



# Office of the Police & Crime Commissioner

**REQUEST FOR POLICE & CRIME COMMISSIONER DECISION - (N° 023 / 2016)**

**TITLE: Effectiveness of the arrangements for Internal Audit 2015-16**

**Executive Summary:** (Précis not more than 100 words)

This report sets out the work that has been undertaken to review the arrangements for Audit for the Commissioner and Chief Constable. Assurances in respect of the arrangements for audit are part of a robust governance framework. They support the Commissioner and Chief Constable in placing reliance on the opinion of the Head of Internal Audit and support the Joint Audit and Standards Committee in placing reliance on the work and reports of the internal auditors. An effective internal audit service is also a characteristic with the seven principles of the CIPFA 2016 Good Governance Framework. The review takes account of the arrangements for the Audit function and the arrangements for an Audit Committee. The review concludes that those arrangements are effective.

**Recommendation:**

- 5.1 The Commissioner and Chief Constable are asked to consider this report and:
- (a) Determine whether they are satisfied with the effectiveness of Internal Audit for the year to 31 March 2016 and to the date of this meeting, taking into account the views of the Joint Audit and Standards Committee, and
  - (b) Consider any areas where they might wish to see improvements or changes in 2016-17.

**Police & Crime Commissioner**

I confirm that I have considered whether or not I have any personal or prejudicial in this matter and take the proposed decision in compliance with the Code of Conduct for Cumbria Police & Crime Commissioner. Any such interests are recorded below.

I hereby approve/~~do not approve~~ the recommendation(s) above

**Police & Crime Commissioner / ~~Chief Executive~~ (delete as appropriate)**

**Signature:** 

**Date: 03 May 2016**

## **PART 1 – NON CONFIDENTIAL FACTS AND ADVICE TO THE PCC**

### **1. Introduction & Background**

The Chartered Institute of Public Finance and Accountancy (CIPFA) defines the system of Internal Audit as the entirety of the arrangements for audit put in place by the entity, including the activities of any oversight committee. This report sets out an overall judgment, based on that review. The review comprises the arrangements for internal audit and the arrangements for the Joint Audit and Standards Committee, detailed in the Committee's Annual Report accompanying this item on the agenda.

### **2. Issues for Consideration**

The Commissioner and the Chief Constable are the bodies charged with Governance for their respective statutory entities. The arrangements for Internal Audit are discharged jointly through a shared Internal Audit service delivered by Cumbria County Council and a Joint Audit and Standards Committee comprising 4 independently recruited members. The Commissioner and Chief Constable, in receiving this review, must ensure that they are satisfied with the effectiveness of the arrangements for Internal Audit.

### **3. Implications**

**(List and include views of all those consulted, whether they agree or disagree and why)**

- 3.1. Financial: n/a
- 3.2. Legal: The review of the arrangements for Audit meet the Commissioner and Chief Constables' legal requirements of the Accounts and Audit Regulations 2011.
- 3.3. Risk: The arrangements for audit are delivered using a risk based methodology
- 3.4. HR / Equality: n/a
- 3.5. I.T.: n/a
- 3.6. Procurement: n/a
- 3.7. Victims: n/a

### **4. Backgrounds / supporting papers**

(List any relevant business case, EIA, PID, Media Strategy and append to this form; list persons consulted during the preparation of the report)

- a) Report on the effectiveness of arrangements for Audit 2015-16
- b) Annual Report of the Joint Audit and Standards Committee

**Public Access to Information**

Information in this form is subject to the Freedom of Information Act 2000 (FOIA) and other legislation. Part 1 of this form will be made available on the PCC website within 3 working days of approval. Any facts/advice/recommendations that should not be made automatically available on request should not be included in Part 1 but instead on the separate Part 2 form. Deferment is only applicable where release before that date would not compromise the implementation of the decision being approved.

Is the publication of this form to be deferred? NO

If yes, for what reason:

Until what date (if known):

Is there a **Part 2** form NO

(If Yes, please ensure Part 2 form is completed prior to submission)

**ORIGINATING OFFICER DECLARATION:**

I confirm that this report has been considered by the Chief Officer Group and that relevant financial, legal and equalities advice has been taken into account in the preparation of this report.

**Signed:** ..... **Date:** .....

**OFFICER APPROVAL**

**Chief Executive / Deputy Chief Executive (delete as appropriate)**

I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report. I am satisfied that this is an appropriate request to be submitted to the Police and Crime Commissioner / Chief Executive (delete as appropriate).

