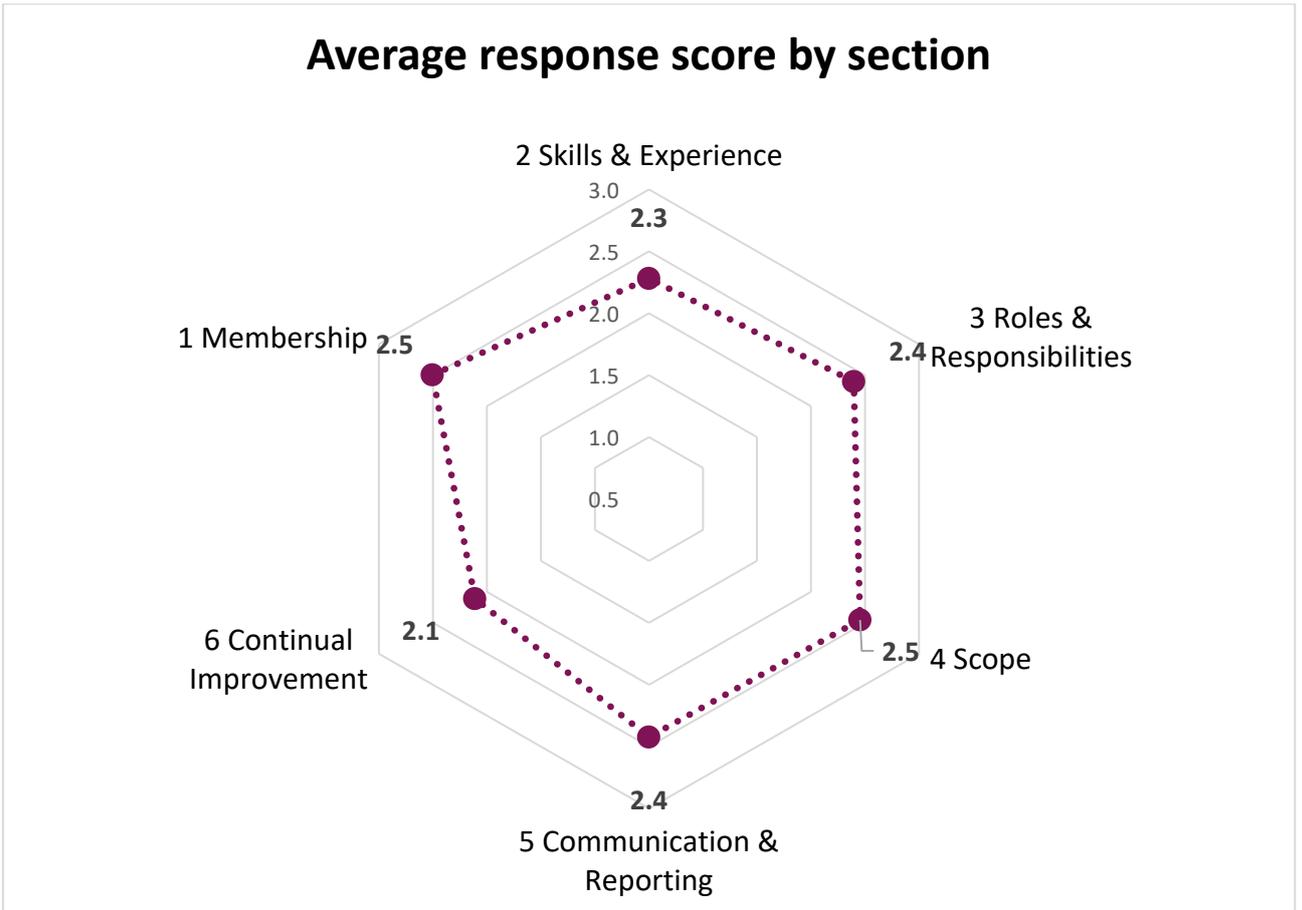
- **Room for improvement (1):** The Committee is falling short of requirements and should consider how it can work towards becoming more effective in this area.
- **Meeting standards (2):** The Committee is performing to the required standard in this area. There may be room for improvement, but the ARAC can be seen to be discharging its responsibilities effectively.
- **Excelling (3):** This is an area where the Committee is performing beyond the standard expectations and is a real area of strength when it comes to exercising its responsibilities.

