

The Office of the Police and Crime Commissioner

JOINT AUDIT COMMITTEE

Terms of Reference

1. Purpose

The purpose of the Joint Audit Committee is:

- To provide independent assurance to the Police and Crime Commissioner and the Chief Constable regarding the adequacy of the risk management framework and the associated control environment.
- To provide independent scrutiny of the Force's and Office of the Police and Crime Commissioner's financial and non-financial performance (to the extent that it affects their exposure to risk and weakens the control environment).
- To oversee the financial reporting process.

2. Scope

The Joint Audit Committee provides comments, advice and assurance on matters relating to the internal control environment of the Force and the Office of the Police and Crime Commissioner (OPCC). It has oversight of the governance framework and will provide comments on any new or proposed Force or OPCC policies and strategies or changes to existing relevant policies and strategies which in the opinion of the Chief Financial Officers are significant with regards to financial risk and probity.

If the Joint Audit Committee has concerns about a specific governance or audit matter it may request the relevant policy or strategy to be presented to the Committee in order that assurance may be obtained and constructive comment provided where appropriate.

The Joint Audit Committee has the following approval powers:

- **To Approve the Annual Governance Statements for inclusion in the Statement of Accounts.**
- **To Approve any Code of Corporate Governance for the Force or the Office of the Police and Crime Commissioner.**

The JAC reviews the the Internal Audit Strategy and Plan and recommends approval by Joint Management Board (JMB).

The following do **NOT** fall within the scope of the Joint Audit Committee:

- The Force's operational performance and operational risks.
- HMIC reports with an operational theme / basis e.g. "A Review of the August Disorders" " Intelligence on Criminality Associated With Protest."
- The management of the internal audit function.
- Any reviews carried out by the Police and Crime Panel.

3. Methods of Working

The Joint Audit Committee will:

- Advise the Chief Constable and the PCC according to good governance principles.
- Promote appropriate risk management arrangements.
- Provide robust and constructive challenge.
- Take account of the principles of Corporate Social Responsibility (CSR), which includes financial and economic stewardship (including VFM); people and

communities (including Diversity, Equality and Human Rights); and environmental sustainability and health & safety.

- Publish an annual report outlining the activities of the Committee during the preceding year.

4. Specific Responsibilities

(i) Financial Management

- Provide assurance regarding the Statement of Accounts and that the appropriate accounting policies have been applied.
- Monitor the integrity of any published financial statements and any formal announcements relating to financial performance.
- Consider and comment upon any policy or strategy regarding reserves.
- Consider and comment upon the budget planning process.
- Consider and comment upon the Medium Term Financial Strategy.
- Scrutiny of any policy or strategy regarding loans, investments or borrowing.
- Consider and comment upon any policy or strategy regarding asset management.

(ii) Internal Control and Governance Environment

- ***Approve the Annual Governance Statement for inclusion in the Statement of Accounts.***
- ***Approve any Code of Corporate Governance for the Force or the Office of the Police and Crime Commissioner.***
- Consider and comment upon the Scheme of Consent.
- Consider and comment upon financial regulations (including powers to enter into contracts and acquire or dispose of property).
- Consider and comment upon any policy or strategy relating to sponsorship.
- Consider and comment upon anti fraud and anti corruption arrangements including "whistle blowing."
- Consider and comment upon any policy or strategy regarding commissioning.
- Consider and comment upon any proposals regarding the giving of grants.
- Review the effectiveness of internal control systems and provide assurance regarding such systems.
- Commission assurance work e.g. specialist advice or audit.
- Ensure an annual review of the effectiveness of the Joint Management Board takes place.
- Consider and comment upon the assurance framework.
- Consider and comment upon compliance with the statutory duties regarding the Police and Crime Commissioner.
- Consider and comment upon the transition arrangements for staff and assets.
- Review compliance with policies relating to declarations of interest, gifts and hospitality.

(iii) Corporate Risk Management

- Consider and comment upon strategic risk processes.
- Provide assurance that organisational risks are being managed effectively and that published goals and objectives will be achieved efficiently and economically.