**Signature: Ruth Hunter** **Date: 03 May 2016**

**Media Strategy**

The decision taken by the Police & Crime Commissioner may require a press announcement or media strategy.

Will a press release be required following the decision being considered: NO

If yes, has a media strategy been formulated? YES / NO

Is the media strategy attached? YES / NO

What is the proposed date of the press release:



Joint Audit and Standards Committee  
Annual Report 2015/16



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## Joint Audit and Standards Committee Annual Report

### Foreword of the Committee Chair

Welcome to the 2015/16 Annual Report of the Joint Audit and Standards Committee. The Committee is an independent body that provides assurance to the Commissioner and Chief Constable on their arrangements for governance. The Committee achieves this by undertaking a wide range of reviews against an annual work programme. Through providing support and challenge the Committee aims to improve and add value to those areas of governance within its remit.

This full report summarises the work of the Committee for the 2015/16 financial year in line with the CIPFA guidance<sup>1</sup> that encourages an annual review of the Committee's effectiveness. The Executive Summary aims to provide an overview of the key elements of the guidance. It provides a summary and key highlights of the Committee's performance in support of the conclusions and assessment score.

During the course of the year Committee members have considered over 76 reports covering matters of governance. Within that work members have directed their focus towards making a significant contribution to maintaining and strengthening the governance of both the Office of the Police and Crime Commissioner and of the Constabulary. Our work has included undertaking a substantive

review of key elements of the governance

framework,

challenging and monitoring the approach to risk management, making key recommendations regarding its improvement and scrutinising the effectiveness of arrangements to secure value for money.

The review of the Committee's work has highlighted scope for improvement in one area within the Committee's core functions and this is in the area of promoting reporting and accountability. The Committee look forward to working with the new Police and Crime Commissioner; with the Police and Crime Panel; and others to help ensure that public reporting and accountability in Cumbria is as good as it can be.

In presenting this annual report, the Committee wishes to thank the Commissioner and Chief Constable's officers and appointed auditors for their support. I hope you will find this report informative, and that the information it provides supports a wider understanding of the contribution made by the Committee to the Commissioner and Chief Constable's arrangements for governance.

*During 2015/16 Committee members have received 76 reports covering matters of governance including 15 internal audit reviews and the Commissioner and Chief Constable's Statement of Accounts.*

Fiona Daley

Joint Audit and Standards Committee Chair

<sup>1</sup> Chartered Institute of Public Finance and Accountancy (CIPFA): audit committees\Practical Guidance for Local Authorities and Police 2013.

## Executive Summary

The purpose of an audit committee is to provide those charged with governance<sup>2</sup> independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.

CIPFA's guidance document, Audit Committee's Practical Guidance for Local Authorities and Police, recommends that audit committees review their effectiveness annually. The Annual Report of the Committee sets out the conclusions of that review and provides a commentary on the effectiveness of the Committee in fulfilling its purpose.

*CIPFA notes the importance of the capacity of the Committee to promote good governance, making things better, not just reviewing what has happened in the past.*

The review covers four areas, Core Committee Functions, Wider Functions, Independence and Accountability and Membership and Effectiveness. For each area under review, the overall conclusions are assessed against an evaluation key with a score of 1-5, with 5 indicating the highest level of effectiveness.

The overall conclusions from the assessment is that the committee is highly effective in its operation. The key messages arising from the review are that:

- The Committee has continued to build on the firm foundations put in place at the inception of the OPCC, expanding and refining its remit in the light of changing circumstances and emerging trends.
- Members recruited appropriately and the range of skills strengthened through new appointments.
- The Committee's remit complies with best practice.
- The Committee is supported by key members of the OPCC and Chief Constable's management teams at all Committee meetings to ensure that members are appropriately informed when considering the issues.
- Audit and Standards Committee members have carried out their duties diligently, achieving 95% attendance at meetings, have made a valued contribution to governance arrangements and have taken action on specific issues.
- Members have substantially increased formal and informal training and development activities and adjusted their remit accordingly.

### Core Functions

- Promoting Good Governance (5)
- Supporting Internal Audit and Internal Control (5)
- Supporting Risk Management (5)
- Assurance Frameworks and Planning (5)
- Supporting Value for Money (5)
- Values & Countering Fraud and Corruption (5)
- External Audit and Inspection (5)
- Promoting Reporting and Accountability (4)

The committee achieves a consistent grade of 4 or 5 across all areas of the assessment against the Core Functions and a grade 5 assessment against the Wider Functions of Ethical Values and Treasury Management. Independence and Accountability and Membership and Effectiveness both score a grade 5, being evidenced as fully compliant with best practice requirements.

