



Agenda Item 12

**JOINT AUDIT COMMITTEE
31 March 2022**

**JOINT AUDIT COMMITTEE TERMS OF REFERENCE
AND WORK PROGRAMME 2022/23**

1. PURPOSE OF REPORT

- 1.1 To propose a programme of work for the Committee for its meetings in 2022/23, and ask the Committee to approve the Terms of Reference and working protocols suggested by the Commissioner and Chief Constable.

2. BACKGROUND

- 2.1 At the outset of the year, the Joint Audit Committee sets itself a programme of work to ensure that workload is spread appropriately throughout the year and is aligned to the terms of reference for the Committee. By agreeing a programme of work for the year, all members are able to identify in advance when issues are being considered by the Committee and officers and external staff are able to plan their work necessary to effectively support these milestones and attend associated meetings. Occasionally, extraordinary meetings of the Committee may be required over and above those set in the annual work programme. The proposed work programme for 2022/23 is attached at Appendix A.
- 2.2 The terms of reference for the Joint Audit Committee has previously been assessed against the model terms of reference provided in the CIPFA guidance for Local Authorities and Police Audit Committees. The terms of reference has been reviewed during March 2022 with no changes required at this time. The proposed terms of reference for 2022/23 is provided at Appendix B. Subsequent to any significant change of membership, the proposed work programme and terms of reference for the Joint Audit Committee will be confirmed with any new members.

3. RECOMMENDATIONS

- 3.1 The Committee is asked to consider the proposed work programme attached at Appendix A.

3.2 The Committee is asked to approve the Terms of Reference for 2022/23 and associated working protocols attached at Appendix B.

CONTACT OFFICER
Name: Lynn Joyce
Title: Head of Internal Audit

BACKGROUND DOCUMENTS
None

JOINT AUDIT COMMITTEE WORK PLAN 2022/23

Thursday 30 June 2022

- Statement of Accounts
- Annual Governance Statements
- Internal Audit Annual Report 2021/22
- Internal Audit Activity Update Report 2022/23
- Internal Audit Quality Assurance and Improvement programme
- Joint Audit Committee Annual Report 2021/22
- HMICFRS Update
- Risk Management Progress Update
- Insurance update
- External Audit Progress Report and Sector Update
- Annual private meeting with Auditors (External Audit)

29 September 2022

- External Audit Joint Audit Findings Report (Year ending 31 March 2022)
- Publication of Statement of Accounts (For information)
- Treasury Management Update
- Risk Management Progress Update
- Internal Audit Activity Update Report 2022/23
- HMICFRS Update
- External Audit Progress Report and Sector Update
- Annual private meeting with Auditors (Internal Audit)

15 December 2022

- Internal Audit Activity Update Report 2022/23
- HMICFRS Update
- Risk Management Progress Update
- Anti-Fraud Bribery and Corruption Annual Effectiveness Review
- External Audit Progress Report and Sector Update
- External Audit – Auditor’s Annual Report
- Corporate Governance Review / Joint Scheme of Governance
- HMICFRS VFM profiles

30 March 2023

- Treasury Management Strategy Report
- Internal Audit Strategy and Annual Plan 2023/24
- Internal Audit Activity Update Report 2022/23
- Risk Management Progress Update
- HMICFRS Update
- Accounting Policies
- External Audit Plan 2022/23
- External Audit Progress Report and Sector Update
- Joint Audit Committee Work Programme for 2023/24

Information reports to include:

- Best practice updates
- Training issues/updates
- Governance related
- Special Investigations/Inspection/Fraud Updates

**Police and Crime Commissioner/CHIEF CONSTABLE
JOINT AUDIT COMMITTEE
TERMS OF REFERENCE**

Composition of the Committee

The Audit Committee comprises between 2 and 6 members who are independent of the office of the Police and Crime Commissioner (OPCC) and the Force. The executive of the OPCC and the Force Executive Team will be represented at each meeting of the Committee, as required.

