**OFFICE OF POLICE AND CRIME COMMISSIONER**

**OFFICE OF THE CHIEF CONSTABLE**

**TITLE: Joint Audit Committee Terms of Reference Review**

**DATE: 7th December 2023**

**TIMING:**  **Routine**

**PURPOSE: For Consideration**

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| **1.** | **RECOMMENDATION**  That the Joint Audit Committee (JAC) considers the amendments to their Terms of Reference (ToR) and provides feedback to officers. |
| **2.** | **INTRODUCTION & BACKGROUND**  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 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. This was subsequently updated in 2018 with the ToRs amended to reflect these changes. In October 2022, a further update to the guidance was released. This was reviewed and an update provided to the JAC in March 2023 highlighting concern that the new guidance may curtail the role of the JAC.  Further discussions took place with CIPFA at the All Wales JAC training day in April 2023 where it was clarified that the document was guidance and that we were able to amend their suggested ToRs. Consultation has taken place with the Chief Finance Officer (CFO) and the Assistant Chief Officer, Resources and the ToR amended for the consideration of the JAC. |
| **3.** | **ISSUES FOR CONSIDERATION**  The proposed ToR is contained at appendix 1, with key areas highlighted below:  **Internal Audit** – to enable the JAC to undertake its role effectively, it is suggested in the CIPFA guidance that members should be aware of the details of the most recent external assessment and the level of conformance with the standards. It is therefore proposed that Internal Audit provide their Public Sector Internal Audit Standards (PSIAS) report, at least once every 5 years, including its overall conclusion and any recommendations. The JAC should also then be sighted on and monitor the implementation of any improvement plan as a result of the external assessment.  **Governance, Risk and Control** – this heading will be separated into ‘Governance’, ‘Risk’ and ‘Fraud and Corruption’ with the following areas included underneath the ‘Fraud and Corruption’ heading:   * Reviewing the fraud risk profile and estimate of fraud losses or potential harm to the organisation and its local community. * Reviewing the annual counter fraud plan of activity and resources, seeking assurance that it is in line with the strategy and fraud risk profile. * Monitor the overall performance of the counter fraud function. * Oversee any major areas of fraud identified and monitor actions places to address control weaknesses.   **Governance** – amend the requirement for the JAC to *‘Review the governance and assurance arrangements for significant partnerships or collaborations.’* The role of the JAC is to seek assurance that partnership or collaborative arrangements are satisfactorily established and operating effectively. It is therefore proposed that the wording is amended to read *‘Consider assurances on whether arrangements are satisfactorily established and operate effectively for significant partnerships or collaborations.’*  **Appointment of Chair** – currently the Chair is appointed from one of the 5 members of the JAC. This will remain an option going forward but we also want to provide the opportunity for future appointments to be undertaken as a separate recruitment process if the need was to arise. If a Chair was to be appointed from within current membership, there would be no limit on the time they could serve as Chair, subject to annual re-election supported by a majority of members. If an external recruitment process was undertaken to fill the role of Chair, an initial appointment would run for 5 years with the option available for a further 5 year appointment as long as performance reviews were satisfactory. This is in line with the appointment of other JAC members.  **Payments to the Chair** – in order to recognise the additional work undertaken by the Chair of the JAC, payments will be increased to £268 for meetings of 4 hours and over and £134 for meetings under 4 hours. This is in line with the amounts confirmed in the Independent Remuneration Panel for Wales Annual Report 2022-23. Payments to other JAC remembers will remain as already stated. Payments made to the Chair for preparation time will be paid at the rate for meetings 4 hours and under.  **Payments to JAC Members (excluding the Chair)** – JAC members are currently paid at the fee rate set by the Home Office for Independent Members of Police Appeals Tribunals. The amounts (unchanged since April 2007) are £211.50 for meetings of more than 4 hours and £104.50 for meetings of 4 hours or less. Due to changes in the Police Misconduct Process and the requirements of the role no longer aligning with those of a JAC member, along with the Chair’s fee being brought in line with the Independent Remuneration Panel for Wales guidance, JAC members will also revert to the payments set out in the Independent Remuneration Panel for Wales guidance as and when fees for both full day and half day meetings become higher than the current fees which are paid. Rates currently advised by the Independent Remuneration Panel for Wales are £210 for meetings of 4 hours or more and £105 for meetings of under 4 hours. The South Wales JAC also follow the Independent Remuneration Panel for Wales fees for their members.  To confirm, the payments for 2024/25 will remain as currently set out in the Terms of Reference and will be reviewed annually along with those of the Chair.  **Extension of Tenure** – provision has been included to allow the extension of any JAC members appointment past the maximum 10 year period in exceptional circumstances, for a period of 1 year only. This decision must be discussed at a JAC meeting and ratified by the PCC and Chief Constable. The tenure paragraphs have also been re-worded but no key information has changed. |
| **4.** | **NEXT STEPS**  That the JAC consider the draft amended ToR and provide feedback for the consideration of officers. The ToR will be updated as necessary and finalised. A final version will be sent to all attendees of the JAC and will also be uploaded to the OPCC website once it has been translated. |
| **5.** | **FINANCIAL CONSIDERATIONS**  If the amendments proposed are accepted, then there will be a slight increase to payments made to the Chair of the JAC. These will increase from £211.50 to £268 for meetings over 4 hours and from £104.50 to £134 for meetings 4 hours and under. All other payments will remain the same.  Recruiting a Chair via a separate process to other JAC members will also incur additional cost if this option was to be utilised. |
| **6.** | **PERSONNEL CONSIDERATIONS**  The JAC is supported by the OPCC, additional recruitment processes to appoint a Chair will impact on OPCC resources. |
| **7.** | **LEGAL IMPLICATIONS**  There are no legal issues arising from this report. The CIPFA guidance is for suggestion only and can be adapted to suit the needs of each JAC.  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. |
| **8.** | **EQUALITIES AND HUMAN RIGHTS CONSIDERATIONS**  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.    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. |
| **9.** | **RISK**  There are areas that are not included within the CIPFA guidance that the JAC currently consider and comment upon such as Treasury Management. Officers believe it would be a risk for these to be removed and as such have ensured they specifically remain in the ToR. |
| **10.** | **PUBLIC INTEREST**  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. |
| **11.** | **CONTACT OFFICER**  Joanne Regan, Head of Assurance and Compliance. |
| **12.** | **ANNEXES**  Appendix 1 – Amended Draft ToR. |