

JOINT AUDIT COMMITTEE

JOINT AUDIT AND STANDARDS COMMITTEE TERMS OF REFERENCE

STATEMENT OF PURPOSE

1. Our audit committee is a key component of the West Mercia Police and Crime Commissioner' and Chief Constable' Corporate Governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance, financial and ethical standards.
2. The purpose of our audit committee is to provide independent advice, assurance and recommendations to the West Mercia Police and Crime Commissioner and Chief Constable on the adequacy of the governance and risk management frameworks, the internal control environment, financial reporting and ethics and standards, 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 the West Mercia Police and Crime Commissioners' and Chief Constables' governance, risk management and control frameworks, their financial reporting and annual governance processes, internal and external audit and adherence to appropriate standards and ethics.
3. These terms of reference will summarise the core functions of the committee in relation to the offices of the Police and Crime Commissioners and to the Police Forces and describe the protocols in place to enable it to operate independently, robustly and effectively.

Governance, Risk and Control

The Committee will provide advice and recommendations to the PCC and Chief Constable in relation to the following areas:

4. Review and approve the corporate governance arrangements against the good governance framework, including the ethical framework and consider the local code of governance.
5. Review the Annual Governance Statements prior to **final** approval and consider whether they **adequately and** properly reflect the governance, risk and control environment and supporting assurances and identify any actions required for improvement.
6. Consider the arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
7. Consider the framework of assurance and ensure that it adequately

addresses the risks and priorities of the OPCC and the Police Force.

8. Monitor the effective development and operation of risk management, review the risk profile, and monitor and approve the progress of the PCC/Chief Constable in addressing risk-related issues reported to them.

9. Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.

10. Review, approve and monitor the effectiveness of the arrangements for the assessment of fraud risks and any potential harm from fraud and corruption and monitor the effectiveness of the counter fraud strategy, actions and resources.

11. Review, approve and monitor the effectiveness of the governance and assurance arrangements for significant partnerships or collaborations.

12. Review, approve and monitor the effectiveness of the governance and assurance arrangements for significant projects and programmes

Internal Audit

The committee will provide advice and recommendations to the Police and Crime Commissioner and the Chief Constable on the appropriate arrangements in relation to the following areas:

13. Annually review and approve the internal audit charter and resources

14. Review and approve the internal audit plan and any proposed revisions to the internal audit plan.

15. Oversee the appointment of the internal audit service.

16. Oversee and give assurance on the performance of the internal audit service and its independence

17. Consider the Head of Internal Audit's annual report and opinion, and the regular summaries of the progress of internal audit activity against the audit plan, and the level of assurance it is providing over corporate governance arrangements.

18. Consider the Head of Internal Audit's Statement of the level of conformance with the Public Sector Internal Audit Standards, Local Government Application Note and the Quality Assurance and Improvement Programme that support the statement – these will indicate the reliability of the conclusions of internal audit.

19. Review and comment on summaries of internal audit reports and such detailed reports as the committee may request from the PCC/the Chief

Constable, including issues raised or recommendations made by the internal audit service, management response and progress with agreed actions.

20. Consider a report on the effectiveness of internal audit to support the Annual Governance Statement, where required to do so by the Accounts and Audit Regulations (England) 2015.

21. Consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the Head of Internal Audit. Make recommendations on safeguards to limit such impairments and periodically review their operation.

Reviewing and monitoring the effectiveness of OPCC and Force policies on fraud irregularity and corruption.

External Audit

The committee will provide advice and recommendations to the Police and Crime Commissioner and the Chief Constable on the appropriate arrangements in relation to the following areas:

21. The independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by Public Sector Audit Appointments Ltd.

22. Approving on behalf of the Police and Crime Commissioner and the Chief Constable the external audit programme.

23. Comment on the scope and depth of external audit work, its independence and whether it gives satisfactory value for money

24. Review and comment on the external auditor's annual audit letter, relevant reports and the report to those charged with governance

25 Review and comment on specific reports as agreed with the external auditor

26. Advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies

Financial Reporting

The committee will provide advice and recommendations to the PCC or Chief Constable in relation to the following areas:

26. Review the annual statement of accounts, specifically to consider whether appropriate accounting policies have been followed. Highlight to the PCC and/or

the Chief Constable any concerns the Committee may have arising from the financial statements or from the audit of the financial statements.

