

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 (the 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 the Committee is to provide independent advice and recommendation to The Police and Crime Commissioner (PCC) and the Chief Constable (CC) 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 (OPCC) and Hampshire Constabulary's (HC) 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 OPCC and to the HC 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 PCC and the CC.
 - 1.4.1** Review the corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.
 - 1.4.2** 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 required for improvement.
 - 1.4.3** Consider the arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
 - 1.4.4** Consider the framework of assurance and ensure that it adequately addresses the risks and priorities of the OPCC and the HC.

- 1.4.5 Monitor the effective development and operation of risk management, review the risk profile, and monitor progress of the PCC and the CC in addressing risk-related issues reported to them.
 - 1.4.6 Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions
 - 1.4.7 Review anti-fraud arrangements (including whistleblowing procedures) and 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:
- 1.6.1 Annually review the internal audit charter and resources.
 - 1.6.2 Review the internal audit plan (and the internal audit budget and resource plan and any proposed revisions to the internal audit plan.
 - 1.6.3 Oversee the appointment of and consider the adequacy of the performance of the internal audit service and its independence, objectivity, and professionalism.
 - 1.6.4 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.
 - 1.6.5 Consider summaries of internal audit reports and such reports in full as the Committee may request from the PCC and the CC including issues raised or recommendations made by the internal audit service, management response and progress with agreed actions.
 - 1.6.6 Consider a report on the effectiveness of internal audit to support the AGS, as required by the Accounts and Audit Regulations.
 - 1.6.7 Consider and determine whether there are inappropriate resource or scope limitations in relation to the internal audit function.
 - 1.6.8 Oversee the relationship of internal audit with other assurance providers and with external audit and any inspectorates.
 - 1.6.9 In connection with the above make advice and representations to those charged with governance as it may consider appropriate.

External audit

- 1.7** The Committee will:
- 1.7.1 Comment on the scope and depth of external audit work, its independence and whether it gives satisfactory value for money.
 - 1.7.2 Consider the external auditor's annual management letter, relevant reports, and the report to those charged with governance.
 - 1.7.3 Consider specific reports as agreed with the external auditor.
 - 1.7.4 Advise and recommended on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.
 - 1.7.5 Express its opinion on the selection and rotation of the external auditor.
 - 1.7.6 Express its opinion as to whether the external audit team has the required seniority expertise and experience.
- 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:
- 1.9.1 Review the annual statement of accounts. Specifically, to consider, taking into account the advice of the external auditor, 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 PCC and/or the CC.
 - 1.9.2 Consider the external auditor's report to those charged with governance on issues arising from the audit of the financial statements.
 - 1.9.3 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.

Partnership Governance

1.11 The Committee will:

- 1.11.1 Consider the assurance available as to whether partnership arrangements entered into by the PCC or the CC are satisfactorily established and operating effectively (while recognising the independence of the CC in relation to operational policing matters).
- 1.11.2 Seek assurance that the PCC and the CC have appropriate arrangements to identify and manage risks, ensure good governance and obtain assurance on compliance.
- 1.11.3 Where new partnership arrangements are being developed, obtain assurance over governance matters at the project stage and seek clarity over the Committee's role and responsibilities including with regard to the Audit Committee of the partner organisation.
- 1.11.4 Consider the adequacy of the coverage of assurances underpinning the AGS in relation to partnership working.
- 1.11.5 Consider developing partnership arrangements with the audit committees of partner organisations and make recommendations to the Police and Crime Commissioner and Chief Constable thereon.

Accountability arrangements

1.12 The Committee will:

- 1.12.1 On a timely basis report direct to the PCC and the CC with its advice and recommendations in relation to any matters that it considers relevant to governance, risk management and financial management.
- 1.12.2 Report directly to the PCC and the CC 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.
- 1.12.3 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 the CC on an annual basis.
- 1.12.4 Provide an annual report by the Committee to the PCC and to the CC including a summary of its principal conclusions and advice given from its work during the year.

Operating Principles

1.13 The following do not fall within the scope of the 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

1.14 The Committee’s methods of working are as follow:

- Advises the PCC and CC 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). These include financial and economic stewardship (including Value for Money), people and communities, (including Diversity, Equality and Human Rights), and environmental sustainability and health & safety.