<sup>2</sup> The Commissioner and the Chief Constable

In the one area where the Committee has not achieved a grade 5 (promoting effective public reporting, partnership governance and accountability), there are plans to improve and develop the arrangements. The Committee's continues to strive for improvements across all areas of its activities and plans for 2016/17 include:

- Helping to improve the outcome focus of the next Police and Crime Plan so that delivery can be measured more effectively.
- Exploring ways to strengthen partnership working with the Police and Crime Panel and the Ethics and Integrity Panel.
- Build on existing recruitment process to attract good quality applicants to replace retiring member.
- Introduce comprehensive induction training for new members.
- Support and closely monitor the OPCC and Constabulary plans to address the increasingly stringent funding environment.
- Support and challenge the process for the transfer of responsibilities to the incoming Commissioner.

In carrying out the review Committee members have been able to evidence numerous examples of their impact. This has included:

- Improvements in the clarity of analysis and reporting of risk management within the OPCC.
- Taking steps to ensure that the Committee are appropriately briefed on issues including funding, views of Police and Crime Panel and integration with Ethics and Integrity Panel.
- Improvements to the joint procurement regulations both in terms of the overall wording of the document and greater clarity being provided in respect of the tender opening process.
- Increased understanding of the impact of regulatory changes in relation to the treasury management function, supporting robust scrutiny of the annual treasury management strategy.
- Oversight and scrutiny of a wider range of thematic audit reports recognising the increasing scope of each entities risk profile.
- Improvement of clarity of key documents relating to integrity.
- Changing the committee's arrangements for scrutiny of financial arrangements to support early closedown recognising that this limits the capacity of the committee to input to the pre-audited financial statements.

The review of the effectiveness of the arrangements has demonstrated that the Committee can evidence substantial support, influence and persuasion in carrying out its functions. These are the elements defined by CIPFA as the factors that evidence the Committee's effectiveness.

The Committee's full Annual Report provides further information on the assessment process and CIPFA standards, this together with the Committee's Terms and Reference and detailed work programme for 2015/16 can be found on the Commissioner's website at <http://www.cumbria-pcc.gov.uk/governance-transparency/audit-committee.aspx>. The Joint Audit and Standards Committee holds public meetings, Committee papers and audit reports are all available on the Commissioner's website using the above link.

## Joint Audit and Standards Committee Annual Report 2015/16

### Introduction

The purpose of an audit committee is to provide those charged with governance<sup>3</sup> independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.

CIPFA's document, *Audit Committee's Practical Guidance for Local Authorities and Police*, recommends that audit committees review annually their effectiveness. This report sets out for the Commissioner and Chief Constable's Joint Audit and Standards Committee the conclusions of that review and provides a commentary on the effectiveness of the Committee in fulfilling its purpose.

### Review of Effectiveness

The review has been undertaken against the framework of the CIPFA document. It reviews the activities and impact of the Committee against the guidance in relation to the purpose and functions for Audit Committees and a checklist for effectiveness. The full range of activities undertaken by the Committee during 2015/16 is also set out in Appendix A as a consolidated summary of the work of the Committee in fulfilling its functions. For each of the areas in the CIPFA guidance, an assessment is made to award a grade in accordance with the CIPFA standard, based on the conclusions of the review. The grades are set out in table one below. In addition to consideration of Committee activity the review of effectiveness is also supported by consideration of the issues of Committee independence and objectivity and the skills and experience of members. Audit Committee members have further agreed a self-assessment checklist for good practice, included with the CIPFA document to support the annual review.

Table One: CIPFA Effectiveness Evaluation Assessment Key

Score	Assessment Key
5	Clear evidence is available from a number of sources that the committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.
4	Clear evidence from some sources that the committee is actively and effectively supporting improvements across some aspects of this area.
3	The committee has had mixed experience in supporting improvement in this area. This is some evidence that demonstrates their impact but there are also significant gaps.
2	There is some evidence that the committee has supported improvements, but the impact of this support is limited.
1	No evidence can be found that the audit committee has supported improvements in this area.

<sup>3</sup> The Commissioner and the Chief Constable

## Overall Conclusions and Assessment

The overall conclusion and assessment is that the Audit and Standards Committee is extremely effective in its operation.

