



## **POLICE FIRE AND CRIME COMMISSIONER FOR STAFFORDSHIRE**

### **TERMS OF REFERENCE and OPERATING PRINCIPLES**

**for**

### **JOINT AUDIT and RISK COMMITTEE**

#### **Terms of Reference**

##### **Statement of Purpose**

The Joint Audit and Risk Committee (JARC) is an advisory committee and a key component of the Staffordshire Commissioner's Office (SCO), Staffordshire Police's (Force) and Staffordshire Commissioner's Fire & Rescue Service (SCFRA) corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

The committee has oversight of both internal and external audit, together with the financial and governance reports, helping to ensure there are adequate arrangements in place for both internal challenge and public accountability.

The committee has been established in line with the Financial Management Code of Practice for the Police Service of England and Wales, and follows the principles of good governance laid down by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The purpose of the committee is to seek assurance, as an independent body, on the arrangements in place and the adequacy of:

- The risk management and the internal control framework operated by the SCO, SCFRA and Force.
- The effectiveness of the respective corporate governance arrangements against the governance framework, including the ethical framework and considering the local code of governance.
- Financial and non-financial performance to the extent that it affects the SCO, SCFRA and Force's exposure to risks and weakens the internal control environment.
- Value for Money arrangements of the SCO, SCFRA and Force and to review assurances and assessments on the effectiveness of these arrangements.
- The annual governance process and the work of internal and external audit.

##### **Core Functions**

##### **Governance and Risk**

- Review the draft Annual Governance Statements (AGS) prior to approval and consider whether they properly reflect the governance, risk and control environments.
- To consider whether the annual evaluation for the AGS fairly concludes that governance arrangements are fit for purpose, supporting the achievements of the SCO, SCFRA and Force.
- Monitor the effective development and operation of corporate risk strategies and frameworks, ensuring an appropriate framework is in place for assessing and managing key risks.



- Monitor progress in addressing risk-related issues reported to the committee, including financial risks.
- Consider the effectiveness of the internal control systems including the systems in place for monitoring compliance with statutory requirements, including counter-fraud and corruption.
- To consider any issue referred to the committee by the statutory officers of the SCO, SCFRA and Force and to make recommendations as appropriate.

### **Internal Audit**

- To review proposals made in relation to the appointment of external providers of internal audit services and make recommendations.
- Consider the Internal Audit Annual Strategy and Plan and make recommendations as appropriate.
- Receive internal audit reports and regular progress reports in line with the Audit Plan and make recommendations as appropriate.
- Monitor the implementation of agreed actions ensuring appropriate action is taken in response to audit findings and monitor the timescales.
- Consider the Head of Internal Audit's Annual Report and Opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over corporate governance arrangements.
- Consider the Head of Internal Audit's statement of the level of conformance with the Public Sector Internal Audit Standards (PSIAS) and the results of the Quality Assurance Improvement Programme (QAIP) that support the statements.
- Consider the effectiveness of the collaboration of the SCO, SCFRA and Force with regard to optimising the use of audit resources.
- Ensure the head of internal audit has access to the Chair of the committee and there is the opportunity for a private meeting with the committee on an annual basis.

### **External Audit**

It is anticipated that the SCO, SCFRA and Force will engage the same external auditors. The role of the committee in relation to External Audit will include:

- Considering proposals made by officers regarding the appointment, re-appointment and removal of the external auditor.
- Considering the external auditor's annual plan, annual audit letter, relevant reports and the report to those charged with governance.
- Considering the scope and depth of external audit work, ensuring it gives value for money.
- Advising on commissions of additional work from external audit.
- Considering the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.
- Annually reviewing the effectiveness of external audit.
- Ensure external audit has access to the Chair of the committee and there is the opportunity for a private meeting with the committee on an annual basis.

### **Financial Reporting**

- Consider reports on the effectiveness of financial management arrangements, and preparations for financial reporting to ensure that statutory requirements and professional standards can be met.
- Review the annual statement of accounts. Specifically, to consider, taking into account the advice of the external auditor, whether appropriate accounting policies have been followed



and whether there are concerns arising from the financial statements or from the audit of the financial statements that need to be brought to the attention of the SCO, SCFRA or the Force.

- Consider the external auditor's report to those charged with governance on issues arising from the audit of the financial statements.
- Seek assurance on the medium-term financial strategies (MTFS), including plans to address any deficit.

### **Treasury Management**

- Review and consider the reports on the treasury management function, treasury management strategy, half yearly report and annual report.

### **Ethics and Standards**

The Committee's role is to provide assurance that high standards of probity, fairness and integrity are embedded through policy and appropriate governance arrangements across the organisations.

It will: -

- Consider reports and policies from an ethics or standards perspective for example HMICFRS reports and new processes, policies and initiatives.
- Review the annual update on Police Complaints Reviews, for strategic oversight.
- Consider and comment upon anti-fraud and anti-corruption arrangements including "whistle blowing" and Gifts and Hospitality.

### **Accountability**

The committee will:

- Report to the Commissioner, Chief Fire Officer and Chief Constable on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements and internal and external audit functions. Reports should be made through the committee's administrative support, for sharing with the relevant organisation.
- Publish an annual report on the work of the committee, to include a review of its performance and effectiveness against the terms of reference on an annual basis, and report these results to the Commissioner, Chief Fire Officer and Chief Constable.
- The annual report will include a conclusion on the committee's compliance with the CIPFA position statement.