1.4 There are two types of questions in the tool:

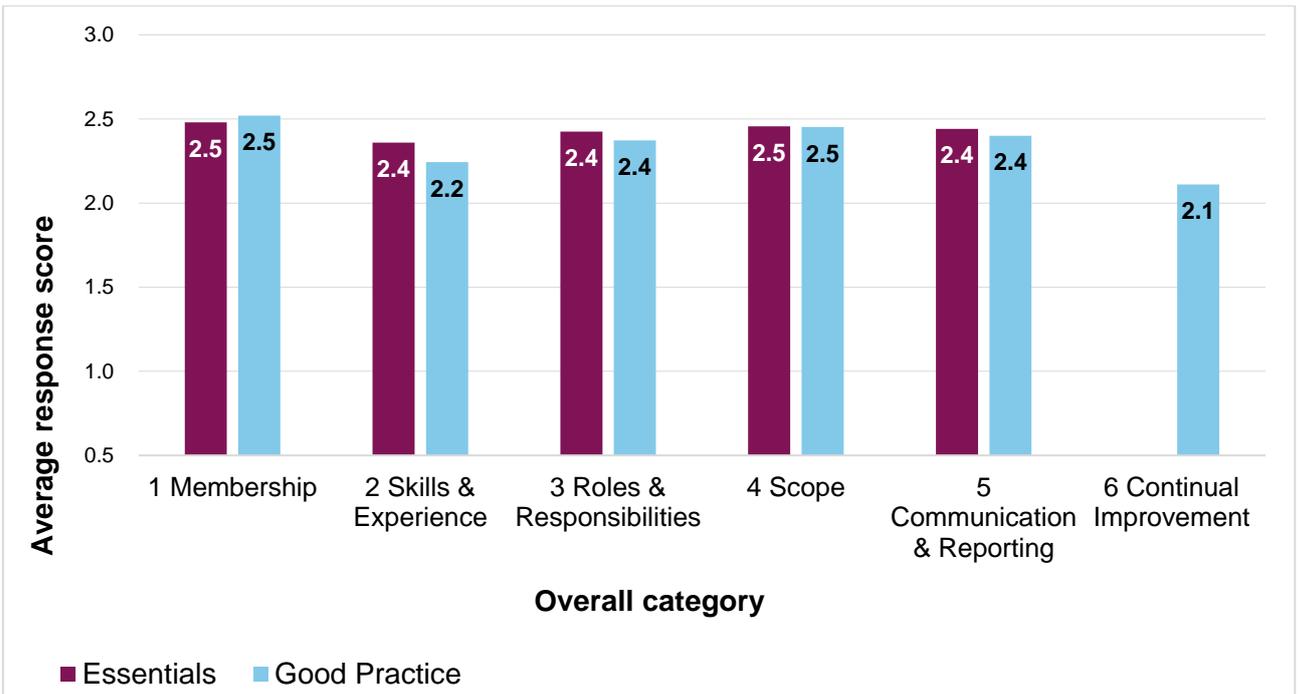
- **Essentials** – these questions reflect guidance set out in the body of the HM Treasury Audit and Risk Assurance Committee Handbook.
- **Good practice** – these questions go beyond basic requirements and set a standard for audit and risk assurance committees to demonstrate leading behaviours.