The review has demonstrated that within the areas of the self-assessment the Committee can evidence the effective use of substantial support, influence and persuasion in carrying out its functions. These are the elements defined by CIPFA as being evidence of effectiveness. The committee achieves a consistent grade of 5 in 7 out of the 8 areas of the assessment against the Core Functions (with the other being graded a 4) and a grade 5 assessment against the Wider Functions of Ethical Values and Treasury Management. Independence and Accountability score a grade 5 and Membership and Effectiveness also score a grade 5. In areas where the Committee has not achieved a grade 5 there are plans to improve and develop the arrangements. The key messages arising from the review are that:

- Committee members have carried out their duties diligently, meetings are well attended and members have made an effective contribution to governance arrangements
- For 2015/16, the Committee's work programme has been expanded to facilitate a wider scope of reporting arrangements and strengthened the assurance members provide. This has resulted in the score for effectiveness moving up from Grade 4 to Grade 5 across five areas of the CIPFA assessment.
- Members have kept up to date with training and developments. From 2015/16 these arrangements have been formalised with the inclusion of a corporate briefing prior to Committee meetings and bi annual sessions to support development and a more in-depth understanding of areas of business within the Committee's remit. The development sessions undertaken during 2015/16 have included workshops on the change programme, risk management, crime recording, treasury management and the budget and medium term financial strategy.



The rest of this report sets out the requirements of the CIPFA guidance, the arrangements for the Committee and the evidence and conclusions of the review. It is set out in four sections with supporting appendices:

- Section One: Core Committee Functions and the Effectiveness Checklist page 9-24
- Section Two: Possible Wider Functions of an Audit Committee page 25-26
- Section Three: Independence and Accountability page 27-28
- Section Four: Membership and Effectiveness page 29-31
- Appendix A: Committee Activities 2015/16 page 32-36
- Appendix B: Committee Terms of Reference Assurance Framework page 37-45
- Appendix C: Committee Attendance page 46
- Appendix D: Committee Chair and Member Role Profiles page 47-50
- Appendix E: CIPFA Good Practice Checklist page 51-53

## Section One: Core Committee Functions and the Effectiveness Checklist

### Promoting the Principles of Good Governance/Annual Governance Statement

*CIPFA notes the importance of the capacity of the Committee to promote good governance, making things better, not just reviewing what has happened in the past.*

CIPFA guidance makes clear that Audit Committees should address governance principles in the course of its regular business rather than governance being limited to a once a year reporting process.

There should be a local code of governance setting out how the principles of the CIPFA SOLACE good governance framework are applied, that should be reviewed by the Committee. Police Audit Committees should review the AGS of both the Commissioner and the Chief Constable prior to approval. The CIPFA guidance provides that to meaningfully review the Annual Governance Statement (AGS), the Committee should be in a position to draw on their knowledge of the governance

arrangements as they are established and on assurances of their operation in practice. It should also ensure that the AGS is underpinned by a framework of assurance.

Over the course of the year the Committee should receive reports and assurances over the application of the governance framework, monitor action plans and recommendations and consider the application of governance principles to other agenda items. CIPFA notes the importance of the capacity of the Committee to promote good governance, making things better, not just reviewing what happened in the past.

Self-evaluation, examples, areas of strength and weakness

The Committee's annual work programme includes an independent cyclical review of the Commissioner and Chief Constable's governance framework and all material governance arrangements. During 2015/16 the work of the Committee has included:

- Reviewing and advising on revisions to and the updating of joint procurement regulations, the OPCC risk management strategy and the OPCC treasury management strategies and practices. The review of treasury management included a briefing by external treasury management advisors in respect of changes to the regulatory environment for investment counterparties, following which members were able to robustly challenge changes in the approach to investment strategy. Members input to joint procurement regulations has resulted in improvements to the overall wording of the document and greater clarity being provided in respect of the tender opening process.
- A review of the role of the Commissioner and Chief Constables Chief Finance Officer against the CIPFA guidance for police and consideration of the Chief Finance Officer's review of the effectiveness of

arrangements for governance, including internal audit and a review of the role of the Head of Internal Audit against CIPFA guidance.

