

## **Joint Audit Committee Operating Principles**

### **1. Statement of Purpose**

The purpose of the Joint Audit Committee is:

- to provide independent assurance to the Police and Crime Commissioner (PCC) and the Chief Constable regarding the adequacy of the risk management framework and the associated control environment,
- independent scrutiny of Gwent Police (the force) and the Office of the Police and Crime Commissioner's (OPCC) financial performance,
- to oversee the financial reporting process adapted from CIPFA Audit Committees Practical Guidance for Local Authorities (p9).

### **2. Scope**

The Joint Audit Committee provides comments, advice and assurance on matters relating to the internal control environment of the Force and the OPCC. It has oversight of general governance matters and will provide comments on any new or proposed PCC policies and strategies or changes to existing relevant polices and strategies which in the opinion of the Chief Financial Officers are significant with regards to financial risk and probity.

If the Joint Audit Committee has concerns about a specific governance or audit matter it may request the relevant policy or strategy to be presented to the Committee in order that assurance may be obtained and constructive comment provided where appropriate.

The Joint Audit Committee has three approval powers:

- ***To recommend approval of the Annual Governance Statements for inclusion in the Statement of Accounts.***
- ***To recommend approval of any Code of Corporate Governance for the Force or the OPCC.***
- ***To approve (but not direct) the Internal Audit Strategy and Plan.***

The following do **NOT** fall within the scope of the Joint Audit Committee:

- Crime Statistic performance.
- Force 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.

### **3. Methods of Working**

- Advises the Chief Constable and the PCC according to good governance principles.
- Ensures appropriate risk management arrangements.
- Provides robust and constructive challenge.

### **4. Eligibility to be a member of the Joint Audit Committee**

- Joint Audit Committee Members must be independent of both the Chief Constable and the PCC. Serving police officers, police staff or staff employed in the OPCC are not eligible for appointment. A person who has been so employed must have a minimum 1 year break before being appointed to serve on the Joint Audit Committee.
- Political activity in itself is no bar to appointment. Candidates will be asked to declare any significant political activity (which includes holding office, public speaking,

making a recordable donation or candidature for election) which they have undertaken in the last five years. This information will only be provided to the recruitment panel for those applicants selected for interview. Details of the successful candidates declared political activity will be published.

- Before an appointment to the committee is confirmed candidates will need to be successfully vetted to non-police personnel level 2. (Candidates should note that all arrests, convictions and cautions must be declared on the vetting form whether or not they are “spent” under the terms of the Rehabilitation of Offenders Act).
- A person who is an undischarged bankrupt is not eligible for appointment to the Joint Audit Committee.
- A person who is on the Police and Crime Panel or is a councillor or an employee of a council which is represented on the Panel is not eligible for appointment to the Joint Audit Committee.
- All appointees must sign a declaration that they agree to uphold the Committee on Standards in Public Life’s seven principles of Public Life.
- All appointees must agree to their name, photo and declarations of interests being made publically available - including on the PCC and CC websites.
- To assist with individual effectiveness, all appointees must agree to be the subject of an appraisal process with the chair of the committee.

## **5. Person Specification**

Role purpose: to provide independent assurance, advice and comment upon governance issues.

In order to fulfil its objectives the Joint Audit Committee should corporately possess:

- Financial awareness.
- Awareness of current accounting issues.
- Understanding of relevant statutory duties and legislative requirements.
- Understanding of the principles of risk management.
- Knowledge of modern principles relating to audit, scrutiny and assurance.
- At least 1 person to have a professional qualification from one of the professional accounting bodies as directed in section 113 of the Local Government Finance Act 1988.

Individuals should have and be able to demonstrate:

- Integrity.
- A balanced and proportionate approach in preparing & giving advice.
- Independent thought.
- A constructive but challenging approach.
- Ability to be analytical.
- Ability to scrutinise.
- Self-confidence.
- Respect for others.

Individuals should have or acquire as soon as possible after appointment:

- Understanding of the objectives and current significant issues for the police service at both a national and local level.
- Understanding of the objectives, responsibilities and current significant issues for the OPCC.
- Understanding of the Constabulary structure.
- Understanding of the various inspection regimes which impact upon the work of the Police Service and the OPCC.

## **6. Tenure**

- The appointment will terminate five years after appointment in November 2020, but eligible members could apply for a further term. A member is only automatically re-appointed for a second term subject to satisfactory performance. This will be evidenced by an annual 1-2-1 with the Chair. The Chair will then recommend re-appointment or otherwise to the CFO/ACOR (which will be approved by the PCC/CC).
- The Chair will be subject to an annual performance assessment with the CFO/ACOR/PCC/CC.
- Any committee member missing more than 3 consecutive meetings will automatically cease to be a member of the Joint Audit Committee.
- No individual will serve on the Joint Audit Committee for more than 10 years in total.

