

**POLICE AND CRIME COMMISSIONER FOR NORTH YORKSHIRE and CHIEF  
CONSTABLE OF NORTH YORKSHIRE**

**JOINT INDEPENDENT AUDIT COMMITTEE - TERMS OF REFERENCE**

**Definitions**

Police and Crime Commissioners for North Yorkshire (the Commissioner)  
Chief Constable of North Yorkshire (the CC)  
Joint Independent Audit Committee (the Committee)

**1 Overview**

**1.1 Purpose of the Committee**

The main purposes of the Committee are:

- Giving independent assurance to the Commissioner and the CC and the public
- Scrutinising financial management
- Reporting and providing challenge across the organisation

**1.2 Functions overseen by the Committee**

In addition to Internal and External Audit, the functions overseen by the Committee include:

- Risk Management
- Governance and Assurance statements
- Whistleblowing, Anti-fraud and Anti-corruption arrangements

**1.3 Relationship with the Statutory Officers (Monitoring Officer and Section 151 Officers)**

The Committee will assist the Statutory Officers to discharge their statutory functions, to include:

- a duty to report any unlawful financial activity
- responsibility for ensuring that financial management is adequate and effective and that there is a sound system of internal control which facilitates the effective exercise of functions and which includes arrangements for the management of risk

and in turn the Statutory Officers are a key source of expert advice and guidance for the Committee.

## 1.4 Good practice principles

Five good practice principles govern the Terms of Reference of the Committee:

- Principle 1: The Role

The Committee effectively supports the Commissioner and the CC, the Monitoring Officer and the Section 151 Officers by reviewing the completeness of assurances to satisfy their needs, and by reviewing the reliability and integrity of these assurances.

- Principle 2: Membership, Independence, Objectivity and Understanding

The Committee is suitably independent and objective, and each member has a good understanding of the objectives, priorities and risks of the organisation, and of their role on the Committee.

- Principle 3: Skills

The Committee contains or has at its disposal an appropriate mix of skills to perform its functions well.

- Principle 4: Scope of Work

The scope of the Committee is suitably defined, and encompasses all the assurance needs of the Commissioner, the CC, the Monitoring Officer and Section 151 Officers.

- Principle 5: Communication

The Committee engages effectively with Financial and Performance Reporting issues, and with the work of internal and external audit. The Committee communicate effectively with the Commissioner, the CC, the Monitoring Officer and the Section 151 Officers.

## 2 Role of the Committee

### 2.1 Internal Control Environment

Provide independent advice on the adequacy and effectiveness of the internal control environment and risk management framework.

- Satisfy itself as to the effectiveness of the internal control framework in operation
- Consider the draft Annual Governance Statement (AGS) , together with associated action plans for addressing areas of improvement and progress on the previous years AGS
- Make appropriate comments on financial and non-financial performance to the extent that it affects the exposure to risks and weakens the internal control environment.

- Consider reviews by HMIC, other external agencies and any internal inspection reports that provide assurance on the internal control environment and/or that may highlight governance issues.
- Review and advise on the effectiveness arrangements regarding fraud, irregularity and corruption.

## **2.2 Corporate Risk Management**

Provide independent advice on the effectiveness of the corporate risk management strategy and the framework in place for assessing and managing key risks

- Review the risks to which the organisation is exposed and the measures in place to reduce or eliminate them and make appropriate recommendations.
- Provide assurance on the effectiveness of the risk management framework in operation.

## **2.3 Regulatory Framework**

Advise the Commissioner and CC on the application of good governance principles. Advise on the effectiveness of the framework in place for ensuring compliance with statutory requirements. Advise on the arrangements for governance and monitoring of governance within the organisation.

- Satisfy itself as to the effectiveness of the governance framework in respect of contract procedure rules, financial regulations and codes of conduct, ethics and behaviour.
- Consider issues referred to it by the Statutory Officers and make recommendations as appropriate.
- Consider the policies on 'Raising Concerns at Work' and the anti-fraud and corruption strategy.

## **2.4 Internal Audit**

Advise the Commissioner and CC on the appropriate arrangements for internal audit. Advise the Commissioner and CC on the provision of an adequate and effective internal audit service.