- In line with CIPFA recommendations, the Committee reviewed the Chief Constable and Commissioner's AGS in May, prior to the publication of the unaudited statement and again in September prior to publication alongside the audited accounts. Alongside the AGS, members reviewed the Commissioner and Chief Constables Code of Corporate Governance.
- The Committee receive all audit reports in full, at the point in which they were finalised, with members requesting that reports with significant issues are tabled at Committee meetings. Members have given specific focus to audit reports covering business continuity planning, duties management, safeguarding ICT assets, data protection and freedom of information.
- The annual audit programme includes a number of governance specific audits. During 2015/16 this has included audit of the ICT strategy, code of ethics/organisational values, data protection and freedom of information. A further piece of work to review the governance arrangements for procurement and commissioning has been carried forward to 2016/17 to allow the scope of the work to be extended. During 2016/17 the approved audit plan will focus on the arrangements in place to ensure the Code of Corporate Governance is compliant with the updated CIPFA/SOLACE governance framework in addition to the review of governance arrangements for procurement and commissioning as carried forward from 2015/16.
- The scope of the audit plan has been significantly developed since 2014/15 to ensure it provides wider governance assurance beyond financial systems and financial governance e.g. the plan for 2015/16 has included audit reviews of the ICT strategy, mobile and digital project, security of ICT assets, performance monitoring and reporting, the duties management function, firearms and Tasers and Cumbria safeguarding hub. The approved 2016/17 plan will further increase the scope of audit work with audit work covering information security, command and control, criminal justice, use of stop sticks, stop search and offender management.
- At their meeting in May internal audit provided members with a draft annual audit opinion and an audit report on the Annual Governance Statement providing assurance from the Head of Internal Audit. This was followed by a final report presented at the meeting in June. Members also receive further assurance at each meeting through reports from the external auditors. This included the Audit Findings Report presented to members in September setting out the external auditor's un-qualified opinion on the financial statements and an un-qualified value for money conclusion.

Through these arrangements and their prior experience and skills, members develop a robust understanding of governance across the OPCC and Constabulary and the extent to which those arrangements are well embedded. This provided the basis on which Committee members provided assurance and add value with regard to governance.

Conclusion and Overall Assessment: **Assessment Grade 5.**

The Committee is fully compliant with the CIPFA guidance. Clear evidence is available from a number of sources that the Committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.

## Contributing to the development of an effective control environment & supporting the quality and independence of Internal Audit

*The Audit Charter is a key governance document setting out the purpose, authority, responsibilities and objectives of Internal Audit.*

CIPFA guidance makes clear that the Audit Committee has a clear role in relation to oversight of the internal audit function.

Within policing, the advisory role of the Committee means that this responsibility is managed through support and review of the arrangements for internal audit. These arrangements are set out under the requirements of the Public Sector Internal Audit Standard (PSIAS) and the supporting Local Government Application Note (LGAN) within an Audit Charter.

The Audit Charter sets out the functional reporting arrangements between Internal Audit, the Board<sup>4</sup> and the Joint Audit and Standards Committee. CIPFA guidance sets out a number of roles for the committee as part of the support and review arrangements. These are to oversee Internal Audit's independence, objectivity, performance and professionalism, support the effectiveness of the internal audit process and promote the effective use of internal audit within the assurance framework.

### Self-evaluation, examples, areas of strength and weakness

The Committee's annual work programme, in line with the CIPFA guidance, includes a review of the Internal Audit Charter and a review of a risk based internal audit plan including the audit budget and number of audit days within the plan. The report that incorporates the Plan and Charter was received by members in March 2015 in respect of the 2015/16 financial year. In March 2016 members approved the Plan and Charter for 2016/17 which has increased the number of audit days by 42 from 232 in 2015/16 to 274 in 2016/17. Of the increase, 15 days have been carried forward from the 2015/16 plan to provide additional scope in the audit of procurement governance the remaining 27 days reflect increased work identified by the OPCC and Constabulary in relation to risks identified. The plan sets out the process undertaken to assess risks and develop a programme of audit in accordance with the risk based approach of the PSIAS.

*The Committee meets annually and independently with the Internal Auditors and receives an annual report and opinion from the Chief Internal Auditor*

The Audit Charter, in compliance with the PSIAS, makes a number of statements setting out how the arrangements for Internal Audit provide assurance with regard to ethics, independence and objectivity, including arrangements for resourcing and ensuring proficiency and due professional care. The Committee

<sup>4</sup> The Executive Board comprising the Commissioner, the Chief Constable, the Commissioner's Chief Executive and the Commissioner's Chief Finance Officer

receive an annual statement on conformance with the PSIAS and LGAN. In reviewing the Audit Charter Committee members are able to assess and challenge the robustness of these arrangements.

