

Item: 11

**Police and Crime Commissioner for Hampshire and  
Hampshire Constabulary**

**Joint Audit Committee**

**31 January 2018**

**Terms of reference review - update**

**Report of the Acting Head of Governance and Policy, Office of the Police  
and Crime Commissioner**

**1. Purpose**

1.1 The purpose of this paper is to provide the Joint Audit Committee with an update on the review of its terms of reference.

**2. Recommendations**

2.1 That the committee notes the update.

**3. Background**

3.1 The terms of reference for the Joint Audit Committee are reviewed on an annual basis to ensure alignment with the most recent guidance and national best practice, primarily issued through the Chartered Institute of Public Finance and Accountancy (CIPFA).

3.2 At its June 2017, members were invited to consider revisions to the terms of reference to include an explicit reference to how the committee ensures adequate attention is given to assurance over partnerships. It was however noted that previous work carried out by a committee member had not been incorporated. The matter was therefore deferred to enable more comprehensive proposals to be drawn up outside of the committee meeting.

3.3 Since that meeting, it was announced that a new version of the CIPFA guidance 'Audit Committees: Practical Guidance for Local Authorities and Police' is to be published in January 2018, updating its previous version published five years ago. This edition updates the core functions of the audit committee in relation to governance, risk management, internal control and audit.

- 3.4 There are significant changes to the core functions of the committee in relation to external audit, reflecting the new arrangements for auditor appointment and new guidance on ethical standards for auditors issued by the Financial Reporting Council. These developments require greater attention to be given to this important area.
- 3.5 The guidance provides an update to the audit committee's role in relation to counter-fraud, reflecting the Code of Practice on Managing the Risk of Fraud and Corruption. The guidance also continues to include a strong focus on the factors that support improvement. These include the knowledge and skills that audit committee members require and a focus on where the audit committee adds value.
- 3.6 The new guidance will require a full review of the terms of reference, and consideration of the broader impact it has on the operation of the committee. At the time of writing, the exact publication date in January is unknown, but in any event it would not be possible to consider its content and develop a draft update to the terms of reference prior to this meeting. The matter will therefore be considered again at the next meeting of the committee.

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## **APPENDICES**

***None***