Approach risk management by seeking assurance that arrangements are in place and working effectively, rather than by the detailed review of individual risks.

(iv) Internal Audit

- ***Recommend approval of the Internal Audit Strategy and Plan. The JAC does not direct internal audit activities.***
- Review the effectiveness (including resourcing) of internal audit.
- Receive and review internal audit reports and monitor progress on implementing recommendations.
- Consider and comment upon the annual report of the Head of Internal Audit.
- Involvement with the recruitment or termination of employment of the Head of Internal Audit.
- Consider and comment upon any proposals affecting the provision of the internal audit service.

(v) External Audit

- Receive and review reports from the external auditors including the annual audit letter, audit opinion etc.
- 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.
- Be responsible for the appointment of external auditors under the requirements of the Local Audit and Accountability Act 2014.

5. Reporting Line:

The Joint Audit Committee will report direct to the Police and Crime Commissioner and the Chief Constable.

6. Links:

In the course of its work the Committee may forge links (direct or indirect) with the following:

- The Force's Chief Financial Officer and OPCC's Treasurer. .
- Monitoring Officer.
- Head of Internal Audit.
- External Auditors.
- Her Majesty's Inspector of Constabulary.
- The Police and Crime Panel for Devon and Cornwall.
- Regional Committees.
- Community Safety Partnerships.
- Equality & Human Rights Commission.
- Government Equalities Office.
- Devon Audit Partnership

7. Composition of the Committee:

The Committee will have 4 members, independent of both Devon and Cornwall Constabulary and the Office of the Police and Crime Commissioner.

8. Quorum:

The quorum of the Committee will be 3 members.

9. Election of Chair & Vice-Chair

- The Chair and Vice- Chair term of office to be 2 years, with a maximum of 2 terms.

- The Chair may be re-elected but to serve no more than 2 consecutive terms as Chair.
- If the Chair serves 2 consecutive terms there must be a break of at least 2 years before the person can be nominated as a Chair again.

10. Number of meetings:

There will be a minimum of 4 formal Committee meetings scheduled per year (additional formal meetings may be required).

11. Information publically available:

The agenda, reports and minutes of formal meetings will be made available on the OPCC and Force websites. Agendas and reports will be published 5 working days before each meeting, not including Bank Holidays. Meetings are open to attendance by members of the public.

12. Attendance at Audit Committee Meetings

The Police and Crime Commissioner and the Chief Constable should attend or be appropriately represented at formal meetings of the Joint Audit Committee.

Information Relating to Members of the Joint Audit Committee

1. Eligibility to be a member of the Joint Audit Committee

- Joint Audit Committee Members must be independent of both the Force and the PCC. Serving police officers, police staff or staff employed in an OPCC (or Met equivalent) are not eligible for appointment. A person who has been so employed must have a minimum 1 year break before being appointed to serve on the Joint Audit Committee.
- Political activity in itself is no bar to appointment. Candidates will be asked to declare any significant political activity (which includes holding office, public speaking, making a recordable donation or candidature for election) which they have undertaken in the last five years. This information will only be provided to the recruitment panel for those applicants selected for interview. Details of the successful candidates declared political activity will be published.
- Before an appointment to the Committee is confirmed candidates will need to be successfully vetted to non police personnel basic level. (Candidates should note that all arrests, convictions and cautions must be declared on the vetting form whether or not they are “spent” under the terms of the Rehabilitation of Offenders Act)
- A person who is an undischarged bankrupt is not eligible for appointment to the Joint Audit Committee.
- A person who is on the Police and Crime Panel or is a councillor or an employee of a council which is represented on the Panel is not eligible for appointment to the Joint Audit Committee.
- All appointees must sign a declaration that they agree to uphold the Committee on Standards in Public Life’s seven principles of Public Life.
- All appointees must agree to their name, photo and declarations of interests being made publically available – including on the Force and OPCC websites.
- To assist with individual effectiveness, all appointees must agree to be the subject of an appraisal process with the Chair of the Committee.