The Committee meets annually and independently with the Internal Auditors and receives an annual report and opinion from the Chief Internal Auditor on the adequacy and effectiveness of governance, risk management and internal control. The report includes a summary of the audit work on which the opinion is based. This is supported by a report from the Chief Finance Officer on the overall effectiveness of the arrangements for internal audit including the opinion of the external auditor.

The Committee receives all internal and external audit reports in full supporting assurance on the overall control environment. The reporting format was improved in 2014/15 to provide a stronger link between audit recommendations and control objectives. The reports also aim to focus attention on internal control strengths and recommendations. Members have considered reports across a diverse range of Constabulary and OPCC business including ICT strategy, complaints handling, mobile devices, performance monitoring, safeguarding ICT assets, budget management (payroll), duties management, code of ethics/organisational values, firearms, pensions, creditors, data protection and freedom of information.

*Internal Audit's work is designed to provide assurance to management and members that effective systems of governance, risk management and internal control are in place in support of the delivery of the Commissioner and Chief Constable's objectives*

Monitoring against performance measures and benchmarks for the Internal Audit service was introduced in 2014/15 and has continued throughout 2015/16. Proposed performance measures are reviewed at the start of the financial year and have been included within the Internal Audit Charter on the recommendation of the Committee. Members have received a quarterly monitoring report assessing actual performance against the benchmark. In 2014/15 recommendations were made by members regarding ways in which the service might improve the volume of post audit customer feedback. The result is that during 2015/16 feedback forms have been provided in respect of the majority of finalised audits. Where these were not initially received, a programme of reminders both by internal officers and by internal audit is implemented to ensure 100% compliance.

The terms of reference of the Committee and associated annual work programme fully complies with the detailed CIPFA guidance. Collectively these arrangements ensure members are able to make effective judgements on the effectiveness of internal controls and Internal Audit provision, making recommendations with regards to improvement.

#### Conclusion and Overall Assessment: **Assessment Grade 5.**

The Committee is fully compliant with the CIPFA guidance. Clear evidence is available from a number of sources that the Committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.

## Supporting arrangements for the governance of risk and effective arrangements to manage risk

CIPFA guidance references that Police Audit Committees are directed in the Home Office Financial Management Code of Practice to advise the Commissioner and Chief Constable on the adoption of appropriate risk management arrangements.

It also notes the assurance that risk management provides in respect of the AGS and when reviewing the risk based internal audit plan. The guidance describes governance of risk as the arrangements for leadership, integration of risk management arrangements, ownership and accountability. Effective arrangements to manage risk include:

- those for reviewing risks,
- arrangements that secure the ownership and management of strategic, operational and project risks,
- assurance arrangements for risk assessing strategies and polices,
- the arrangements for monitoring effectiveness and supporting the development and embedding of good practice in risk management.

*The Risk Management Strategy is a comprehensive document that provides the basis for members to challenge and provide assurance over how risks are governed and managed.*

### Self-evaluation, examples, areas of strength and weakness

In accordance with the CIPFA guidance, specific actions undertaken by the Committee during 2015/16 included:

- Receipt at the Committee's meeting in May of a retrospective report from the Chief Executive setting out the OPCC arrangements for monitoring the effectiveness of risk management. This was the second annual report on the arrangements for risk management following a recommendation made by the Committee in 2013/14.
- Reviewing the arrangements for risk management within the Constabulary and making specific recommendations regarding improving the openness and transparency of those arrangements. This has resulted in agenda items on risk management being moved from the private agenda to the public meetings.
- Review of the Commissioner's annual Risk Management Strategy. The strategy is a comprehensive document that provides the basis for members to challenge and provide assurance over how risks are governed and managed. The strategy now includes on recommendation from the Committee

arrangements for determining risk appetite. The review of Risk Management Strategy is supported by a quarterly review of strategic risk registers that set out the most significant risks facing the Commissioner and Constabulary and the mitigations in accordance with the methodology within the strategy. This ensures the Committee has an effective understanding of the significant risks facing both organisations and can hold risk managers to account.

- During 2014/15 an internal audit review of the arrangements for risk management within the Constabulary and the OPCC was undertaken. The audit report for the Constabulary resulted in an audit opinion providing substantial assurance, while the report for the OPCC resulted in an audit opinion providing reasonable assurance. The audit made a number of recommendations including the need for the strategic risk register to be more clearly aligned to strategic objectives and the need for staff development in the area of risk management. As a result of the audit the OPCC received development support from CIPFA and the committees lead member on risk during 2015/16 to review and challenge the approach to risk management including a full review of the risk registers. All recommendations from the audit reports have now been fully implemented and changes have been made to the way risks are managed, scored and reviewed.