2. Analysis of responses

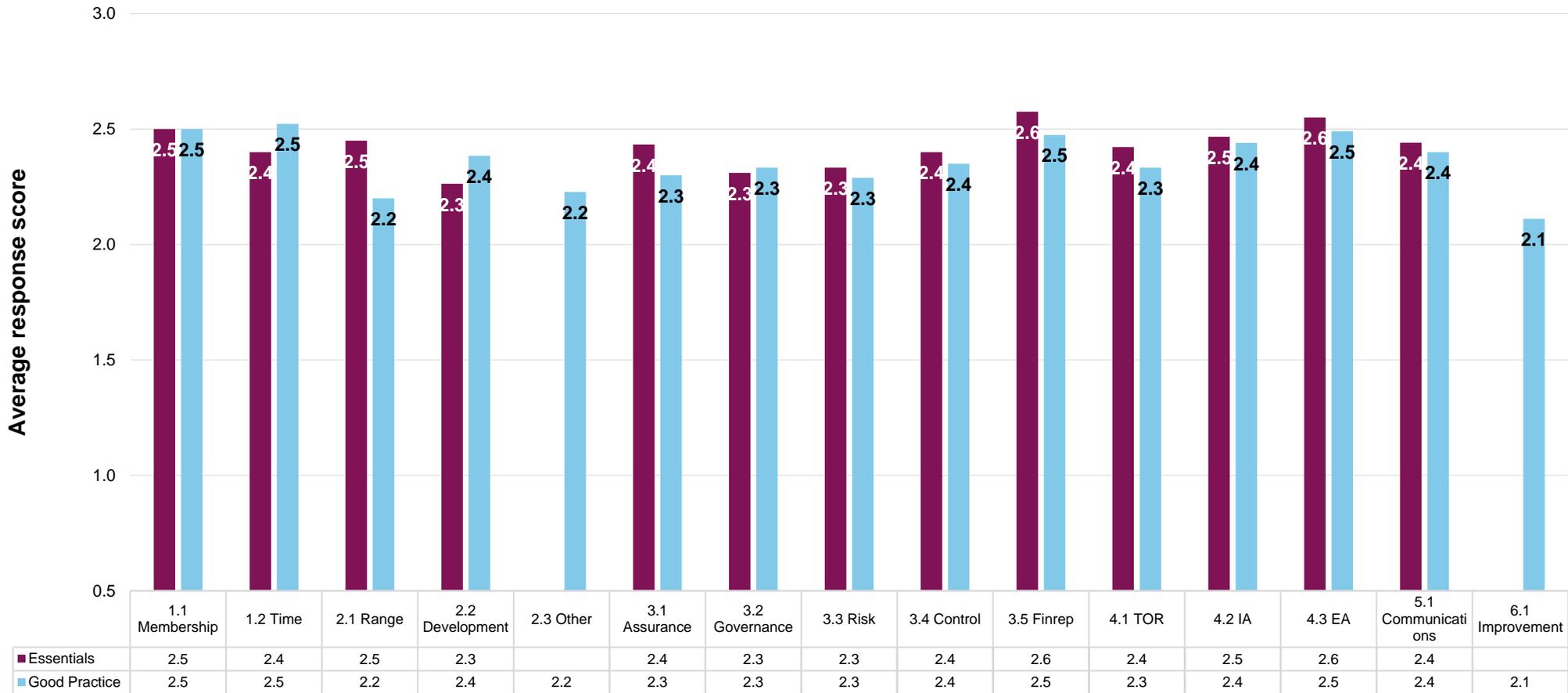
2.1 The chart below shows the average score for each part of the tool. All scores have improved since the tool was last completed by Committee members and attendees in 2023. The Committee scored highest for Membership and Scope. These are the same areas that were highest scoring in the last review, however, the average score for each area has improved by 0.5. The poorest performing area was Continual Improvement. Previously the lowest scoring area was Skills & Experience.



2.2 The scores by category are shown in the table below. Again, these illustrate that Membership and Scope were the highest scoring areas and that Continual Improvement and Skills and Experience were the lowest scoring areas. These were also the highest and lowest scoring areas when Committee members last completed the tool in 2023. However, overall scores have improved.



2.3 The table below shows the scores by sub-category within each area.



- 2.4 The lowest scoring sub-categories were skills range, including specialist skills relating to digital, climate and projects. These areas were also highlighted in the members responses to the tools when last completed in 2023. There is some overlap between the scope of the Committee and the People and Resources Committee, which reviews operational performance and strategic delivery in these specialist areas. Again, there is scope to better coordinate the activities of both committees, with the People and Resources Committee having a greater role in informing the Committee when considering the risk areas reviewed by the Committee or identified for inclusion in the internal audit plan. This is an area that has been identified by other Council committees as part of their effectiveness reviews, which are seeking greater feedback from the wider Council on areas of focus for those committees.
- 2.5 There was also a lack of clarity around the selection of Committee members and review of members' skills and performance and identification of training and development needs. Much of this is coordinated by the Chair of the Council through the review of skills ahead of the appointment of new Council members and as part of the annual review of Council members, to which all Committee Chairs contribute.
- 2.6 The specialist skills, knowledge and experience identified are often cited as desirable competencies outside of the core competencies for Council members, resulting in Council members appointed not always having the specialist skills, knowledge and experience identified. There is scope to consider recruitment of individual Council members with the required skills as part of future recruitment. There may also be other ways in which the Committee could seek support from those with specialist skills, such as the cybersecurity expert from the internal auditors, BDO LLP, attending the Committee workshop in 2025 to present.
- 2.7 The Chair of the Council is looking at ways to improve the way in which the training and development needs identified through the annual review and Council and committee effectiveness review inform the Council's development programme, including the topics considered at Council seminars.

3. Conclusions and next steps

- 3.1 The Committee is asked to consider the results of its assessment of the Committee's effectiveness and agree any actions or recommendations to address these.

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