



Police and Crime Commissioner for Dyfed Powys & Chief Constable of Dyfed Powys

JOINT AUDIT COMMITTEE TERMS OF REFERENCE

Statement of Purpose

Our combined audit committee is a key component of Dyfed Powys Local Policing Body'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.

The purpose of our combined audit committee is to provide independent advice and recommendation to the Police and Crime Commissioner for Dyfed Powys and the Chief Constable of Dyfed Powys 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 Dyfed Powys Local Policing Body's governance, risk management and control frameworks, its financial reporting and annual governance processes, and internal and external audit.

These terms of reference will 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

The Committee will, in relation to the Police and Crime Commissioner / the Chief Constable:

1. Review the corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.
2. Review the Annual Governance Statements 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.
3. Consider the arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
4. Consider the framework of assurance and ensure that it adequately addresses the risks and priorities of the OPCC/ the Constabulary.
5. Consider HMIC, external review agencies and any internal inspection reports that provide assurance on the internal control environment and/or may highlight governance issues.
6. Monitor the effective development and operation of risk management, review the risk profile, and monitor progress of the Police and Crime Commissioner / the Chief Constable in addressing risk-related issues reported to them.

7. Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
8. 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.
9. Receive the minutes of the Corporate Governance Group.

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

The committee will:

10. Annually review the Internal Audit Charter, Strategic Plan and resources.
11. Review the Annual Internal Audit Plan and any proposed revisions to the internal audit plan.
12. Oversee the appointment and consider the adequacy of the performance of the internal audit service and its independence.
13. Consider the head of internal audit's Annual Report and Opinion, and Summary Internal Audit Progress Report of internal audit activity against the audit plan, and the level of assurance it can give over corporate governance arrangements.
14. Consider summaries of internal audit reports and such detailed reports as the committee may request from the Police and Crime Commissioner / the Chief Constable including issues raised or recommendations made by the internal audit service, management response and progress with agreed actions.
15. Consider a report on the effectiveness of internal audit to support the Annual Governance Statements, where required to do so by the Accounts and Audit Regulations.

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.

External audit

The committee will:

16. Comment on the scope and depth of external audit work, its independence and whether it gives satisfactory value for money.
17. Consider the external auditor's Audit Outline, Annual Audit Letter and other relevant reports.
18. Consider specific reports as agreed with the external auditor.
19. Advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

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

The committee will:

20. 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 Chief Constable.
21. Consider the external auditor's Audit of Financial Statements Report to those charged with governance on issues arising from the audit of the financial statements.
22. Review, scrutinise and monitor the Treasury Management Strategy and Policy in accordance with the CIPFA Treasury Management Code of Practice.

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

The committee will:

23. On a timely basis report 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.
24. Report 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.
25. 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. Reporting Line

- 1.1. The Joint Audit Committee will report direct to the Commissioner and Chief Constable

2. Composition

- 2.1. The Joint Audit Committee will comprise of five people, independent of Dyfed Powys Police Force, the Office of the Police and Crime Commissioner and the Police and Crime Panel.
- 2.2. Co-option may be beneficial for the injection of an independent view where specialist discussion is required. Any co-opted member will not have voting rights.

3. Quorum

- 3.1. To enhance the credence and standing of the decisions that the Joint Audit Committee makes a quorum of three members will be set.

4. Members Skills and Experience

- 4.1. A knowledgeable, experienced Chair with an interest in audit, to ensure the Committee meets the key responsibilities set out in the CIPFA document "*Audit Committees: Practical Guidance for Local Authorities and Police*".
- 4.2. Members with an understanding of the financial, risk and control, and corporate governance issues facing the Commissioner and Chief Constable, with the ability to challenge, question, probe and seek clarification from the Commissioner and Chief Constable when required.

5. Appointment of Committee Members

- 5.1. Members will be appointed jointly by the Commissioner and Chief Constable.
- 5.2. Members will serve on the Committee for a four year term. Care should be taken to avoid all members terms ending at the same time to ensure continuity.
- 5.3. No individual will serve on the Committee for more than eight years in total.

6. Election of Chair

- 6.1. The Chair of the Joint Audit Committee will be appointed jointly by the Commissioner and Chief Constable from the membership of the Committee.
- 6.2. The appointment of the Chair of the Joint Audit Committee will take place annually.
- 6.3. The Chair of the Joint Audit Committee may be re-appointed but will serve no more than two consecutive years as Chair.
- 6.4. If two years are served as Chair there must be a break of at least two years before the person can be re-appointed as Chair.

7. Number of meetings

- 7.1. Four formal Joint Audit Committee meetings will be scheduled per annum in June, September, December and March. The Core Work Programme sets out the proposed agenda items for each meeting.
- 7.2. The Chair of the Joint Audit Committee may convene additional meetings as they deem necessary.

