Lincolnshire
POLICE & CRIME COMMISSIONER
SAFER TOGETHER

# JOINT INDEPENDENT AUDIT COMMITTEE

## TERMS OF REFERENCE

### STATEMENT OF PURPOSE

1. Our Joint Independent Audit Committee is a key component of the Police and Crime Commissioner (PCC) for Lincolnshire and Chief Constable (CC) of Lincolnshire's corporate governance. The committee's purpose is to provide an independent and high-level focus on the adequacy of audit, governance, reporting, risk and control arrangements that underpin good governance and financial standards. Its role in ensuring there is sufficient assurance over governance risk and control gives greater confidence to the PCC and Chief Constable that those arrangements are effective and in place for:
   - The risk management framework
   - The internal control environment
   - Financial reporting
   - Annual governance processes
   - Internal and external audit

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

3. These terms of reference will summarise the core functions of the committee in relation to the Office of the Police and Crime Commissioner (OPCC) and to the Force and describe the protocols in place to enable it to operate independently, robustly and effectively. In so doing, the committee will have due regard to equal opportunities generally and the requirements of all equalities, anti-discrimination and human rights legislation.

## DUTIES

### Governance, risk and control

The committee will, in relation to the PCC/CC:

4. Review the corporate governance arrangements against the good governance framework and consider annual governance reports and assurances. Advising and commenting on the integrated Scheme of Governance including the desirability of any proposed changes.

5. Monitor the effective development and operation of risk management in the OPCC and force. Review the risk profiles and monitor progress of the PCC and CC in addressing risk-related issues reported to committee.

6. Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.

7. Consider reports on the effectiveness of financial management arrangements, including compliance with CIPFA's Financial Management Code.

8. Consider the OPCC's and force's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.

9. Review arrangements for the assessment of fraud risks and potential harm from fraud and corruption, including related whistle blowing policies, and monitor the effectiveness of the counter-fraud strategy, actions and resources. Giving advice and recommendations on the adequacy of the level of assurance and on improvement as it considers appropriate.

10. Review the governance and assurance arrangements for significant partnerships or collaborations.

11. Note the recommendations of external inspection and regulatory bodies regarding risk management and internal controls and monitor the implementation of agreed actions.

### Governance reporting

The committee will:

12. Review the Annual Governance Statements (AGS) prior to approval and consider whether they properly reflect the governance, risk and control environment and supporting assurances and identify any actions required for improvement.

13. Consider whether the annual evaluation for the AGS fairly concludes that governance arrangements are fit for purpose, supporting the achievement of the OPCC's and force's objectives.

**Financial reporting**

The committee will:

14. Monitor the arrangements and preparations for financial reporting to ensure that statutory requirements and professional standards can be met.

15. Review the annual statement of accounts. Specifically, to consider 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 PCC or CC.

16. Consider the external auditor's reports to the PCC and the CC on issues arising from the audit of the financial statements.

17. In relation to the above, give such advice and make such recommendations on the adequacy of the level of assurance and on improvement as it considers appropriate.

**Arrangements for audit and assurance**

The committee will:

18. Consider the OPCC's and force's framework of assurance and ensure that it adequately addresses their risks and priorities.

**External audit**

The committee will:

19. Support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by PSAA or the management teams as appropriate.

20. Advise the PCC on the appointment of and relationship with the external auditor. The committee will advise on the relationship with the PSAA (Public Sector Audit Appointments) as and when appropriate.

21. Consider the external auditor's annual management letter, relevant reports, and the report to those charged with governance.

22. Consider specific reports as agreed with the external auditor.

23. Comment on the scope and depth of external audit work and whether it gives satisfactory value for money.

24. Advise on commissions of additional work from external audit.

25. Advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies. Giving advice and recommendations on the adequacy of the level of assurance and on improvement as it considers appropriate.

26. Provide free and unfettered access to the JIAC Chair for the auditors, including the opportunity for a private meeting with the committee.

**Internal audit**

The Committee will:

27. Annually review the internal audit charter and resources.

28. Review proposals made in relation to the appointment of external providers of internal audit services and make recommendations to the PCC and Chief Constable.

29. Review the internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.

30. Consider proposed revisions to the internal audit plan and resource requirements.

31. Make appropriate enquiries of both management and the head of internal audit to determine there are no inappropriate scope or resource limitations.

32. Consider the adequacy of the internal audit service in terms of performance, objectivity and independence of the external provider.

33. Consider reports from the internal auditor on performance during the year, including:
    - Regular summary of progress of internal audit activity against the audit plan, and the level of assurance it can give over corporate governance arrangements.
    - Updates on the work of internal audit, including key findings, issues of concern and action in hand as a result of internal audit work.
    - Regular reports on the results of the Quality Assurance & Improvement Program (QAIP)
    - Reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN), considering whether the non-conformance is significant enough that it must be included in the AGS.

