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JOINT AUDIT RISK AND ASSURANCE PANEL

Terms of Reference

1. INTRODUCTION

- 1.1. In line with the principles of good governance as laid down by the Chartered Institute of Public Finance & Accountancy (CIPFA) and the Financial Management Code of Practice for the Police Service of England and Wales, this independent Joint Audit, Risk & Assurance Panel (JARAP) was established in 2013, covering the separate roles and offices of both the Police & Crime Commissioner (PCC) and the Chief Constable.
- 1.2. The Office of PCC and Chief Constable are intrinsically linked by the priorities of the Police & Crime Plan and therefore it is in the best interests of the public, value for money and probity that a Joint Audit, Risk & Assurance Panel (JARAP) was established.
- 1.3. The purpose of the JARAP as an independent body is to seek assurance over the adequacy of the following:
 - 1.3.1. The risk management and the internal control framework operated by the PCC and Chief Constable.
 - 1.3.2. The effectiveness of their respective governance arrangements.
 - 1.3.3. The appointment, support, and quality of the work of internal and external auditors as they provide assurance on risk management, internal controls, and the annual accounts through their work.
 - 1.3.4. Financial and non-financial performance to the extent that it affects the PCC and Chief Constable's exposure to risk, weakens the control environment and undermines their ability to provide good value for money.
 - 1.3.5. The financial reporting processes.
- 1.4. The JARAP is a non-executive Panel and has no executive powers, other than those specifically delegated in these Terms of Reference.
- 1.5. The JARAP will establish effective communication with the PCC and Chief Constable, their nominated representatives, their respective Chief Finance Officers, Monitoring Officer, Head of Internal Audit, the External Auditor, and other relevant stakeholders, including the Police and Crime Panel, for the purpose of fulfilling these terms of reference. A working protocol is established to ensure that this is achieved by all parties.

2. MEMBERSHIP

- 2.1. The JARAP will have a Chair, a vice-chair and three other members, all of whom must be independent of the PCC, the Chief Constable and the Police and Crime Panel.
- 2.2. The role of the Chair and panel member is set out in their role specification which is available upon request.
- 2.3. Members of the JARAP shall be recruited by the Police and Crime Commissioner and Chief Constable or their representatives in conjunction with the JARAP Chair (or a nominated representative) on application and through open competition. They shall be recruited to ensure that the JARAP has all the necessary skills and experience to fulfil its terms of reference, in accordance with the job description for JARAP members. To ensure the independence of the JARAP, members shall not be:
 - 2.3.1. A standing or ex-PCC or Chief Constable.
 - 2.3.2. A member or ex-member of a Police and Crime Panel.
 - 2.3.3. Serving police officers or have served as a police officer within the last 8 years.
 - 2.3.4. Currently serving staff of Leicestershire Police or Office of the Police and Crime Commissioner.
 - 2.3.5. Elected or ex-local government councillors or those active in local or national politics.