7.3. The Commissioner and Chief Constable may ask the Joint Audit Committee to convene further meetings to discuss particular issues on which they want the Committee's advice.

8. Attendees

8.1. The Commissioner and Chief Constable should attend and be properly represented at formal meetings of the Joint Audit Committee. If for any reason they are unavailable an appropriate deputy should attend.

8.2. The Chief Financial Officer, Chief of Staff, External Auditor and Internal Auditor should be regular attendees. These officers should also be able to have access to the Committee or the Chair as required. The Committee should have the right to call any other officers or agencies as required.

9. Members access to the Commissioner, Chief Constable and Auditors

9.1. The Chair will meet in closed session with the Commissioner and Chief Constable twice a year, or as necessary.

9.2. All Members will meet in closed session at least annually, with the internal and external auditor.

10. Training

10.1. Appropriate and timely training will be provided for Members to ensure the necessary skills and knowledge.

11. Administration

11.1. Administration support for the Joint Audit Committee will be provided by the Office of the Commissioner.

11.2. The agenda, reports and minutes of formal meetings will be made available on the Commissioners website a reasonable time after they become available.

Core Work Programme

4 formal meetings will be scheduled per annum in June, September, December and March. The proposed agenda items (which may be subject to change) are:

Standing agenda items:

- Consider internal audit reports in accordance with the Annual Internal Audit Plan as appropriate
- Consider the internal auditor's Summary Internal Audit Progress Report
- Receive the minutes of the Corporate Governance Group
- Receive an update on HMIC activity as appropriate
- Consider and monitor the risk management arrangements in place, incorporating the risk registers of the OPCC and force.

June

- Consider the internal auditors Annual Report and opinion including a summary of internal audit activity during the year.
- Review the internal control framework in place throughout the year and whether those arrangements are appropriate.
- Review and consider whether the Annual Governance Statements accurately reflect the internal control framework in place throughout the year, prior to approval by the Chair.

September

- Consider the external auditors "Audit of Financial Statements" report.
- Review the draft Statement of Accounts considering whether appropriate accounting policies have been followed and bring to the Commissioner's/Chief Constable's attention any concerns raised.
- Consider reports from the internal auditor on agreed recommendations not implemented within a reasonable timescale
- Review reports dealing with the management and performance of the providers of the internal audit service.

December

- Consider the external auditors Annual Audit Letter
- Receive reports on the arrangements and policies in place in relation to anti-fraud and corruption strategies and complaints processes.

March

- Consider the external auditor's Audit Outline for the following year, including the associated audit fees.
- Review the Internal Audit Strategic Plan, Annual Internal Audit Plan and Internal Audit Charter for the following year.
- Review the Protocol between internal and external audit.
- Receive a report on the value for money strategy, systems and controls in place, in the management and delivery of services.
- Consider reports from the internal auditor on agreed recommendations not implemented within a reasonable timescale
- Consider the draft Treasury Management Strategy and Policy
- To review the Corporate Governance Framework

Joint Audit Committee Members Remuneration and Expenses

Effective date: 1st April 2014:

Remuneration

Full day i.e. sittings of more than 4 hours, excluding meal breaks	£187
Half day i.e. sittings of 4 hours or less excluding meal breaks	£93
Preparatory work, where it is necessary for the work to be undertaken on a day other than the day of the Joint Audit Committee meeting.	£13 per hour

HMRC taxation and national insurance rules will apply.

Special Responsibility Allowance for the Chair of the Joint Audit Committee

The Chair of the Joint Audit Committee will receive an allowance in addition to the daily / half-day rates paid to all Joint Audit Committee members. The additional allowance represents a 40% uplift to the basic rates:

Full day i.e. sittings of more than 4 hours, excluding meal breaks	£75
Half day i.e. sittings of 4 hours or less excluding meal breaks	£37

HMRC taxation and national insurance rules will apply.

Travel Expenses

The most practical and sustainable method of travel should be used and will be reimbursed in accordance with the agreed rates.

- **Public Transport**

Members may be reimbursed for reasonable and necessary travelling expenses by public transport, including the cost of taxi fares where appropriate, in order to undertake Police Authority business. Public transport will be reimbursed at the amount paid, provided that evidence is available to show that this was the most economic option for the date and time of travel. VAT receipts will be required to support a claim.

- **Use of own vehicle**

Where a member uses their own vehicles reimbursement will be made at the relevant HMRC approved rate. Fuel receipts will need to be provided in support of claims to allow VAT recovery. Failure to produce receipts will result in the net amount being reimbursed.

HMRC approved mileage rate per mile for the first 10,000 miles	45p
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Meals and Refreshments

Where members work a full day, the reasonable cost of a meal and refreshments will be reimbursed. Claims must be supported by VAT receipts.