

## **JOINT INDEPENDENT AUDIT COMMITTEE FOR THE NORTHUMBRIA POLICE AND CRIME COMMISSIONER AND CHIEF CONSTABLE**

### **TERMS OF REFERENCE**

#### **Introduction**

1. The Joint Independent Audit Committee (the Committee) is established as a committee of independent members whose purpose is to advise the Police and Crime Commissioner (PCC) and Chief Constable (CC) on the principles of financial reporting, internal controls, corporate governance, risk management and issues identified by the respective auditors.
2. The Committee will have no executive powers other than those set out in its terms of reference.

#### **Membership**

3. The Committee will consist of 5 members recruited by open advert, for a term of 4 years with no member sitting for more than 3 terms.
4. The Committee will appoint a Chair and Vice Chair from amongst its members.

#### **Attendance**

5. A record of member attendance will be included in the annual report of the committee.
6. The PCC and CC will both provide a representative to attend all meetings.
7. The Joint Chief Finance Officer, Deputy Head of Finance, Head of Corporate Development will normally attend each meeting.
8. The Chief Internal Auditor and the External Auditor will normally attend each meeting.

#### **Secretarial Assistance**

9. The Office of the PCC or the CC will provide secretarial assistance to the committee.

## **Quorum**

10. No business shall be transacted at meetings of the committee unless three (3) members are present.

## **Frequency of Meetings**

11. The committee will meet at least four (4) times each year. Additional meetings may take place as required. Meetings are open to the press and public, but they may be excluded when information of an exempt or confidential nature is being discussed.

## **Notice of Meetings**

12. Meetings of the Committee will be called in accordance with the agreed annual schedule.
13. Notice of meetings and confirmation of the venue, time and date together with the agenda of items to be discussed, shall be forwarded to each member of the committee and any other person required to attend no later than five (5) working days before the date of the meeting. Other than in exceptional circumstances supporting papers shall be sent to the committee members and other attendees, as appropriate, at the same time.

## **Minutes of Meetings**

14. The Minutes shall record the proceedings and resolutions of all meetings of the committee, including the names of all present.
15. The Secretary shall keep a separate record of all points of action arising from the committee and all issues carried forward.
16. The minutes of the meeting shall record the existence of any conflict of interest.
17. The minutes of the meeting will be agreed by the JIAC Chair.

## **Programme of Work**

18. An annual programme of work cross referenced to these Terms of Reference will be agreed by the Committee showing expected documents and reports to be presented.

## **Authority**

19. The Committee is authorised to act within its Terms of Reference and to:
  20. Request information for presentation at meetings for matters falling within the TOR,
  21. Recommend to the PCC and CC that external advice should be taken when considered following discussion at JIAC.

## **Reporting**

22. The Committee will provide annual assurance of work undertaken in support of the Annual Governance Statement.
23. The Committee will provide annual assurance regarding Treasury Management
24. The Committee will provide annual assurance regarding compliance with external statutory reporting requirements.

## **Review of Effectiveness**

25. The Committee will be held to account by the PCC and CC on the extent to which it has fulfilled its purpose. The Committee will conduct an annual review of its effectiveness and identify and commission any training requirements in order to fulfil its role and purpose.

## **Review and Revision**

26. These Terms of Reference will be reviewed annually with any revisions or variations being approved by the PCC and CC.

## **Purpose of the Committee**

27. The purpose of the Committee shall be to provide independent assurance on the adequacy and effectiveness of the risk management framework and the associated control environment. This includes independent scrutiny of the organisation's regulatory compliance and financial and non-financial performance to the extent that it creates exposure to risk and weakens the control environment. Specifically oversee the integrity of the financial reporting processes and the annual governance statement.

## **Duties of the Committee**

28. The duties of the JIAC are to:

### **Audit activity**

29. To ensure that there are effective and independent internal and external audit functions established by management that meet the statutory audit standards and provide appropriate independent assurance to the JIAC, the PCC and the CC. This will be achieved by:
  30. Receiving the Chief Internal Auditor's report and opinion together with a summary of internal audit activity, both actual and proposed, and the level of assurance it can give over the PCC and CC's corporate governance arrangements.
  31. Receiving, reviewing and commenting on all internal audit reports.
  32. Receiving an annual report providing assurance on the management and performance of the providers of internal audit services.
  33. A report from the Head of Internal Audit on agreed recommendations not implemented within reasonable time scales.
  34. The external auditor's annual letter, relevant reports and the report to those charged with governance.
  35. Any specific reports as agreed with the external auditor.
  36. The scope and depth of external audit work to ensure that it gives value for money.
  37. The commissioning of work from internal and external audit, subject to prior agreement with the CFO for any costs associated with such work.
  38. Receiving any proposals affecting the provision of internal and external audit.
  39. Considering any significant risk and internal control implications in any work carried out by other providers of assurance e.g., HMIC, HMRC, peer review, internal service reviews etc. as reported by officers and staff from within the force as well as internal and external audit.

40. Review, as a JIAC, the performance (and provide feedback) of both internal and external audit functions.

## **Regulatory Framework**

41. Ensure that there is an effective regulatory framework and evidence of compliance with mandatory and best practice standards and to provide appropriate independent assurance to the PCC and CC. This will be achieved by fulfilling its role to:
  42. Maintain an overview of the Scheme of Consent in respect of contract procedures and rules, financial regulations and codes of conduct and behaviour.
  43. Review any issues referred to it by the PCC or CC.
  44. Monitor and where appropriate make recommendations on the effective development and operation of the strategic risk management and corporate governance arrangements for the PCC and CC.
  45. Monitor any codes of governance or policies relating to declarations of interest, gifts and hospitality and expenses.
  46. Agree the assurance framework for and oversee the production of the PCC and CC's Annual Governance Statements and review and comment on these statements prior to their approval by the PCC and CC.
  47. Monitor the whistle blowing arrangements and counter fraud and corruption strategy of the PCC and CC ensuring that adequate levels of assurance covering these matters are received.
  48. Oversee the PCC and CC's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.
  49. Provide effective scrutiny and review of the Treasury Management Strategy and Policies, along with monitoring performance by receiving the mid-year review and annual report, in-line with the delegation from the Police and Crime Commissioner to the Joint Independent Audit Committee.
  50. Monitor the PCC and CC's compliance with its own and other published standards and controls.

51. Receive and when appropriate provide challenge to draft financial statements of accounts making any recommendation or bringing to the attention of the PCC and CC any significant concerns or weaknesses.
52. Consider the findings and overall opinion on the accounts and the VFM conclusion as set out in the audit completion report from the external auditor and to seek satisfactory assurance that any action required in response to any resultant control weaknesses are implemented by management on a timely basis.
53. Any other matter falling out with these TOR will initially be discussed with the CFO to determine how best to progress.