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## Police and Crime Commissioner (PCC) and Chief Constable (CC) for Dyfed-Powys Joint Audit Committee

### Terms of Reference

#### 1. INTRODUCTION

This document defines the terms of reference for the Police and Crime Commissioner (PCC) and Chief Constable (CC) for Dyfed-Powys Joint Audit Committee, its membership and the roles and responsibilities of the members.

#### 2. STATEMENT OF PURPOSE

The committee's purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. Its role is to ensure there is sufficient assurance over governance, risk and control, which gives greater confidence to the PCC and CC that those arrangements are effective.

JAC has oversight of both internal and external audit, together with the financial and governance reports, helping to ensure there are adequate arrangements in place for both internal challenge and public accountability.

#### 3. Governance, risk and control

The Committee will:

- Review the corporate governance arrangements against the good governance framework, including the ethical framework, and consider the Corporate Governance Framework (which comprises the Code of Corporate Governance, Scheme of Consent, Financial Regulations, and Standing Orders for Contracts).
- Monitor the effective development and operation of risk management in the OPCC and Force.
- Monitor progress in addressing risk-related issues reported to the committee.
- Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.



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- Consider reports on the effectiveness of financial management arrangements, including compliance with CIPFA's **Financial Management Code**, the Capital Strategy and the Treasury Management Policy.
- Consider the OPCC's and force's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- Review the assessment of fraud risks and potential harm to the OPCC and Force from fraud and corruption.
- Monitor the counter fraud strategy, actions and resources.
- Review the governance and assurance arrangements for significant partnerships or collaborations.

#### **4. FINANCIAL AND GOVERNANCE REPORTING**

##### **Governance reporting**

The Committee will:

- Review the Annual Governance Statement (AGS) prior to approval by the PCC and CC and consider whether it properly reflects the risk environment and supporting assurances, including the head of internal audit's annual opinion.
- Consider whether the annual evaluation for the AGS fairly concludes that governance arrangements are fit for purpose, supporting the achievement of the OPCC's and Force's objectives.

##### **Financial reporting**

The Committee will:

- Monitor the arrangements and preparations for financial reporting to ensure that statutory requirements and professional standards can be met.
- Review the annual statements 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 that need to be brought to the attention of the PCC and CC.
- To consider the external auditor's reports to the PCC and the CC on issues arising from the audit of the accounts.



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## **5. ARRANGEMENTS FOR AUDIT AND ASSURANCE**

The Committee will consider the OPCC's and Force's framework of assurance and ensure that it adequately addresses their risks and priorities.

### **External audit**

The Committee will:

- Support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by the Auditor General or Audit Wales.
- Consider the external auditor's annual letter, relevant reports and the report to those charged with governance.
- Consider specific reports as agreed with the external auditor.
- Comment on the scope and depth of external audit work and to promote the delivery of value for money from external audit.
- Advise on commissions of additional work from external audit.
- Advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.
- Provide free and unfettered access to the audit committee chair for the auditors, including the opportunity for a private meeting with the committee.

### **Internal audit**

The Committee will:

- Review for approval the internal audit charter.
- Review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.
- Review the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance on those sources.
- Consider significant interim changes to the risk-based internal audit plan and resource requirements.



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- Make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.
- Consider any impairments to the independence or objectivity of the head of internal audit arising from additional roles or responsibilities outside of internal auditing and to recommend and periodically review safeguards to limit such impairments.
- Consider reports from the head of internal audit on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include:
  - updates on the work of internal audit, including key findings, issues of concern and action in hand as a result of internal audit work
  - regular reports on the results of the quality assurance and improvement programme
  - reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards (PSIAS), considering whether the non-conformance is significant enough that it must be included in the AGS.
- Consider the head of internal audit's annual report, including:
  - the statement of the level of conformance with the PSIAS and the results of the quality assurance and improvement programme that support the statement (these will indicate the reliability of the conclusions of internal audit)
  - the opinion on the overall adequacy and effectiveness of the joint framework of governance, risk management and control, together with the summary of the work supporting the opinion (these will assist the committee in reviewing the AGS).
- Consider summaries of specific internal audit reports as requested.
- Receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the OPCC or Force, or where there are concerns about progress with the implementation of agreed actions.
- Contribute to the quality assurance and improvement programme and in particular to the external quality assessment of internal audit that takes place at least once every five years.
- To consider a report on the effectiveness of internal audit to support the AGS as required by the Accounts and Audit Regulations (Wales) 2014.



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- Provide free and unfettered access to the audit committee chair for the head of internal audit, including the opportunity for a private meeting with the committee.

## **6. ACCOUNTABILITY ARRANGEMENTS**

The Committee will:

- Report to the PCC and CC on the committee's 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.
- Report to the PCC and CC on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.
- Publish an annual report on the work of the committee, including a conclusion on the compliance with the CIPFA Position Statement.

## **7. GOVERNANCE**

### **Chair:**

The Chair of the Joint Audit Committee will be appointed from the membership of the Committee. The appointment of the Chair will take place every two years. The same person may be re-appointed as Chair during each election.

### **Frequency:**

4 formal committee meetings and up to 2 workshops/seminars will be scheduled per annum. The Chair of the Joint Audit Committee may convene additional meetings as they deem necessary. The PCC and CC may ask the Joint Audit Committee to convene further meetings to discuss particular issues on which they require the Committee's advice.

## **8. MEMBERSHIP**

The Joint Audit Committee will comprise of up to five people, independent of Dyfed-Powys Police Force, the Office of the Police and Crime Commissioner and the Police and Crime Panel.

Members will be appointed jointly by the PCC and CC. Members will serve on the Committee for a four year term. Care should be taken to avoid all members terms



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ending at the same time to ensure continuity. No individual will serve on the Committee for more than eight years in total.

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

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.

The PCC and CC should attend or be appropriately represented at formal meetings of the Joint Audit Committee.

Also in attendance will be:

- Chief Executive, OPCC
- Chief Finance Officer, OPCC
- Director of Finance, DPP
- Internal Audit
- External Audit
- Governance Demand and Performance Manager
- Head of Corporate Finance
- Other officers of both the OPCC and Force as required

Members of the committee may also sit as advisors on Force groups, for example the Corporate Governance Group, in support of their role.

Each member is invited to lead in an area where they have specialist knowledge, and may communicate with relevant staff and officers outside of formal meetings in order to inform the rest of the Committee and to provide assurance to the PCC and CC.

## **9. SECRETARIAT**

Administration to support the Joint Audit Committee will be provided by the OPCC. Agendas and papers will be provided to Members for their consideration 5 working days in advance of the meeting.

The agenda, reports and minutes of formal meetings will be made available bilingually where possible on the OPCC website.

The meetings will consist of an open session (which is held in public). If there are agenda items which cannot be discussed in an open session, a closed session will follow. Any decision made to hold an element of the meeting in closed session will be based on those principles outlined in the Local Government Act 1972.

The Chair will meet in closed session with the PCC and CC on an annual basis, or as necessary. All Members will meet in closed session with the internal and external auditor at least annually.



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Training and other events take place on a periodic basis, which members are expected to attend.

## 10. VERSION CONTROL AND REVIEW DATE

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