2. Person Specification

Role purpose: to provide assurance, advice and comment upon governance issues.

In order to fulfil its objectives the Joint Audit Committee should corporately possess:

- Financial awareness.
- Awareness of current accounting issues.
- Understanding of relevant statutory duties and legislative requirements.
- Understanding of the principles of risk management.
- Knowledge of modern principles relating to audit, scrutiny and assurance.
- At least 1 person to have a professional qualification from one of the professional accounting bodies (FRC).
- Knowledge and experience of the principles of Corporate Social Responsibility which includes:
 - Financial and Economic Stewardship
 - Value For Money,

- People and Communities (including Diversity, Equality and Human Rights)
- Environmental Sustainability
- Health & safety

Individuals should have and be able to demonstrate:

- Integrity
- A balanced and proportionate approach in preparing and giving advice
- Independent thought
- A constructive but challenging approach
- Ability to be analytical
- Ability to scrutinise
- Self confidence
- Respect for others

Individuals should have or acquire as soon as possible after appointment:

- Understanding of the objectives and current significant issues for the police service at both a national and local level.
- Understanding of the objectives, responsibilities and current significant issues for the Office of the Police and Crime Commissioner.
- Understanding of the Devon and Cornwall Constabulary structure.
- Understanding of the various inspection regimes which impact upon the work of the Police Service and the Office of the Police and Crime Commissioner.

3. Tenure

- The 3 members will be recruited initially to serve for a 5 year period and the co-opted member for a 3 year period. Thereafter all positions to be for a 5 year period.
- Any Committee member missing more than 3 consecutive meetings will automatically cease to be a member of the Audit Committee.
- No individual will serve on the Audit Committee for more than 10 years in total.

4. Remuneration Rate

The remuneration will be paid at the fees rate set by the Home Office for Police Appeals Tribunal Members. At the time of preparing this report the amounts (unchanged since April 2007) are:

- Full day i.e. sittings of more than 4 hours (excluding meal breaks) £211.50.
- Half day i.e. sittings of 4 hours or less (excluding meal breaks) £104.50.
- Preparatory work, where it is necessary for the work to be undertaken on a day other than the day of the joint committee meeting, will be remunerated at £15 per hour.
- Other rates/expenses to be agreed as necessary, e.g. childcare costs.

5. Reimbursement of Travel Costs

The most practical, economic and sustainable method of travel should be used. The Police & Crime Commissioner's office will book public transport when requested to do so.

- Rail – the cost of rail travel will be reimbursed at the amount paid, provided that evidence is available to show that this was the most economic option for the date and time of travel.

- Cars, vans and motor cycles – reimbursement will be at the relevant HM Revenue and Customs approved rate (the car mileage rate is 45p per mile up to 10,000 miles at the time of preparing this report).

Recruitment Practice

Recruitment practice will be based upon the Commissioner for Public Appointments Code of Practice for Ministerial Appointments to Public Bodies (April 2012).

Equality & diversity monitoring will be given full due regard at every stage of the recruitment process:

- The overriding principle is selection on merit. Those appointed will be the candidates whose skills, experience and qualities have been judged to best meet the needs of the Joint Audit Committee.
- The selection process will be objective, impartial and applied consistently to all candidates. Each candidate will be assessed against the same published criteria.
- Information about the role of Joint Audit Committee members and the selection process will be publically available.
- The recruitment panel will comprise 3 people - a representative from the Force, a representative from the OPCC and a person who is independent of the other two bodies but is agreed by their representatives on the recruitment panel.
- Advertisements will be published in a way that is designed to attract a strong and diverse field of suitable candidates. The specific places where advertisements will be published will be agreed by the Force and OPCC recruitment Panel representatives.
- Application will be by application form and interview.
- A panel report, signed by the chair of the recruitment panel, will be produced and published at the conclusion of every appointment process. The report should describe the stages and outcomes of the recruitment process including demographic information.