Purpose

The Audit Committee is responsible for enhancing public trust and confidence in the governance of the OPCC and the Force. It also assists the Police and Crime Commissioner in discharging statutory responsibilities in holding the Force to account. This is achieved by:

- Advising the Police and Crime Commissioner and the Chief Constable according to good governance principles.
- Providing independent assurance on the adequacy and effectiveness of the OPCC and Force internal control environment and risk management frameworks.
- Overseeing the effectiveness of the framework in place for ensuring compliance with statutory requirements.
- Independently scrutinising financial and non-financial performance to the extent that it affects the OPCC and Force exposure to risks and weakens the internal control environment.
- Overseeing the financial reporting and annual governance processes, and internal and external audit.

Objectives

The Audit Committee meets four times a year (March, June, September, December) in public and in effectively discharging its core function is responsible for:

Internal Control Environment

- Satisfying itself as to the effectiveness of the internal control framework in operation within the OPCC and Force and advising the Police and Crime Commissioner and the Chief Constable, as appropriate.
- Considering the Local Code of Governance and the Annual Governance Statement for publication with the annual accounts, together with associated action plans for addressing areas of improvement and advising the Police and Crime Commissioner as appropriate.

Corporate Risk Management

- Approving the OPCC and Force corporate risk management strategies and frameworks; ensuring that an appropriate framework is in place for assessing and managing key risks to the OPCC and the Force.
- Considering the financial risks to which the OPCC and Force are exposed and approving measures to reduce or eliminate them or to insure against them.
- Providing assurance to the Police and Crime Commissioner and the Chief Constable as appropriate on the effectiveness of the risk management framework in operation.

Regulatory Framework

- Maintain an overview of the governance framework in respect of contract procedure rules, financial regulations and codes of conduct and behaviour.
- To review any issue referred to it by the Statutory Officers of the Police and Crime Commissioner and Chief Constable and make recommendations as appropriate.

- To monitor the policies of both the Police and Crime Commissioner and Chief Constable on 'Raising Concerns at Work', and anti-fraud and corruption strategy.

Internal Audit

- Advising the Police and Crime Commissioner and the Chief Constable on the appropriate arrangements for internal audit and approving the Internal Audit Strategy, annual audit programme, resources and Internal Audit Charter.
- Overseeing and giving assurance to the Police and Crime Commissioner and the Chief Constable on the provision of an adequate and effective internal audit service; receiving progress reports on the internal audit work plan and monitor the implementation of agreed actions ensuring appropriate action is taken in response to audit findings, particularly in areas of high risk.
- Considering the Head of Internal Audit's Annual Report and annual opinion on the internal control environment for the OPCC and Force; ensuring appropriate action is taken to address any areas for improvement.
- Considering the Head of Internal Audit's statement of the level of conformance with the Public Sector Internal Audit Standards and the results of the Quality Assurance Improvement programme that support the statement.
- Reviewing and monitoring the effectiveness of OPCC and Force policies on fraud, irregularity and corruption.

External Audit

- Advising the Police and Crime Commissioner and the Chief Constable on the appointment of external auditors.
- Approving on behalf of the Police and Crime Commissioner and the Chief Constable the external audit programme.
- Reviewing the external auditor's Annual Governance Report and any other reports; reporting on these to the Police and Crime Commissioner and the Chief Constable as appropriate and including progress on the implementation of agreed recommendations.
- Reviewing the External Auditor's Annual Report and the Annual Accounts making recommendations as appropriate to the Police and Crime Commissioner and the Chief Constable.
- Considering significant accounting policies and any changes to them.

Financial Reporting

- Reviewing the Annual Statement of Accounts and make recommendations, or bring to the attention of the Police and Crime Commissioner or Chief Constable, any concerns or issues
- To consider whether appropriate accounting policies have been followed and any changes to them.
- Reviewing the annual HMICFRS value for money profiles and consider the arrangements to secure value for money and review the effectiveness of these arrangements.

Inspection and Review

- Considering HMICFRS, external review agencies and any internal inspection reports that provide assurance on the internal control environment and/or may highlight governance issues for the OPCC and/or Force.

JOINT COMMITTEE WORKING PROTOCOLS.

Reporting

- The Audit Committee will formally report in writing to the Police and Crime Commissioner and Chief Constable after each meeting, summarising the business taken by the Committee, and offering the views of, and advice from, the Committee on issues which they consider the Police and Crime Commissioner and/or Chief Constable should be taking action. Scope, content and format of report to be determined.