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- 2.3.6. Currently serving officers of any county, city, borough, or district councils within the force area.
 - 2.3.7. Individuals who have significant business or personal dealings with the Office of the Police and Crime Commissioner or Force.
 - 2.3.8. Individuals who have close relationships with any of the above including immediate family members and as such may not have the requisite level of independence required for JARAP membership.
 - 2.3.9. Individuals removed from a trusteeship of a charity.
 - 2.3.10. Individuals under a disqualification order under the Company Directors Disqualification Act.
 - 2.3.11. A person who has been adjudged a bankrupt or made a composition or arrangement with his creditors.
 - 2.3.12. Convicted in the UK, Channel Islands or the Isle of Man of any offence and has had passed on a sentence of imprisonment (whether suspended or not) for a period of not less than three months without the option of a fine, within the last five years prior to their appointment.
- 2.4. The Chair of the JARAP will be jointly recruited by the PCC and the Chief Constable and will serve for a maximum of two terms, each being a maximum of 4 years.
- 2.5. All JARAP Members will serve for two terms, each term being a maximum of 4 years unless they choose to resign from the role. If a panel member becomes the chairperson this is deemed to be a new role and the two-term period re-commences from the date of this appointment.
- 2.6. If a panel member wishes to continue after the initial two term period, then they will be permitted to re-apply for the role but will have to go through the same selection process as other applicants. Each four-year term will commence when the member takes up their role. This will guard against all members finishing their period on the panel at the same time and allows for phased replacement of panel members.
- 2.7. The process for appointment of a second term for the Chair and Members is as follows:
- 2.7.1. Prior to six months before the end of their first term the CFOs on behalf of the PCC and CC will seek the views of the Chair (for Member second term appointments), Members (for Chair second term appointments) and will provide this information to the PCC and CC and/or their representatives who will decide if a second term should be offered.
 - 2.7.2. The CFOs on behalf of the PCC and CC will write to the JARAP member or Chair to offer a second term or to confirm that a second term will not be offered. This will happen six months prior to the end of the current term.
 - 2.7.3. Within one month of this letter, the JARAP member or chair must advise the CFOs of their intention whether to accept a second term.
 - 2.7.4. If it becomes evident that a number of panel members are likely to end their term on, or around, the same time then the CFOs can recommend to the PCC and CC an extension to their term for up to 12 months in order for there to be a phased replacement of members rather than all members leaving their role at the same time.
 - 2.7.5. In relation to the offering of a second term and the extension by up to 12 months of a term in office the PCC and CC decision is final and there is no appeal mechanism.
- 2.8. Members of the JARAP will be vetted to the Recruitment Vetting (RV) level which is consistent with the vetting levels now used for staff and Non-Police Personnel vetting Level 2 (NPPV2).
- 2.9. Vetting arrangements will be undertaken for JARAP Chair and Members prior to commencement of the role and at the period with a further review at the appointment of the second term on the panel.

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- 2.10. The vice-chair is selected by members of the JARAP, and the role is reviewed annually. The vice-chair will act as Chair at meetings in the absence of the Chair. If the Chair can no longer continue in this role, the vice-chair will act as the Chair until the formal appointment of a new Chair. The vice-chair will not automatically become the new Chair, although may apply for the post of Chair as part of the recruitment and replacement process run by the PCC and Chief Constable.
- 2.11. All members of the JARAP will be subject to an independent annual appraisal, The outcomes will inform the member development programme. See Paragraph 9.4 of these terms of reference.
- 2.12. On joining the JARAP, each member must attend an induction training course to help them understand the roles of the PCC and the Chief Constable, the Police and Crime Panel and the organisations pertaining to the PCC and Chief Constable. Further training on specific relevant topics will be provided as necessary, according to the members' own relevant experience and emerging business needs of the JARAP. Members of the JARAP will be expected to attend all such training and to develop their skills as part of a member development programme. Training needs will be considered during the annual appraisal process and a training & development programme established both for the JARAP and its individual members as appropriate.
- 2.13. In accordance with the JARAP member's code of conduct, each member will be required to record any conflicts of interest in the register of pecuniary and non- pecuniary interests. In addition, JARAP 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 JARAP agenda, or immediately if they arise unexpectedly in discussion.

3. RIGHTS

- 3.1 Only members of the JARAP have the right to vote on matters.
- 3.2 The members of the JARAP will be remunerated and reimbursed for all expenses incurred in the fulfilment of their JARAP duties, roles, and responsibilities in accordance with the schedule of allowances and expenses agreed by the PCC and Chief Constable.

4. SUPPORT

- 4.1. The Chair, in conjunction with the PCC and Chief Constable has particular responsibility for ensuring that the work of the JARAP is appropriately resourced, including appropriate secretariat support and any other specialist support necessary to ensure its members are effective in their role. The JARAP Chair has a duty to report any shortfall in the level of support to the PCC and Chief Constable in the first instance and in a public report if this is not remedied.
- 4.2. The allocation of secretariat support to the JARAP and its funding will be agreed between the PCC and Chief Constable. This will include ensuring that best practice as contained in relevant good governance codes and protocols are upheld so that the JARAP is effective, and the members' independence is maintained.
- 4.3. The JARAP may with reasonable justification and with joint approval by the respective Chief Finance Officers of the PCC and Chief Constable procure specialist ad-hoc advice e.g., legal, to obtain additional skills, knowledge, and experience at the expense of the PCC and Chief Constable to support the JARAP in the achievement of its terms of reference. This will be considered appropriate where specialist advice is not available within the existing JARAP support arrangements, or it is not considered appropriate to use this support.