27. Consider the external auditor's report to those charged with governance on issues arising from the audit of financial statements.

Treasury Management

The committee will provide advice and recommendations to the PCC in relation to the following area:

28. Scrutinise and agree the treasury management strategy and policies and monitor performance against this strategy.

Standards

The committee will do the following:

29. Independently scrutinise closed police complaint cases to ensure due process has been followed and make recommendations on areas highlighted.

30. Monitor the embedding of the College of Policing Code of Ethics in everyday policing

31. Attend the Police Internal Ethics Committee and share information between the two Committees

32. Consider reports and policies from an ethics or standards perspective for example HMICFRS reports, gifts and hospitality registers, and new police processes, policies and initiatives

Accountability arrangements

The committee will do the following:

33. On a timely basis report to the PCC and Chief Constable with its advice and recommendations in relation to any matters that it considers relevant to governance, risk management and financial management

34. Report to the PCC and the Chief Constable 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

35. **Annually** review its performance against its terms of reference and objectives on an annual basis and report the results of this review to the PCC and Chief Constable
36. Publish an annual report on the work of the Committee.
37. **Annually review its Terms of Reference.**

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2.0 Administrative arrangements

2.1 Table 2 outlines the administrative arrangements that were reviewed in August 2022. It is appropriate to review these arrangements to reflect the changes in responsibilities of this Committee and to ensure compliance with CIPFA guidance. CIPFA states that “where the audit committee is taking on wider ethics committee roles, then it should be clear within its terms of reference and meetings agendas how it separates the two roles”.

Table 2

ADMINISTRATIVE ARRANGEMENTS

The Committee should comprise of members who are independent of the PCC and the Force.
The Committee will comprise up to five members with a quorum of three. Ideally, 3 members will come from the West Mercia area, but this can be varied to secure the best candidates.
Each member of the Committee will assume responsibilities for specific areas of governance. These will include, but not restricted to, Finance, Audit, Information Management and Ethics
The term of office will be for a minimum of two years and shall not exceed four years, but this may be extended in exceptional circumstances to provide continuity subject to the agreement of the PCC and Chief Constable
No member of the Committee shall serve for more than two terms (eight years), but this may be extended in exceptional circumstances to provide continuity subject to the agreement of the PCC and Chief Constable.
All members of the Committee will be appointed through an open competitive public and transparent process.
The Chair and Vice Chair will be appointed through an open, competitive, public and transparent process. In the event of the Chair and/or Vice Chair being unable to fulfil these roles, chairing arrangements will be determined by the Committee itself at its next meeting.
The Chair of the audit committee will not hold the post for longer than a 4 year term
The members of the JSC will be remunerated and reimbursed for all expenses incurred in the fulfilment of their JSC duties, roles and responsibilities in accordance with the schedule of allowances and expenses agreed by the PCC and Chief Constable
The Committee will meet four times a year, quarterly spread evenly though the year, but with the flexibility to convene additional meetings if necessary. Meetings will be convened to meet regulatory and statutory deadlines as appropriate. The calendar of

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meetings shall be agreed at the start of each year.

The Audit Committee may hold separate meetings with External Auditors/Internal Auditors, without CFO's or executive representatives

Attendance at the Committee, dependent upon the agenda, should include representatives of the Commissioner, the Chief Constable, internal audit and external audit.

The Committee will normally conduct its business in public but may on occasion hold informal private sessions to deal with specific topics such as review of the draft statement of accounts prior to its publication. This will also be at the discretion of the Committee as advised by the Commissioners and Chief Constables on a risk basis, taking into account operational sensitivity and public reassurance.

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