

OFFICE OF POLICE AND CRIME COMMISSIONER

OFFICE OF THE CHIEF CONSTABLE

TITLE: Joint Audit Committee Terms of Reference Review

DATE: 12th September 2019

TIMING: Routine

PURPOSE: For Consideration

1.	<u>RECOMMENDATION</u> That the Joint Audit Committee (JAC) considers the amendments to their Terms of Reference (ToR) and provides feedback to officers.
2.	<u>INTRODUCTION & BACKGROUND</u> The JAC provides independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes to both the Police and Crime Commissioner (PCC) and Chief Constable. In 2013, the Chartered Institute of Public Finance & Accountancy (CIPFA) produced a guidance document for audit committees in local authorities and policing. Due to significant developments in governance and audit practices since 2012 which have emphasised the importance of the audit committee, a further updated guidance document entitled 'Audit Committees: Practical Guidance for Local Authorities and Police 2018 Edition' has been published.
3.	<u>ISSUES FOR CONSIDERATION</u> A detailed document is provided at appendix 1, which is split into two parts. Part 1 covers areas raised in the guidance that should be complied with but are not contained within the suggested ToR and Part 2 contains a comparison between the JAC's current ToR and that suggested within the updated CIPFA guidance. The suggested wording for inclusion in the amended ToR is contained in the column entitled 'Suggested ToR Wording and Rationale' and is highlighted in bold. A meeting has taken place between the Head of Assurance and Compliance, Chief Finance Officer and Assistant Chief Officer Resources, to determine what areas/wording should be included in the new ToR, taking into consideration time constraints and the size of the current agendas. A draft amended ToR has been included at appendix 2.

4.	<p><u>NEXT STEPS</u></p> <p>That the JAC consider the draft amended ToR and provide feedback for the consideration of officers. Once this is received, the ToR will be reviewed again to determine if any updates need to be made. A final version of the ToR will then be added to the JAC agenda for formal approval at the December meeting.</p> <p>There is an option for a skills assessment and effectiveness review of the JAC to be undertaken in the future if the JAC believe it would be beneficial. Guidance and templates for these processes have been provided in the CIPFA document.</p>
5.	<p><u>FINANCIAL CONSIDERATIONS</u></p> <p>Due to the number of areas suggested for inclusion in the CIPFA guidance and the length of time it would take to cover them if they were all to be included in at the level of detail suggested, the number of JAC meetings would need to increase. This would have an impact on the payments made to JAC members as well as the financial cost associated with officers time to prepare for these additional meetings.</p>
6.	<p><u>PERSONNEL CONSIDERATIONS</u></p> <p>The JAC is supported by the OPCC who do not currently have the resources to be able to support the JAC to cover all areas suggested to the level of detail within the CIPFA guidance. This would likely require additional resource which would in turn have a financial impact on the OPCC budget.</p>
7.	<p><u>LEGAL IMPLICATIONS</u></p> <p>There are no legal issues arising from this report. The ToR within the CIPFA guidance is a suggestion only and can be adapted to suit the needs of each JAC.</p> <p>We do however need to ensure that the ToR comply with the Financial Management Code of Practice 2018 as well as the Accounts and Audit Regulations (Wales) 2014 and the Accounts and Audit (Wales) (Amendment) Regulations 2018.</p>
8.	<p><u>EQUALITIES AND HUMAN RIGHTS CONSIDERATIONS</u></p> <p>This report has been considered against the general duty to promote equality, as stipulated under the Strategic Equality Plan and has been assessed not to discriminate against any particular group.</p> <p>Consideration has been given to requirements of the Articles contained in the European Convention on Human Rights and the Human Rights Act 1998 in preparing this report.</p>

9.	<p><u>RISK</u></p> <p>There are a number of areas that are not included within the CIPFA guidance that the JAC currently consider and comment upon - these include Treasury Management, frequent updates on the Medium Term Financial Plan and the Budget Setting Process. Officers believe it would be a risk for these to be removed and as such have amended the suggested ToR to ensure they are included. The JAC can be assured that the areas suggested for non-inclusion in the ToR are scrutinised in other ways; it has been suggested that deep dives could take place periodically to ensure that JAC have an understanding of the ongoing work in these areas.</p>
10.	<p><u>PUBLIC INTEREST</u></p> <p>The review of the JAC ToR is of interest to the public as it confirms the areas that will be overseen by the JAC, providing independent assurance that the OPCC and Gwent Police have adequate arrangements in place within these areas.</p>
11.	<p><u>CONTACT OFFICER</u></p> <p>Joanne Regan, Head of Assurance and Compliance.</p>
12.	<p><u>ANNEXES</u></p> <p>Appendix 1 – JAC ToR Review Comparison Appendix 2 – Amended Draft ToR.</p>