5. FREQUENCY AND NOTICE OF MEETINGS

- 5.1. The JARAP will meet approximately four times a year. The calendar of meetings shall be agreed at the start of each year. Scrutiny and pre-approval of the statement of accounts of

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the PCC and Chief Constable will take place either at a JARAP meeting or by the Statement of Accounts being shared with a nominated member or members before submission to external audit.

- 5.2. Further meetings outside of the normal cycle of the JARAP can be convened at the request of the JARAP Chair or any of its members, subject to agreement by the Chair.
- 5.3. The PCC and or CC may ask the JARAP to convene further meetings to discuss particular issues on which they want the JARAP's advice.
- 5.4. Meetings can be requested by the external or internal auditors where this is considered necessary and on agreement of the JARAP Chair.
- 5.5. Unless otherwise agreed, formal notice of each meeting confirming the venue, time, and date together with the agenda of items to be discussed, will be forwarded to each member of the JARAP, any other person required to attend and all other appropriate persons determined by the Chair, no later than five working days before the date of the meeting.
- 5.6. Any meetings held outside the normal cycle of meetings should be convened with a minimum notice of five working days. Extraordinary or urgent meetings may be held with less notice but should be for exceptional matters only, subject to the Chair's agreement and quorum requirements. In this case the agenda and any supporting papers will be sent to the JARAP members and to other attendees at the same time as the meeting notice is sent out, recognising that if the matter is so urgent that there may only be an oral report. If this is the case, then this will be identified on the agenda.
- 5.7. The agreement of the Chair is required to cancel, postpone, or amend meeting arrangements with a minimum notice of five working days. If the Chair is unavailable, agreement of the vice-chair will be required.
- 5.8. If meetings are cancelled, it is anticipated that updates to members on non-standing reports will still be circulated unless otherwise agreed with the Chair.

6. ATTENDANCE AT MEETINGS

- 6.1. Members of the JARAP are expected to attend all meetings. If two or more meetings are missed in a year, this will be discussed as part of the annual appraisal, see 9.4. Regular non-attendance of JARAP members will lead to their removal as a member of the JARAP on agreement by the Chair.
- 6.2. The PCC and Chief Constable will attend all meetings of the JARAP, or ensure that they are suitably and appropriately represented, therefore ensuring that the purpose of the JARAP is not compromised and that the members are able to appropriately fulfil their responsibilities. In addition, the Police Reform and Social Responsibility Act 2011, Section 114 of the Local Government Finance Act 1988 and the Audit and Accounts Regulations 2011 assign a number of statutory responsibilities to each of the Chief Finance Officers of the PCC and Chief Constable. Given the nature of these responsibilities it is expected that both the Chief Finance Officers of the PCC and the Chief Constable will attend all meetings of the JARAP, or where this is not possible then their nominated representatives.
- 6.3. The Head of Internal Audit and representatives of the external auditor will be invited to attend meetings on a regular basis. The JARAP should meet with the Head of Internal Audit and representatives of the external auditor separately and privately at least once a year.
- 6.4. A minimum of three members of the JARAP must be present for the meeting to be deemed quorate, one of whom must be either the Chair or vice-chair.
- 6.5. JARAP meetings will be held in public with the matters discussed being placed in the public domain. Where items are considered commercially sensitive or contain issues which are

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deemed confidential or relate to a member of staff the JARAP may sit privately, that is, excluding members of the public or press, and will record their reasons for this decision in the public domain.

- 6.6. The JARAP may hold private informal meetings e.g., for briefing and training purposes without any non-members present if they so decide. Formal decisions cannot be taken at such meetings.
- 6.7. Expenses for the JARAP will be reimbursed on the basis of receipts and in line with the prevailing policies, rates, and allowances of the Force and OPCC.

