

ROLE OF THE JOINT INDEPENDENT AUDIT COMMITTEE

REPORT OF CHIEF EXECUTIVE, TREASURER (PCC) AND DIRECTOR OF FINANCE (CHIEF CONSTABLE)

1 Purpose of the Report

- 1.1 To set out the role, terms of reference and main areas of work of the Joint Independent Audit Committee of the Police & Crime Commissioner (PCC) and Chief Constable.

2 Background

- 2.1 The PCC and the Chief Constable are required to maintain an effective internal audit of their affairs by the Accounts and Audit Regulations 2011.
- 2.2 The establishment of an audit committee is a requirement of the Home Office's Financial Management Code of Practice. The Code recommends that the PCC and Chief Constable have a shared "internal audit service" covering both bodies in order to "minimise duplication and bureaucracy and to maximise value for money"
- 2.3 The PCC and Chief Constable have agreed to the establishment of a Joint Independent Audit Committee to discharge this requirement with terms of reference, based upon CIPFA's guidance on Audit Committees, as set out in Appendix A.
- 2.4 The Committee is to consist of 5 independent members with a quorum of 3.

3 Role of the Committee

- 3.1 The Committee will normally meet quarterly to:
- consider the internal and external audit reports on behalf of the PCC and the Chief Constable.
 - advise the PCC and the Chief Constable according to good governance principles and adopt appropriate risk management arrangements in accordance with proper practice.

4 Internal Audit

- 4.1 The Internal Audit Service operates a three year risk based strategic plan of work to review internal control systems. The plan will be presented to the Committee each year in April or May and performance against the plan along with issues identified through audit activity, including audit recommendations not implemented, will be reported quarterly. At the end of each year an annual report will be presented to the Committee giving an overall opinion on both the PCC's and Chief Constable's internal control environment.

5 External Audit

- 5.1 Mazaars are the PCC's and Chief Constable's appointed external auditors. Their role includes an annual audit of the statements of accounts and ensuring there are proper arrangements for securing economy, efficiency and effectiveness. Mazaars will provide quarterly progress updates to the Committee in respect of their work, an annual audit letter for the statement of accounts and an annual governance report.

6 Annual Governance Statement

- 6.1 The Accounts and Audit Regulations 2011 require that both the PCC and Chief Constable produce a statement to cover their whole internal control environment, both financial and non-financial. The statement is to be published in the Annual Statement of Accounts.
- 6.2 The assurance framework required to produce the Annual Governance Statement will be approved by the Committee each year. The Committee will then receive reports in each area of assurance to allow them to consider and agree the statement. Once approved the statement will accompany the Statement of Accounts and be published externally. One of the key sources of assurance is the Internal Audit Annual Report. The statement for 2012/13 will be reported to this Committee in June 2013. Where action plans are in place to monitor any weaknesses disclosed the Committee will monitor remedial action.

7 Risk Management

- 7.1 The current risk management policy is due for renewal in 2013 and it is proposed that the policy will be at this point adapted to recognise the organisational changes arising from the election of the PCC. In addition a Strategic Risk Register for the PCC has been drafted using the existing risk register and considering different and new strategic risks facing the PCC and her office. Quarterly reports reviewing risk management arrangements of both the PCC and Chief Constable will be provided to the Committee.

8 Equal opportunities implications

- 8.1 It is considered that there are no equal opportunities implications arising from the report.

9 Human rights implications

9.1 It is considered that there are no human rights implications arising from the report.

10 Risk Management implications

10.1 There are no additional risk management implications arising directly from this report.

11 Financial implications

11.1 There are no financial implications directly arising from this report

12 Recommendation

12.1 The Committee is asked to note this report.

The Joint Independent Audit Committee for the Northumbria Police & Crime Commissioner & Chief Constable

Terms of Reference:

Audit Activity

- To consider the Chief Internal Auditor's annual report and opinion, a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the PCC's and Chief Constable's corporate governance arrangements.
- To consider summaries of specific internal audit reports as requested.
- To consider reports dealing with the management and performance of the providers of internal audit services.
- To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale.
- To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
- To consider specific reports as agreed with the external auditor.
- To comment on the scope and depth of external audit work and to ensure it gives value for money.
- To commission work from internal and external audit.
- To consider and comment on any proposals affecting the provision of internal audit.

Regulatory Framework

- To maintain an overview of the Scheme of Consent in respect of contract procedures rules, financial regulations and codes of conduct and behaviour.
- To review any issue referred to it by the PCC or Chief Constable.
- To monitor the effective development and operation of risk management and corporate governance arrangements for the PCC and Chief Constable, including any codes of governance or policies relating to declarations of interest and gifts and hospitality.
- To oversee the production of and approve the PCC's and Chief Constable's Annual Governance Statements.

- To monitor the whistle blowing arrangements and counter fraud and corruption strategy of the PCC and Chief Constable. To oversee the PCC's and Chief Constable's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.
- To consider any policy or strategy regarding treasury management arrangements.
- To consider the PCC's and Chief Constable's compliance with its own and other published standards and controls.