## **7. Remuneration Rate**

The remuneration will be paid at the fee rate set by the Home Office for Police Appeals Tribunal Members. ~~At the time of preparing this report the~~ The amounts (unchanged since April 2007) are:

- Full day i.e. sittings of more than 4 hours (excluding meal breaks but including preparation) £211.50.
- Half day i.e. sittings of 4 hours or less (excluding meal breaks but including preparation) £104.50.

## **8. Reimbursement of Travel Costs**

The most practical, economic and sustainable method of travel should be used. The OPCC will book public transport when requested to do so:

- Rail – the cost of standard class rail travel 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.
- Cars, vans and motor cycles – reimbursement will be at the relevant HM Revenue and Customs approved rate (the current car mileage rate is 45p per mile up to 10,000 miles at the time of preparing this report).

## **9. Terms of Reference**

### **Financial Management**

- Provide assurance regarding the Statements of Accounts and that the appropriate accounting policies have been applied.
- Monitor the integrity of any published financial statements and any formal announcements relating to financial performance.
- Consider and comment upon any policy or strategy regarding reserves.
- Consider and comment upon the budget planning process.
- Consider and comment upon the Financial Strategy (Medium Term Financial Plan).
- Consider and comment upon any policy or strategy regarding loans, investments or borrowing.
- Consider and comment upon any policy or strategy regarding asset management.
- Consider and comment upon the arrangements for delivery of Value for Money.

### **Internal Control and Governance Environment**

- ***Recommend Approval of the Annual Governance Statements for inclusion in the Statement of Accounts.***
- ***Recommend Approval of any Code of Corporate Governance for the Force or the Office of the Police and Crime Commissioner.***
- Consider and comment upon any policy or strategy relating to sponsorship.
- Consider and comment upon anti-fraud and anti-corruption arrangements including “whistle blowing”.
- Consider and comment upon any policy or strategy regarding commissioning.
- Review the effectiveness of internal control systems and provide assurance regarding such systems.
- Commission assurance work e.g. specialist advice or audit.
- Consider and comment upon compliance with the statutory duties regarding the PCC.
- Review compliance with policies relating to declarations of interest, gifts and hospitality.
- Completion of an Annual Report, to sit in conjunction with the PCC’s and Chief Constable’s Annual Governance Statement, on the performance of the JAC.
- Undertake an annual self-assessment process to ensure the JAC is carrying out its duties effectively and is receiving the support required.
- Consider and comment upon any reports from external organisations that are considered to be of relevance by officers.

### **Corporate Risk Management**

- Consider and comment upon the strategic risk processes for the PCC and Chief Constable.
- Consider and comment upon the corporate risk processes for the PCC and Chief Constable

### **Internal Audit**

- ***Approve (but not direct) the Internal Audit Strategy and Plan.***
- Review the effectiveness (including resourcing) of internal audit.
- Receive and review internal audit reports and monitor progress of implementing recommendations.
- Consider and comment upon the annual report from internal audit.
- Involvement with the recruitment or termination of employment of internal audit.
- Consider and comment upon any proposals affecting the provision of the internal audit service.
- Ensure that the performance of internal audit complies with the Public Sector Internal Audit Standards.
- Audits relating to Information Technology are undertaken by Torfaen County Borough Council, on behalf of all Shared Resource Service Partners. Therefore, they will be dealt with separately to all other internal audits which are conducted by the contracted supplier.

### **External Audit**

- Receive and review reports from the external auditors including the annual audit report, audit opinion etc.
- Review the effectiveness of external audit.
- Consider and comment upon any proposals affecting the provision of the external audit service.
- Consider the level of fees charged.

**10. Reporting Line:** The Joint Audit Committee will report direct to the PCC and the Chief Constable. Any concerns that needed to be raised by the external auditors would be done so via the Chair of the Committee who would liaise with the Chief Finance Officer or the Monitoring Officer.

**11. Links:** In the course of its work the Committee may forge links (direct or indirect) with the following and any other organisations deemed appropriate:

- Chief Financial Officers of both the PCC and Chief Constable.
- Monitoring Officer.
- Head of Internal Audit.
- External Auditors.
- Her Majesty's Inspector of Constabulary.
- The Police and Crime Panel.
- Regional Committees and Collaborations.
- Partnerships.

**12. Committee Composition:** 5 people, independent of the Chief Constable and the PCC.

**13. Quorum:** 3

**14. Election of Chair & Vice-Chair**

- Chair and Vice-Chair to be elected annually by the committee.
- Chair may be re-elected but to serve no more than 3 consecutive years as Chair.

In exceptional circumstances, members will be allowed to re-elect the same individual to the Chair for one further year.

**15. Number of meetings:** 4 formal committee meetings scheduled each year (additional formal meetings may be required).

**16. Information publicly available:** the agenda, reports and minutes of formal meetings will be made available on the OPCC and Gwent Police websites.

**12. Attendance at Audit Committee Meetings**

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

#### **Also in attendance**

- Chief of Staff, OPCC
- Chief Finance Officer, OPCC
- Chief Finance Officer, OCC
- Internal Audit
- External Audit
- Other Officers of both the OPCC and Force, when required.