7. ACCESS

- 7.1. The Chief Finance Officers, the Monitoring Officer, Head of Internal Audit, and the representative of external auditor of the PCC and Chief Constable will have free and confidential access to the Chair of the JARAP.

8. MINUTES OF MEETINGS

- 8.1. The secretary of the JARAP will record the names of those present at the meeting, write minutes, including the key points and decisions of all JARAP meetings, along with any actions stemming from discussion that need to be taken before the next meeting. The minutes of the previous meeting must be approved by the JARAP and signed by the chair as a true record at each meeting.
- 8.2. The secretary of the JARAP will establish, at the beginning of each meeting, the existence of any conflicts of interest and minute them, accordingly, see also paragraph 2.11 of these terms of reference.
- 8.3. The unsigned and unapproved minutes of the most recent JARAP meeting will be circulated promptly and no later than ten working days after the meeting to all members of the JARAP, to the PCC and the Chief Constable along with their nominated representative at the JARAP, the Chief Finance Officers of the PCC and Chief Constable and to the internal and external auditors, once they have been considered by the Chair or deputy Chair in the Chair's absence.
- 8.4. The minutes of the JARAP will be placed in the public domain as soon as these have been approved and signed by the Chair, with exclusion to any matter deemed private and confidential, as per paragraph 6.5 of these terms of reference.

9. REPORTING

- 9.1 To ensure relevant and timely reporting throughout the year to the JARAP a reporting timetable will be prepared by the PCC and Chief Constable and agreed with the JARAP. This will be designed to enable the JARAP to fulfil its responsibilities and receive the assurances required. The annual plan or timetable will be reviewed regularly by the Chair, the ACO (Finance and Resources) and the OPCC Chief Finance Officer.
- 9.2 The Chair of the JARAP will provide the PCC and Chief Constable with an Annual Report in the name of the JARAP, timed to support finalisation of the accounts and the Annual Governance Statement, summarising its conclusions from the work it has done during the year and drawing attention to any significant or emerging issues as appropriate. This report will be placed in the public domain following its discussion with the PCC and Chief Constable along with their responses to the Chair's Annual Report. The Chair will be responsible for dealing with any public or media questions relating to that report.
- 9.3 The JARAP will, having regard to best governance practice, review these terms of reference annually and make any changes deemed necessary in consultation with the PCC and Chief Constable.

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- 9.4 The JARAP will annually review its own performance to ensure it is fulfilling its terms of reference and operating effectively. In doing so it will make any recommendations for change to the PCC and Chief Constable. This annual Review of performance will include an individual appraisal of all members of the JARAP, including the Chair. The performance review of the JARAP and its members will be commissioned and undertaken independently.

10. RESPONSIBILITIES

10.1. Risk Management, Governance, and internal control responsibilities

The JARAP will seek assurance in connection with the following:

- 10.1.1 The establishment and maintenance of an effective system of risk management, integrated governance, and internal control, across the whole of the PCC and Chief Constable activities that supports the achievement of the objectives of the Police and Crime plan, ensuring probity, value for money and good governance.
- 10.1.2 The timely implementation of any actions necessary to ensure compliance with all internal standards and best practice, both financial and non- financial operated by the PCC and Chief Constable.
- 10.1.3 The adequacy of relevant disclosure statements, in particular the Annual Governance Statement, together with any accompanying Head of Internal Audit report, external audit opinion, risk register or other appropriate independent assurances.
- 10.1.4 The adequacy of arrangements for ensuring compliance with relevant regulatory, legal and code of conduct requirements and fraud and corruption as set out in Secretary of State Directives and other relevant bodies or professional standards.
- 10.1.5 Notwithstanding the specific responsibilities of the JARAP in connection with both internal and external audit, consider the adequacy of response by the PCC and / or the Chief Constable to recommendations contained within any external inspection report that has been received for the purposes of assurance.

