



INDEPENDENT AUDIT COMMITTEE TERMS OF REFERENCE

Statement of Purpose

The Independent Audit Committee is a key component of the corporate governance for Devon & Cornwall Constabulary, 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 advice, assurance and recommendations to the Chief Constables and PCCs of Devon & Cornwall and Dorset respectively on the adequacy of the governance and risk management frameworks, the internal control environment, and financial reporting, thereby helping to ensure efficient and effective assurance arrangements are in place. To this end the Committee is enabled and required to have oversight of, and to provide independent review of, the effectiveness of all governance, risk management and control frameworks, its financial reporting and annual governance processes, and internal and external audit.

In doing so it should give such advice and make recommendations on improvements as it considers appropriate, and to request any report, policy or other document it requires in order to provide the assurance they are looking for.

The Chartered Institute of Public Finance and Accountancy, CIPFA, notes the importance of the capacity of the Committee ‘to promote good governance, make things better and not only review what happened in the past’¹.

The Committee will review its own effectiveness and provide an annual report 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 Police and Crime Commissioner and the Chief Constable.

Governance Risk and Control

1. To review the Annual Governance Statements (AGS) prior to approval and consider whether they properly reflect the governance, risk and control environment and supporting assurances and identify any actions for improvement.
2. To consider the arrangements to secure value for money and their effectiveness.
3. To monitor the effectiveness of risk management arrangements.

¹ CIPFA *Audit Committees, Practical Guidance for Local Authorities and Police, 2018 edition*

4. Consider the wider governance and assurance framework and consider reports on its effectiveness.
5. Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
6. Review arrangements for the assessment of fraud risks and potential harm from fraud and corruption and monitor the effectiveness of the counter-fraud strategy.
7. Review the governance and assurance arrangements for significant partnerships or collaborations.
8. Consider such other reports as may be relevant to governance, risk and control, as necessary. For example, non-operational HMICFRS reports or matters raised by the Chief Financial Officers, Treasurers or monitoring officers.

Internal Audit

9. Annually review the internal audit charter and resources.
10. Review the internal audit plan and subsequent amendments to the plan.
11. Consider the adequacy of the performance of the internal audit service and its independence, and report on the effectiveness of the internal audit function.
12. Consider the annual report and opinion from internal audit, a regular summary of the progress of internal audit activity against the audit plan, and the level of assurance it can give over corporate governance arrangements.
13. To consider internal audit reports, recommendations and progress against those recommendations.
14. To consider the head of internal audit's annual statement of the level of conformance with the Public Sector Internal Audit Standards and Local Government Audit Note (LGAN) and the results of the Quality Assurance and Improvement Programme that support the statement. These will indicate the reliability of the conclusions of internal audit.
15. To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the head of

internal audit. To make recommendations or safeguards to limit such impairments and periodically review their operation.

External Audit

16. 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.
17. Comment on the scope and depth of external audit work, its independence and whether it gives satisfactory value for money.
18. Consider the auditor's annual management letter, relevant reports and the report to those charged with governance.
19. Consider specific reports as agreed with external audit.
20. Advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies.

Financial reporting

21. 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 of the financial statements that need to be brought to the attention of the relevant Chief Constable or PCC.
22. Consider the external auditor's report to those charged with governance on issues arising from the audit of the financial statements.

Accountability arrangements

The Committee will:

Report to the police and crime commissioners and chief constables, on a timely basis, with its advice and recommendations in relation to any matters that it considers relevant to governance, risk management and financial management after each meeting of the committee.

Review its performance against its terms of reference annually and report the results of this review to the police and crime commissioners and chief constables.

Produce an annual report to the police and crime commissioners and the chief constables.

The documents listed to provide assurance is not exhaustive and additional assurance can be requested or provided as appropriate.

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 Committee.

Operating Principles

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

Date of review

These terms of reference will be reviewed in June 2019.