34. Consider the head of internal audit's annual report, including:
    - The statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement (these will indicate the reliability of the conclusions of internal audit)
    - The opinion on the overall adequacy and effectiveness of the framework of governance, risk management and control, together with the summary of the work supporting the opinion (these will assist the committee in reviewing the AGS).

35. Consider summaries of internal audit reports as requested.

36. Receive reports from the PCC or CC outlining the action taken where concerns have been raised by the head of internal audit or the committee, including progress with implementation of agreed actions to recommendations made by the internal audit service.

37. Contribute to the QAIP and external quality assessment of internal audit that takes place every 5 years.

38. Consider a report on the effectiveness of internal audit to support the AGS, where required to do so by the Accounts and Audit Regulations.

39. Provide free and unfettered access to the audit committee chair for the head of internal audit, including the opportunity for a private meeting with the committee.

**Accountability arrangements**

The committee will:

40. Report to the PCC and CC to report and discuss the committee's findings, conclusions and recommendations in relation to any matters that it considers relevant to the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements and internal and external audit functions.

41. Report to the PCC and CC on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose. Following each ordinary meeting, and on publication of the draft minutes, the chairman will meet the PCC and CC to report and discuss the key issues and agreed actions and to give them continuing assurance regarding the committee's performance and fulfilment of its terms of reference.

42. Publish and annual report on the work of the committee, including a conclusion on the compliance with the CIPFA Position Statement.

## PROCEDURE

### Membership and attendees

1. The JIAC will comprise a minimum of five independent members (one of whom will be the chairman), appointed by the PCC and CC. The duration of each appointment will be for up to four years and no member may serve more than 12 years (3 consecutive terms). The PCC and CC may also consider the appointment of co-opted members.

2. The committee will meet four times a year as a minimum under normal circumstances, normally on a quarterly basis.

3. The following will attend every ordinary meeting of the JIAC, an appropriate substitute must attend in their absence (in exceptional circumstances only):

    a Office of PCC Chief Finance Officer
    b Head of Finance - Deputy Chief Finance Officer (Liaison officer)
    c Research and Performance Officer
    d Deputy Chief Constable, (ACC if DCC not available otherwise the meeting will be rescheduled).
    e Director of Financial and Corporate Services (S151) (Force Chief Finance Officer)
    f External Auditor (maximum 2)
    g Internal Auditor (maximum 2)
    h Secretarial Support

4. There will be no other attendees at an ordinary meeting without the express and prior approval of the chairman, to be obtained before publication of the meeting agenda where all attendees will be recorded.

5. The PCC and CC, although not members of the JIAC, may attend any meeting.

### Notice of meeting

6. At least 5 clear working days before a scheduled meeting of the JIAC:

- a notice of the date, time and place of the intended meeting and the business proposed to be considered will be published;

- a summons to attend the meeting, specifying the date, time and place of the meeting and the business proposed to be considered, shall be sent to every member of the JIAC, at an address nominated by them.

### Admission of press and public

7. All meetings of the JIAC will be open to the press and public, subject to the following paragraph. Accommodation will, as far as is practicable, be made available for them to observe the proceedings.

8. The JIAC will exclude the press and public from all or part of a meeting if:

- the business being transacted has been classified as Official-Sensitive, Secret or Top Secret under the Government Security Classification (GSC) system;

- the conduct of the press and/or the public is disorderly and is inhibiting the holding of the meeting, or is likely to be disorderly and to inhibit the holding of the meeting.

9. There is no right for anyone to record the proceedings (for instance, by way of photographs, audio recording, broadcast or video recording) without the approval of the meeting.

**Quorum**

10. The quorum for the JIAC will be three members. Co-opted members will count towards the quorum of the meeting.

11. If during any meeting of the JIAC the number of members present falls below 3 then the meeting will stand adjourned. The consideration of any business not transacted shall be adjourned to a time fixed by the Chair at the time the meeting is adjourned.

**Chairing meetings**

12. At any meeting the Chair shall preside, if present. In his or her absence, the members present shall appoint one of their number to act as Chair for that meeting.

**Voting**

13. Voting at meetings will be determined by a show of hands. Co-opted members will have full voting rights.

14. The names and votes of members shall not normally be recorded in the minutes, but any member may request that his or her vote or abstention be recorded.

15. In the case of an equality of votes, the Chair of the meeting will have a second or casting vote.

**Minutes**

16. Minutes of meetings will summarise the proceedings and accurately record any resolution(s) passed.

17. Minutes will be submitted to the following ordinary meeting for approval. When the minutes have been confirmed as a correct record, they will be signed by the Chair.

**APPROVAL**

18. These Terms of Reference were presented for approval by the CC and PCC in March 2024 and will be reviewed annually.

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