

## **Hampshire Police and Crime Commissioner and Hampshire Constabulary**

### **Independent Joint Audit Committee**

#### **Statement of Purpose and Terms of Reference**

##### **Statement of Purpose**

- 1.1 Our Joint Audit Committee is a key component of Hampshire Police and Crime Commissioner's and Hampshire Constabulary's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.
- 1.2 The purpose of our Joint Audit committee is to provide independent advice and recommendation to The Police and Crime Commissioner and the Chief Constable 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 the Office of the Police and Crime Commissioner and Hampshire Constabulary's governance, risk management and control frameworks, their financial reporting and annual governance processes, and internal audit and external audit.

##### **Terms of Reference**

- 1.3 These terms of reference summarise the core functions of the Committee in relation to the Office of the Police and Crime Commissioner (OPCC) and to the Constabulary and describe the protocols in place to enable it to operate independently, robustly and effectively.

##### **Governance, risk and control**

- 1.4 The Committee will, in relation to the Police and Crime Commissioner and the Chief Constable.
  - Review the corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.
  - Review the Annual Governance Statement prior to approval and consider whether they properly reflect the governance, risk and control environment and supporting assurances and identify any actions required for improvement.
  - Consider the arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
  - Consider the framework of assurance and ensure that it adequately addresses the risks and priorities of the OPCC and the Constabulary.

- Monitor the effective development and operation of risk management, review the risk profile, and monitor progress of the Police and Crime Commissioner and the Chief Constable in addressing risk-related issues reported to them.
- Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions
- Review arrangements for the assessment of fraud risks and potential harm from fraud and corruption and monitor the effectiveness of the counter-fraud strategy actions and resources.

1.5 And in relation to the above, to give such advice and make such recommendations on the adequacy of the level of assurance and on improvement as it considers appropriate.

### **Internal audit**

1.6 The Committee will:

- Annually review the internal audit charter and resources.
- Review the internal audit plan and any proposed revisions to the internal audit plan.
- Oversee the appointment and consider the adequacy of the performance of the internal audit service and its independence.
- Consider the head of internal audit's annual report and opinion, and 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.
- Consider summaries of internal audit reports and such detailed reports as the Committee may request from the Police and Crime Commissioner and the Chief Constable including issues raised or recommendations made by the internal audit service, management response and progress with agreed actions.
- Consider a report on the effectiveness of internal audit to support the Annual Governance Statement, as required by the Accounts and Audit Regulations.

### **External audit**

1.7 The Committee will:

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

- Consider the external auditor's annual management letter, relevant reports, and the report to those charged with governance.
  - Consider specific reports as agreed with the external auditor.
  - Advise and recommended on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.
- 1.8 And in relation to the above, to give such advice and make such recommendations on the adequacy of the level of assurance and on improvement as it considers appropriate.

### **Financial reporting**

- 1.9 The Committee will:
- Review the annual statement 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 Police and Crime Commissioner and/or the Chief Constable.
  - Consider the external auditor's report to those charged with governance on issues arising from the audit of the financial statements.
  - Review and consider the reports from the PCC's Chief Finance Officer on the treasury management function, including the treasury management strategy, half-yearly report and annual report;
- 1.10 And in relation to the above, to give such advice and make such recommendations on the adequacy of the level of assurance and on improvement as it considers appropriate.

### **Accountability arrangements**

- 1.11 The Committee will:
- On a timely basis report direct to the Police and Crime Commissioner and the Chief Constable with its advice and recommendations in relation to any matters that it considers relevant to governance, risk management and financial management.
  - Report direct to the Police and Crime Commissioner and the Chief Constable on 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.

- Review its performance against its terms of reference and objectives on an annual basis and report the results of this review to the Police and Crime Commissioner and the Chief Constable.

## Operating Principles

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

- Constabulary performance
- Constabulary 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

1.13 The Joint Audit Committee’s methods of working are as follow:

- Advises the PCC and Chief Constable according to good governance principles
- Adopts appropriate risk management arrangements
- Provides robust and constructive challenge
- Takes 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).

1.14 In the course of its work the Committee may forge links (direct or indirect) with the following, in no particular order and not limited to:

- Chief Financial Officers / section 151 Officers
- Monitoring Officers
- Equality & Human Rights Commission
- Government Equalities Office
- Head of Internal Audit
- External Auditors
- Her Majesty’s Inspector of Constabulary
- The Police and Crime Panel for Hampshire
- Regional Committees
- Community Safety Partnerships

1.15 In general any meetings should be attended by one of the statutory officers and minute-takers as appropriate, however the Joint Audit Committee are able to meet privately and separately with the external auditor and with the head of internal audit if this is considered necessary.

1.16 The committee will comprise 3-5 people, independent of both Hampshire Constabulary and the Office of the Police and Crime Commissioner. The quorum is 3 members.

1.17 Appointment of Chair & Vice-Chair will be as follows:

- Chair and Vice- Chair to be appointed annually by the PCC & CC
  - Chair may be re-appointed but to serve no more than 2 consecutive years as Chair.
  - If 2 years served as Chair there must be a break of at least 2 years before the person can be appointed as a chair again.
- 1.18 There will be 4 formal committee meetings scheduled per year (additional formal meetings may be required) A draft schedule of meetings is proposed for March, June, September and December. There will also be scheduled training and development sessions.
- 1.19 The agenda, reports and minutes of formal meetings will be made publicly available on the OPCC and Constabulary websites.
- 1.20 The Police and Crime Commissioner and the Chief Constable and their respective CFO's should attend or be appropriately represented at formal meetings of the Joint Audit Committee. Internal and External Audit will also attend as necessary.
- 1.21 All members of the Joint Audit Committee will be required to sign a confidentiality statement before being given access to restricted or confidential information.
- 1.22 All members of the Joint Audit Committee will abide by the code of conduct of the Police and Crime Commissioner for Hampshire, which sets out the desire to uphold office inline with the intentions of the Policing Protocol Order 2011 and abide by the 'Nolan Principles'.