*The Committee has nominated a lead member for risk who provides prior input and advice on the Risk Management Strategy prior to its consideration by the full Committee*

In accordance with best practice, the Committee also compiles and maintains a separate, dedicated risk register to manage risks relating to the Committee's own activities.

During 2014/15, self-assessment by the Committee of its own effectiveness in supporting the arrangements for risk management identified that members would benefit from a more in depth understanding of risk management practice across both the Constabulary and OPCC. In May 2015, the development session included a presentation by the Strategic Development Manager on the Constabulary approach to risk management, which provided the opportunity for a more detailed dialogue on the arrangements. As a result of this session, member's capability for robust in year scrutiny of the management of risks and undertaking risk interrogation of key strategic risks has improved.

Conclusion and Overall Assessment: **Assessment Grade 5.**

The Committee is fully compliant with the CIPFA guidance. Clear evidence is available from a number of sources that the Committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.

## Assurance Frameworks and Assurance Planning

CIPFA guidance explains assurance frameworks as a description that typically outlines the key areas of assurance required by the Audit and Standards Committee that supports the AGS and is available to enable the Committee to meet its terms of reference.

A framework will support the ability to ensure that assurance is planned and delivered efficiently and effectively, avoiding duplication and with independence across a range of assurance providers. It also ensures that the Committee is clear on the extent to which assurance is reliant on the arrangements for Internal Audit.

*The Audit and Standards Committee operates with an assurance-based work programme aligned to its terms of reference*

Self-evaluation, examples, areas of strength and weakness

The Audit and Standards Committee operates with an assurance-based work programme aligned to its terms of reference and that, in line with the guidance, forms an appropriate balance between cost and risk. The assurance framework that was in place for 2015/16 is set out at appendix B and includes assurances from management, Chief Officers, internal and external audit and external inspectorates. During 2015/16 and in recognition of CIPFA's updated guidance for Audit Committees, members have:

- Improved the arrangements for assurance in relation to a number of areas within the work programme. This included receipt at the May meeting of monitoring reports covering the areas of risk management anti-fraud and corruption monitoring, and monitoring the effectiveness of the Commissioner's code of conduct and PCC/Officer protocol. At their February and March meetings the Committee received reports covering the Commissioner and Chief Constable's arrangements for providing value for money.
- Improved the efficiency and focus of assurance gathering at formal meetings of the Committee by excluding from the agenda audit reports where there are no significant/material issues arising.
- Received an assurance report from the Chief Finance Officer in respect of the sources of assurance members can place reliance on in respect of their review of the statement of accounts.
- Increased the number of Committee meetings from 4 to 5 per year to ensure that members can give appropriate time and consideration to agenda items in the context of the widening of the assurance framework.

Conclusion and Overall Assessment: **Assessment Grade 5**

The Committee is fully compliant with the CIPFA guidance. Clear evidence is available from a number of sources that the Committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.

## Supporting the development of robust arrangements for value for money and best value

The CIPFA guidance notes that in the Police sector it is the Chief Constable that has statutory responsibility for securing value for money and that the Commissioner's responsibility is to hold the Chief Constable to account for this duty.

The Audit and Standards Committee role is to support both the Commissioner and Chief Constable to fulfil their responsibilities through the assurance process. This should focus on arrangements to ensure value for money and the progress in achieving value for money. This includes how performance in value for money is evaluated as part of the AGS and the Committee's consideration of the external audit opinion on value for money. The AGS should be focused on outcomes and value for money. The Committee should also consider what other assurances are available.

*The Constabulary has developed and agreed a Continuous Improvement, Efficiency and Value for Money Strategy, which sets out the principles the Constabulary will follow and specific reviews which aim to secure maximum value from the resources available to it.*

*The overall arrangements for value for money are concluded on by the external auditors who provide for the Committee their opinion on value for money. The conclusion for 2014/15 was positive.*

### Self-evaluation, examples, areas of strength and weakness

The Commissioner's Code of Corporate Governance and AGS sets out the arrangements for securing the achievement of the goals and objectives set out within the Police and Crime Plan. This includes a performance framework that supports the Commissioner in holding the Chief Constable to account for VFM. These documents also references the receipt annually of HMIC value for money profiles and inspection reports that further support VFM accountability.

The Chief Constable's Code of Corporate Governance provides reference for the Committee to the Constabulary Continuous Improvement, Efficiency and Value for Money Strategy, which sets out the principles the Constabulary will follow and specific reviews, which aim to secure maximum value from the resources available to it. The AGS references the specific reviews that have been undertaken during the year and the improvements in efficiency and effectiveness arising from that work.

