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**DORSET**  
**POLICE**



**PCC**  
Office of the Police  
and Crime Commissioner  
Devon and Cornwall



**DORSET**  
POLICE & CRIME  
COMMISSIONER  
DAVID SIDWICK

# INDEPENDENT AUDIT COMMITTEE

## TERMS OF REFERENCE

## **Statement of purpose**

The Independent Audit Committee is a key component of the corporate governance for Devon & Cornwall Police, the Police and Crime Commissioner for Devon and Cornwall and for Dorset Police and the Police and Crime Commissioner for Dorset.

The purpose of the Independent Audit Committee is to provide independent and high-level focus on the adequacy of governance, risk and control arrangements. Its role in ensuring there is sufficient assurance over governance, risk and control gives greater confidence to the PCC and chief constable that those arrangements are effective.

The Committee should give such advice and make recommendations on improvements as it considers appropriate, and to request any report, policy or other document to provide the assurance sought. In accordance with the Revised Financial Management Code of Practice for the Police Forces of England and Wales (FMCP) (Home Office 2018) the Independent Audit Committee is an advisory body only. The Chartered Institute of Public Finance and Accountancy, CIPFA, notes that as a non-executive body, the influence of the audit committee depends not only on the effective performance of its role, but also on its engagement with the leadership team and those charged with governance.

The Committee will review its own effectiveness and provide an annual report to the Chief Constables and Police and Crime Commissioners.

These terms of reference summarise the core functions of the Committee in relation to the offices of the Chief Constables and Police and Crime Commissioners.

## **Governance, risk and control**

- To review the force corporate governance arrangements against the good governance framework, including the ethical framework, and consider the local code of governance.
- To monitor the effective development and operation of risk management in the OPCC and force.
- To monitor progress in addressing risk-related issues reported to the committee.
- To consider the OPCC's and force arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.

- To consider reports on the effectiveness of financial management arrangements, including compliance with CIPFA'S Financial Management Code.
- Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- To review the assessment of fraud risks and potential harm to the OPCC and force from fraud and corruption.
- To monitor the counter-fraud strategy, actions and resources.
- Review the governance and assurance arrangements for significant partnerships or collaborations.

### **Internal audit**

- To recommend for approval the Internal Audit Charter
- To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.
- To review the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
- To consider significant interim changes to the risk-based internal audit plan and resource requirements.
- To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.
- To consider any impairments to the independence or objectivity of the head of internal audit arising from additional roles or responsibilities outside of internal auditing and to recommend and periodically review safeguards to limit such impairments.

- To consider reports from the head of internal audit on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include:
  - updates on the work of internal audit, including key findings, issues of concern and action in hand as a result of internal audit work
  - regular reports on the results of the QAIP
  - reports on instances where the internal audit function does not conform to the PSIAS and LGAN, considering whether the non-conformance is significant enough that it must be included in the AGS.
- To consider the head of internal audit's annual report, including:
  - the statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement (these will indicate the reliability of the conclusions of internal audit)
  - the opinion on the overall adequacy and effectiveness of the framework of governance, risk management and control, together with the summary of the work supporting the opinion (these will assist the committee in reviewing the AGS).
- To consider summaries of specific internal audit reports as requested.
- To receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the OPCC or force, or where there are concerns about progress with the implementation of agreed actions.
- To contribute to the QAIP and in particular to the external quality assessment of internal audit that takes place at least once every five years.
- To consider a report on the effectiveness of internal audit to support the AGS where required to do so by the accounts and audit regulations
- To provide free and unfettered access to the audit committee chair for the head of internal audit, including the opportunity for a private meeting with the committee.

## **External audit**

- Support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review any issues raised by either Public Sector Audit Appointments Limited (PSAA) or, the auditor panel as appropriate.

- Comment on the scope and depth of external audit work, and whether it gives satisfactory value for money.
- To advise on commissions of additional work from external audit.
- Consider the auditor's annual management letter, relevant reports and the report to those charged with governance.
- Consider specific reports as agreed with external audit.
- Advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies, or relevant bodies. To provide free and unfettered access to the audit committee chair for the auditors, including the opportunity for a private meeting with the committee.

## **Financial and governance reporting**

### **Governance reporting**

- To review the AGS prior to approval by the PCC and chief constable and consider whether it properly reflects the risk environment and supporting assurances, including the head of internal audit's annual opinion.
- To consider whether the annual evaluation for the AGS fairly concludes that governance arrangements are fit for purpose, supporting the achievement of the OPCC's and force's objectives.

### **Financial reporting**

- To monitor the arrangements and preparations for financial reporting to ensure that statutory requirements and professional standards can be met.
- Review the annual statements 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 that need to be brought to the attention of the relevant Chief Constable or Police and Crime Commissioner.
- Consider the external auditor's report to the PCC and the chief constable on issues arising from the audit of the accounts.

## **Accountability arrangements**

- To report to the PCC and chief constable on the committee's 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.
- To report to the PCC and chief constable on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.
- To publish an annual report on the work of the committee, including a conclusion on the compliance with the CIPFA Position Statement.

## **Operating Principles**

These are set out separately in the Committee's Operating Principles document.

## **Review**

The terms of reference will be subject to annual review by the Head of Audit, Insurance and Strategic Risk Management in conjunction with the Chair of the Independent Audit Committee and approved by the Chief Constables and Police and Crime Commissioners.

**Date of next review:** September 2024