10.2 Internal audit responsibilities

It is anticipated that the PCC and Chief Constable will engage the same internal auditors. The role of the JARAP in relation to internal audit will include advising the PCC and Chief Constable on the following:

- 10.2.1 Consider and make recommendations on the provision of internal auditors, including appointment, assessment of performance and dismissal.
- 10.2.2 Approving but not directing on the internal audit strategy and annual internal audit plan, ensuring that this:
- is consistent with professional standards.
 - meets the audit needs of PCC and Chief Constable; and
 - provides the JARAP with adequate coverage for the purpose of obtaining appropriate levels of assurance over the adequacy of the risk management, governance, and internal control environment of both the PCC and Chief Constable.
- 10.2.3 Consider the Head of Internal Audit's annual report and opinion, and a summary of audit activity (actual and proposed) and the level of assurance it gives over the risk management, internal controls and governance arrangements of the PCC and Chief Constable.

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- 10.2.4 Consider the findings of internal audit reports (or their summaries), the assurance provided and the adequacy of the response by the PCC and / or Chief Constable.
- 10.2.5 Commissioning additional work from the internal auditor, having regard to any actual or potential conflicts of interest.
- 10.2.6 Ensuring co-ordination between the internal and external auditors to optimise audit resources.
- 10.2.7 Annually review the effectiveness of internal audit.
- 10.2.8 Where the JARAP considers there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the JARAP wishes to raise, the Chair of the JARAP must initially take advice from the Monitoring Officer before raising the matter with the PCC and Chief Constable. Where appropriate the JARAP may then seek independent legal advice. Exceptionally, the matter may need to be referred directly to the external auditor, HMIC and / or the Home Office e.g., fraud suspicion directly involving the PCC or Chief Constable.

10.3 External audit responsibilities

It is anticipated that the PCC and Chief Constable will engage the same external auditors. The role of the JARAP in relation to external audit will include advising the PCC and Chief Constable on the following:

- 10.3.1 Consider and make recommendations on the provision of external auditors, including appointment and dismissal in conjunction with the Public Sector Audit Appointments Ltd (PSAA) who are currently responsible for the appointment of external auditors in England to bodies subject to audit under the Local Audit and Accountability 2014.
- 10.3.2 Review, advise on and endorse the external audit strategy and annual audit plan, ensuring that this is consistent with professional standards and the External Audit Code of Audit Practice.
- 10.3.3 Consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
- 10.3.4 Consider specific reports as agreed with the external auditor.
- 10.3.5 Commissioning work from the external auditor, having regard to any actual or potential conflicts of interest.
- 10.3.6 Consider major findings of external audit work and the adequacy of response of the PCC and / or Chief Constable
- 10.3.7 Ensuring co-ordination between the internal and external auditors to optimise audit resources.
- 10.3.8 Annually review the effectiveness of external audit.

10.4 Annual Accounts of the PCC and Chief Constable

The JARAP will:

- 10.4.1 Review, scrutinise and recommend for signature the annual statement of accounts prior to their external audit. Specifically, it will seek assurances whether appropriate accounting policies have been followed and whether there are any concerns arising from the financial statements.

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10.4.2 Consider the external auditor's report to those charged with governance on issues arising from the audit of accounts.

11. INFORMATION REQUIREMENT

- 11.1. For each meeting, the JARAP will normally be provided with the following:
- A report summarising any significant changes to the PCC and Chief Constable risk and controls profile, and any action planned in response.
 - A report on any governance matters arising or a note that no governance matters have arisen since the last meeting and any action planned in response.
 - A progress report from the head of internal audit summarising:
 - Work performed and a comparison with work planned.
 - Key issues emerging from internal audit work.
 - Management response to audit recommendations
 - Changes to the periodic plan
 - Any resourcing issues affecting the delivery of internal audit objectives.
 - A progress report from the external audit representative summarising work done and emerging findings.
 - A summary report of actions being tracked, and progress made in connection with their implementation on significant risk, governance and
 - Internal controls matter. Thereby providing for an on-going process of follow-up.
- 11.2. A protocol between the JARAP and Ethics and Transparency Panel will be developed, and annual meetings will take place between the Ethics Chair and the lead member for the JARAP.
- 11.3. A lead member has been appointed to consider collaboration developments in more depth and they, together with information from the Chair in respect of regional meetings will update the JARAP on regional and collaboration arrangements as deemed appropriate.