

## Joint Independent Audit Committee – Terms of Reference

### Committee Composition and Structure

The Committee will consist of four or five members who are independent of the Commissioner and Chief Constable. They will be appointed by the Chief Constable and the Commissioner (or their representatives) and will serve for four years, except in exceptional circumstances, before being required to reapply.

The Chairperson will be specifically appointed by the Commissioner and Chief Constable. The Chairperson will remain in that capacity for the length of their appointment, usually four years, but in extenuating circumstances and where it is considered to be in the interests of the organisation this may be extended annually.

The Committee will hold four formal meetings a year – in public - although there may be a requirement to hold additional meetings at short notice. The quorate is 2 members plus a chair for each formal meeting.

The Committee will meet with the External Auditor and Chief Internal Auditor, in private, at least once a year.

The Committee will hold at least one training day each Financial Year

The Chief Finance Officer(s), Chief Executive of the OPCC, Internal Audit and External Audit and the Deputy Chief Constable will be regular attendees of the Committee, but the Committee have the right to request additional attendees as required although should recognise the operational independence of the Chief Constable.

1. **March** – to consider the Internal Auditor's Internal Audit Plan and the External Audit Plan
2. **June/July**– to consider the End of Year Reports, the Annual Governance Statement, Annual Statement of Accounts and to receive the Audit Results report
3. **September** – to consider mid-year progress reports;
4. **December** – to receive the Annual External Audit Letter and agree the Annual Assurance Report of the Committee.

The agenda, reports and minutes of all Committee meetings will be published on the OPCC website. However, members of the press and public shall be excluded from a meeting whenever it is likely that confidential information will be disclosed. Confidential information is defined as:

- a) Information furnished to the Committee by a Government department upon terms (however expressed) which forbid the disclosure of the information to the public; and

- b) Information the disclosure of which to the public is prohibited by or under any enactment or by the order of a Court.

## **Methods of Working**

The Committee will:

- Be directly accountable to the Commissioner and Chief Constable
- Advise the Commissioner and Chief Constable on good governance principles
- Adopt appropriate risk management arrangements
- Provide robust and constructive challenge regarding the effective and efficient application of appropriate internal control mechanisms.
- Take account of relevant corporate social responsibility factors when challenging and advising the Commissioner and Chief Constable (such as value for money, diversity, equality and health and safety)
- Be regularly briefed by the Chief Constable and Commissioner, or representatives thereof, on the full range of activities falling within its specific responsibilities.
- Attend any training and conference events that will ensure members are kept up to date with the policing landscape and audit requirements
- Provide an annual assurance report to the Commissioner and Chief Constable
- Review and update the terms of reference annually.

## **Information Sharing for each Joint Audit Committee**

Members will receive, except in exceptional circumstances, all agenda items 5 days prior to the meeting date and at a minimum will include the following standing items:

- A report summarising any significant changes to the OPCC and Force Strategic Risk Registers
- A progress report from the Head of Internal Audit summarising work performed (and a comparison with work planned)
- Key issues emerging from Internal Audit work including management response to audit recommendations
- A progress report from the External Audit representative summarising work done and emerging findings.

## **Specific responsibilities**

The Committee has the following specific responsibilities:

### Financial Management and Reporting

- Provide assurance to the Commissioner and Chief Constable regarding the adequacy of the arrangements, capacity and capability available to their respective chief finance officers to ensure the proper administration of the Commissioner's and Force's financial affairs.

- Review the Annual Statement of Accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit of the financial statements that need to be brought to the attention of the Commissioner and/or the Chief Constable.
- Be satisfied that the Commissioner's and Chief Constable's accountability statements, including the annual governance statement, reflect the risk environment and any actions to improve it and demonstrates how governance supports the achievement of the Police and Crime Plan.
- Consider the external auditor's report to those charged with governance on issues arising from the audit of the financial statements, and to give advice and make such recommendations on the adequacy of the level of assurance and on improvement as it considers appropriate.

#### Internal Control and Governance Environment

- Consider the arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements
- Consider and comment upon the adequacy and effectiveness of the assurance framework, and the specific governance and accountability policies, systems and controls in place, such as the Corporate Governance Framework; anti-fraud and corruption; whistle-blowing, declarations of interest and gifts and hospitality.
- Review arrangements for the assessment of fraud risks and potential harm from fraud and corruption and monitor the effectiveness of the counter fraud strategy, actions and resources
- To consider the governance and assurance arrangements for significant partnerships or collaborations

#### Strategic Risk Management

- Consider the effectiveness of the Commissioner's and Chief Constable's risk management arrangements
- Understand the risk profile of the Office of the Police and Crime Commissioner and the Chief Constable
- Receive and consider assurances that risks are being managed effectively and that published goals and objectives will be achieved efficiently and economically, making recommendations as necessary
- The risk management policy will be reviewed by the OPCC and the Force on a bi-annual basis and reviewed by the committee.

#### Internal Audit

- Oversee its independence, objectivity, performance and conformance to professional auditing standards;
- Receive and consider the adequacy and effectiveness of the arrangements for the provision of the internal audit service
- Consider and comment on the Internal Audit Strategy and Plan

- Receive and review internal audit reports and monitor progress of implementing agreed actions
- Consider and comment upon the annual report of the Head of Internal Audit
- Obtain assurance that an annual review of the effectiveness of the internal audit function takes place

#### External Audit

- Receive and review reports from the external auditors, including the annual audit letter and audit opinion
- Review the effectiveness of external audit
- Consider and comment upon any proposals affecting the provision of the external audit service
- Consider the level of fees charged, and
- At present Bedfordshire participates in the national procurement of external audit services through the Public Sector Audit Appointments (PSAA). However, should the Commissioner and Chief Constable decide that local procurement would be better the Committee would undertake the role of the Independent Audit Panel, as set out in the Local Audit and Accountability Act 2014, including considering and recommending appropriate arrangements for any future appointment of External Auditors

#### Inspection and Review

- To consider any HMIC report that provides assurance on the internal control environment and/or highlights governance issues for the Commissioner and/or Chief Constable

#### **Accountability Arrangements**

- On a timely basis report to the Commissioner and the Chief Constable with its advice and recommendations in relation to any matters that it considers relevant to governance, risk management and financial management.
- Report to the Commissioner and the Chief Constable on its findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks; financial reporting arrangements and internal and external audit functions.
- On an annual basis to review its performance against its Terms of Reference and report the results of this review to the Commissioner and the Chief Constable.