- Review the Internal Audit Strategy and the internal audit programme.
- Annually, review the internal audit arrangements and resources.
- Receive progress reports on the internal audit work plan and review and advise on action taken in response to audit findings, particularly in areas of high risk.
- Consider the Head of Internal Audit Annual Report and annual opinion on the internal control environment and advise on action to be taken to address any areas for improvement.

## **2.5 External Audit**

Advise the Commissioner and the CC on the appropriate arrangements for external audit and the appointment of external auditors.

- Review the external audit programme and associated fees and advise as appropriate
- Review the external auditor's Annual Audit Completion Report(s) and any other reports; advise on these as appropriate, including progress on the implementation of agreed recommendations.
- Reviewing the external auditor's annual management letter and advise on recommendations as appropriate.
- Receive reports regarding the arrangements to secure Value for Money and advise appropriately

## **2.6 Financial Reporting**

Advise the Commissioner and the CC on the arrangements for the financial reporting process

- Review the Draft Annual Statement of Accounts and make appropriate recommendations; bring any concerns or issues to the attention of the Commissioner or CC.
- Considering whether appropriate accounting policies have been followed and any proposed changes, and advise the Commissioner and CC appropriately.

## **3 Membership, Independence, Objectivity and Understanding**

### **3.1 Composition of the Committee**

The Committee will comprise a maximum of 5 members who are independent of the Commissioner and the CC.

The Statutory Officers of the Commissioner and the CC and representatives of both the External and Internal Auditors are required to attend or be represented at each meeting of the Committee.

The Commissioner and the CC are invited to attend or be represented. Other officers and members of staff may also attend as appropriate.

### **3.2 Auditors' and Officers' rights of access to the Committee.**

Internal and External Auditors have the opportunity for access to the Committee without the presence of any Officers, and vice versa. Where appropriate this would enable a frank discussion of issues without the inhibiting presence of the other party.

Both Officers and Auditors can submit a paper to the Committee with a request that it should not be circulated to the other party, and that it should be discussed in a "private" session without the other party present.

### **3.3 Ability to call Officers.**

Committee Members may submit questions to Officers in advance of the meeting (should they wish to do so), so that Officers can prepare their answers, helping to ensure that most items can be dealt with at a single meeting.

Committee Members may request the presence of a particular Officer at a Committee meeting to answer questions in person.

Committee Members may challenge Officers on the content and timeliness of their responses, including responses to internal and external audit reports and implementation of agreed audit recommendations

### **3.4 Agenda Cycle**

The Committee will set an annual agenda cycle to plan the business of the Committee in advance so as to ensure that the full remit is covered. The cycle will coincide with the significant items in the governance cycle.

### **3.5 Quorum**

No business shall be transacted at the meeting of the Committee unless at least 3 Members of the Committee are present.

### **3.6 Press and Public**

The Public shall be admitted to all meetings of the Committee unless excluded by resolution in accordance with the provisions of the Local Government Act 1972 (Schedule 12a), as amended by the Local Government (Access to Information) Act 1985.

A member of the public will not be permitted to speak or ask questions at the meeting except with the consent of the chair of the Committee.

The public will be excluded from meetings whenever it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that confidential information would be disclosed.

Items will be considered '**Below the Line**' or '**not for publication**' when they contain exempt information as defined by schedule 12 of the Local Government Act 1972.

Agendas, papers and minutes for the meetings (excluding items "below the line" or "not for publication") will be published on the Commissioners website.

## **4 Skills**

### **4.1 Training**

To aid the Committee in delivering its purpose and objectives the Commissioner will make available funds for Members of the Committee to undergo appropriate training where the Committee deems it is reasonably necessary to do so.

### **4.2 Self-Assessment**

The Committee will complete an annual self-assessment of its effectiveness.

## **5 Scope of Work**

### **5.1 Frequency of meetings**

The Committee will meet at least four times a year at times appropriate to the agenda contents and the governance cycle.

### **5.2 Review of Terms of Reference**

The Committee will review its Terms of Reference annually.

**Reviewed 21<sup>st</sup> March 2017**