If the minutes of the Audit Committee meeting are used as the report, care should be taken in their presentation to highlight the advice being provided. These reports should normally be copied to the Head of Internal Audit and the External Auditor (especially if the report contains advice about or to the auditors).

- The Audit Committee will provide the Police and Crime Commissioner and Chief Constable with an Annual Report, timed to support finalisation of the accounts and the Annual Governance Statement, summarising its conclusions from the work it has undertaken during the year.

This internal report needs to be open and honest in presenting the Audit Committee's views if it is to be of real benefit to the Police and Crime Commissioner and Chief Constable. The Annual Report should summarise the Audit Committee's work for the year past, and present the Audit Committee's opinion about:

the comprehensiveness of assurances in meeting the Police and Crime Commissioner/Chief Constable's needs;

the reliability and integrity of these assurances;

whether the assurance available is sufficient to support the Police and Crime Commissioner/Chief Constable in their decision taking and their accountability obligations;

the implication of these assurances for the overall management of risk;

any issues the Audit Committee considers pertinent to the Annual Governance Statement and any long term issues the Committee thinks the Police and Crime Commissioner/Chief Constable should give attention to;

financial reporting for the year;

the quality of both Internal and External Audit and their approach to their responsibilities; and

the Audit Committee's view of its own effectiveness, including advice on ways in which it considers it needs to be strengthened or developed.

Bilateral Communications

- There should be mutual rights of access among each of the Chair of the Audit Committee, the Chief Executive, the Chief Financial Officer(s), the Head of Internal Audit, and the External Auditor. Whether or not that right of access is exercised, there should be an annual bilateral meeting between the Chair of the Audit Committee and each of these parties to ensure that there is clear understanding of expectations and mutual understanding of current issues.

Rights

The Audit Committee may co-opt additional members for a period not exceeding a year to provide specialist skills, knowledge and experience.

The Audit Committee may procure specialist ad-hoc advice at the expense of the organisation, subject to budgets agreed by the Police and Crime Commissioner and Chief Constable.

Access

The Head of Internal Audit and the representative of External Audit will have free and confidential access to the Chair of the Audit Committee.

Meetings

The Audit Committee will meet at least four times a year.

The Chair of the Audit Committee may convene additional meetings, as they deem necessary.

A minimum of 2 members of the Audit Committee will be present for the meeting to be deemed quorate. At least 1 of these 2 members needs to be an independent member (either the chair or Vice Chair.)

Audit Committee meetings will normally be attended by representatives of the Executive of the OPCC and the Force Executive Team, the Head of Internal Audit, and a representative of External Audit.

The Audit Committee may ask any other officials of the organisation to attend to assist it with its discussions on any particular matter.

The Audit Committee may ask any or all of those who normally attend but who are not members to withdraw to facilitate open and frank discussion of particular matters.

The Audit Committee may hold separate meetings with External Auditors/Internal Auditors, without CFO's or executive representatives. The Committee should hold one such meeting annually.

The Police and Crime Commissioner/Chief Constable may ask the Audit Committee to convene further meetings to discuss particular issues on which they want the Committee's advice.

Information requirements

For each meeting the Audit Committee will be provided with:

- A report summarising any significant changes to the organisation's Risk Register/Assurance Framework
- 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
- Changes to the Periodic Plan
- Any resourcing issues affecting the delivery of Internal Audit objectives
- A progress report from the External Audit representative summarising work done and emerging findings.

As and when appropriate the Committee will also be provided with:

- Treasury Management Strategy and progress reports
- Statutory Accounts approval and publication reports
- Draft Annual Governance Statement(s)
- External Audit Governance and Management reports
- Inspection reports of HMICFRS and other external agencies
- The Internal Audit Strategy/Internal Audit Charter/Quality Assurance and Improvement Programme
- The Head of Internal Audit's Annual Opinion and Report
- Quality Assurance reports on the Internal Audit function
- A report on any changes to accounting policies
- Effectiveness and monitoring reports, around the policies on fraud, irregularity and corruption
- A report on any proposals to tender for audit functions
- Information reports on issues of best practice that impact on the effectiveness of the Committee or are of general interest.

The above list suggests minimum requirements for the inputs which should be provided to the Audit Committee.

March 2022