### **Communication**

- There should be open communication and rights of access among the Chair of the committee, the Chief Executive, the Chief Financial Officer's, Head of Internal Audit and the External Auditor.
- There should be separate annual meetings between the Chair of the committee and the Commissioner, Chief Fire Officer and Chief Constable.



## **Joint Audit Committee Operating Principals**

### **Membership**

The committee will comprise of a Chair and between 2 and 5 members who are independent of the office of the SCO, SCFRA and the Force.

The Chair of the committee will be elected by the members, and serve a term before re-elections, each term being a maximum of three years. Once elected the Chair will be able to serve a maximum of two terms as Chair.

A Deputy Chair will be appointed by the Chair of the committee, and will be able to serve a maximum of a single term of three years in the position. The Deputy Chair will act as Chair of the meetings in the absence of the Chair.

All committee members will be offered a maximum tenure of two terms, each term being a maximum of three years. Tenures will be subject to an annual performance review between each member and the Chair.

Each Member will be responsible for leading on a particular area and feeding back to the panel any updates at each meeting. The areas will include Financial Arrangements, Governance and ethics, Risk, and Internal and External Audit.

### **Remuneration**

Members of the committee will be remunerated and reimbursed for expenses, according to the following rates:

Chair – Annual Allowance of £1000 paid quarterly plus £300 for each meeting attended.

Members - £250 for each meeting attended.

Additionally, training will be paid at £250 per half day or £500 per full day attended.

Expenses for mileage will be paid at 45pence per mile.

All members must submit a claim for meeting attendance and mileage after each meeting.

***Members will not be paid for any meetings they do not attend.***

### **Meetings**

The committee are regarded as representing the public at formal meetings.

The committee will meet four times a year (usually in March, June, September and December). The calendar of meetings will be agreed at the start of the year with the Chair of the committee.

The Chair may convene additional meetings, if they deem this necessary. The Commissioner, Chief Fire Officer or Chief Constable can also request to convene further meetings, to discuss particular issues on which they may require advice from the committee.



Any meetings held outside the normal cycle of meetings should be convened with a minimum notice of five working days. This can be waived for extraordinary or urgent meetings, for exceptional matters only and subject to the Chair's agreement.

Members are expected to attend all meetings. Regular non-attendance may lead to their removal following agreement with the committee Chair.

A minimum of 3 members of the committee must be present for the meeting to be deemed quorate. At least one of these members must be the Chair or Deputy Chair of the committee.

The meetings will normally be attended by representatives of the SCO executive team, SCFRA executive team, Force executive team, the Head of Internal Audit and a representative of External Audit. The committee may ask other officials of the organisation to attend to assist with discussions on a particular matter.

The committee may ask any or all of those attending who are not members to withdraw to facilitate open discussions on particular matters.

The committee may hold separate meetings with the Internal/External Auditors, without representatives of the SCO, SCFRA and Force. This type of meeting should be conducted at least once annually.

Meetings will be open to the public, with prior notification of attendance required. The matters discussed will be in the public domain unless an item is considered commercially sensitive or deemed confidential, these items can be considered during a private (closed) section of the agenda.

The committee can hold private informal meetings for briefings and training with non-members excluded. Decisions cannot be taken at these types of meeting.

Each member will be required to record any conflicts of interest. In addition, members will be required to disclose any such interests at the commencement of any meeting where there is a need to do so due to the nature of the agenda, or immediately if they arise unexpectedly in discussion.

### **Committee Support**

SCO will provide the following administrative support:

- Determine the agenda for each meeting in collaboration with the Chair of the Committee.
- Circulate the agenda and supporting papers to members at least five days prior to meetings
- Record the names of those present at the meeting, record and minute any conflicts of interest, draft minutes to include actions and maintain an action plan for the committee of any outstanding actions.
- Draft minutes will be circulated to the Chair of the committee for approval, before being shared with all committee members, executive officers from the SCO, SCFRA and Force and the representatives from Internal and External Audit.
- Minutes of the meeting will be placed in the public domain once they have been approved by the Chair, with the exclusion of any matter deemed private and confidential.



## **Reporting**

The committee will annually review its own performance to ensure it is fulfilling its responsibilities under the Terms of Reference (ToR) and operating effectively. In doing so it will make any recommendations for change to the Commissioner, Chief Fire officer and Chief Constable.

The Committee will, with regard to best governance practice, review the ToR annually and propose any changes deemed necessary in consultation with the Commissioner, Chief Fire officer and Chief Constable.

The Chair of the committee will provide the SCO, SCFRA and Force with an Annual Report, to support the finalisation of the accounts and the Annual Governance Statement, summarising its conclusions from the work it has undertaken during the year and drawing attention to any significant or emerging issues as appropriate. The report will be placed in the public domain following discussion with the Commissioner, Chief Fire Officer and Chief Constable along with their responses to the Chair's annual report.

The Chair will be entitled to meet annually with the Commissioner, Chief Fire Officer and Chief Constable.

## **Review of Terms**

Terms of reference be reviewed annually, or in the instance of significant changes to governance arrangements.