1.15 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
- The audit committees of partner organisations
- The IPCC.

1.16 In addition to the quorum of members required at 1.25, meetings of the Committee must be attended by at least one of the statutory officers and by a duly appointed minute taker.

1.17 Meetings of the Committee will include, as regular attendees, the CFOs of the PCC and of the HC, the Chief Executive, the head of internal audit and the appointed external auditor. The foregoing should be able to access the Committee, or the Chair, directly and privately as required. The Committee has the right to meet privately and separately with the head of internal audit and the external auditor, and other individuals by request.

1.18 The PCC and the CC will endeavour to attend at least one of the meetings of the Committee each year.

- 1.19** The Committee may call to its meetings any officers or agencies of the PCC or of the CC (while recognising the independence of the Chief Constable in relation to operational policing matters) as it requires, subject to prior consultation with the Deputy Chief Constable or Chief Executive.
- 1.20** Other officers may attend Committee meetings where nominated by the Chief Executive or the Deputy Chief Constable for discussion of particular items. Subject to this and the preceding paragraphs, it is for the Committee to determine who attends meetings of the Committee.
- 1.21** The Committee has the right of access to other committees, functions, risk management boards and other strategic groups (while recognising the independence of the CC in relation to operational policing matters) as it requires, subject to the arrangements for this being discussed in advance with the Deputy Chief Constable or Chief Executive.
- 1.22** The Committee will have access to reports from any inspection agencies (other than reports relating to operational matters of the Chief Constable) and will monitor the response of the PCC and the CC to these reports.
- 1.23** In addition to aspects of the Committee agenda determined by statutory requirements the Committee will manage the agenda of the Committee in consultation with the Chief Executive according to its assurance needs to fulfil its terms of reference.
- 1.24** 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. Subject to the PCC and the CC varying initial terms of appointment where necessary to ensure that retirements and appointments are suitably staggered, members shall be appointed for an initial term of four years and may be re-appointed for a further term of four years.
- 1.25** Appointment of Chair & Vice-Chair will be as follows:
- Chair and Vice-Chair to be appointed annually by the members of the JAC voting by simple majority.
 - 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.
- 1.26** 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 induction, training and development sessions. Further meetings will be convened as requested by the Chair of the Committee.
- 1.27** The agenda, reports and minutes of formal meetings will be made publicly available on the OPCC and HC websites.

- 1.28** All members of the Committee will be required to sign a confidentiality statement before being given access to restricted or confidential information.
- 1.29** All members of the Committee will abide by the code of conduct of the PCC, which sets out the desire to uphold office in line with the intentions of the Policing Protocol Order 2011 and abide by the 'Nolan Principles'.

PROTOCOL

- 1.30** The Committee and in particular the Chair will be provided with confidential clerking secretarial and administrative support.
- 1.31** Chair's briefings will take place sufficiently in advance of each meeting to enable the Chair and Vice Chair to prepare for meetings and to report to the other members of the Committee. Dates and times for Chair's briefings will be agreed with the Chair.
- 1.32** The dates and times of meetings of the Committee will be agreed as far in advance as reasonably possible in consultation with the Chair.
- 1.33** The Chief Financial Officers will ensure that where information or reports become available which are directly relevant to the duties of the Committee these will be brought to the attention of the Committee at the next relevant meeting or, where of particular importance or urgency, promptly upon their becoming available.
- 1.34** The Committee will be supported in the training and development of its members by training sessions (on topics agreed in consultation with the Chair) being provided before each meeting and by the Clerk to the Committee and the Chief Financial Officers looking out for and drawing to the attention of the Chair of the Committee opportunities for training and development which they become aware.
- 1.35** A reasonable budget for training and development of the members of the Committee and for supporting the Committee in its activities pursuant to these Terms of Reference will be agreed each year between the Chair of the Committee and the Chief Finance Officers which once agreed will be under the direction of the Chair.
- 1.36** Should the Joint Audit Committee, acting reasonably, require access to legal advice, this will be provided through the PCC's Monitoring Officer.
- 1.37** The members of the Committee are covered under the joint OPCC/Constabulary Public Liability Insurance, so long as Members act in accordance with their remit and act in good faith.