The work of the Committee further supports value for money in providing an overview of the treasury management strategy and activities that helps to promote value in the treasury function. This will have greater impact in future years, when decisions will need to be made in respect of borrowing. The timing of decisions will be instrumental to the value for money achieved from the balance between borrowing costs and investment returns.

The overall arrangements for value for money are concluded on by the external auditors who provide for the Committee their opinion on value for money. The conclusion for 2014/15, received by the Committee in the External Auditor's September 2015 Audit Findings Report was positive.

From 2014/15 the format internal audit reports have supported wider assurance for members by covering a specific control objective on 'value: the effectiveness and efficiency of operations and programmes.' Specific audit recommendations with value for money implications are categorised within audit reports under this heading.

Following a review by the Committee during 2013/14 that identified limited 'other' sources of assurance with regard to value for money and securing best value, the Committee now routinely receives a number of reports from the OPCC and Constabulary with a specific focus on value for money. This has included an analysis of HMIC value for money profiles for the Constabulary and OPCC, including further work to benchmark OPCC costs and structure, and the outcome of the HMIC PEEL review of efficiency, effectiveness and legitimacy. As part of the review of the arrangements for value for money, members also sought assurances regarding the approach to the management of reserves, the reserves strategy was included as part of the member development session on the budget, medium term financial strategy and change programme provided in March 2016.

#### Conclusion and Overall Assessment: **Assessment Grade 5**

The Committee is fully compliant with the CIPFA guidance. Clear evidence is available from a number of sources that the Committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.

## Helping to implement values of good governance & countering fraud and corruption

CIPFA guidance states that the role of the Audit and Standards Committee is to have oversight of counter-fraud strategy, assessing whether it meets recommended practice, governance standards and complies with legislation.

The Committee should understand the level of fraud risk to which the organisation is exposed and the implications for the wider control environment. The guidance also recognises the link to ethical standards and the role of the committee in championing good counter-fraud practice. The committee should also monitor performance on counter fraud activity including monitoring action plans and overseeing any major areas of fraud.

### Self-evaluation, examples, areas of strength and weakness

The Audit and Standards Committee undertakes a cyclical review of counter-fraud strategy, policy and action plans as part of the arrangements for review of all core strategic governance documents. This provides an opportunity for members to consider the approach to counter-fraud within the context of the wider governance arrangements and internal controls that support the anti-fraud approach. These arrangements include those covering codes of conduct and ethical behaviour.

During 2015/16 members reviewed and provided constructive feedback on the overall arrangements for integrity. As a result of this feedback changes and improvements have been made to support the clarity of key documents.

In May 2015 members received a report from the Chief Executive monitoring the anti-fraud and corruption arrangements within the OPCC. The report sets out the activity that takes place during the year in line with the strategy and policy and to ensure anti-fraud arrangements are well embedded. The report covered the 2014/15 financial year and members will receive in May 2016 a report covering the 2015/16 financial year.

During 2014/15 the arrangements for anti-fraud and corruption within the OPCC and Constabulary were subject to internal audit with members receiving reports with an audit judgement of substantial assurance for the OPCC and reasonable assurance for the Constabulary. The Constabulary report made six medium priority recommendations primarily covering the areas of cross checks and reviews of disclosure registers. During 2015/16 members monitored the implementation of these recommendations.

In September 2015, as part of the arrangements for the financial statements, members received copies of the Commissioner and Chief Constable's letter of management assurance. These are prepared by the respective

Chief Finance Officers and include a full fraud risk assessment. Within the assessment members are briefed on any actual or suspect fraud that has taken place during the year and any changes to the control environment as a consequence of that fraud.

Members further support their understanding of the control environment through receipt of audit reports. During 2015/16 members received audit reports with judgements of substantial or reasonable assurance on audits across the major financial systems including pensions and creditors. Members receive the full report on all audits supporting a wider understanding of internal controls that can be gained from summary reports.

During 2015/16 the Committee has operated as a Standards Committee for the Commissioner. This has included monitoring the effectiveness of the Commissioner's Code of Conduct and PCC/Officer Protocol, supporting the approach to ethical standards. In 2015/16 the Commissioner and Constabulary established an independent Ethics and Integrity Panel to facilitate a more in-depth scrutiny of arrangements for ethics and integrity including Constabulary conduct matters and the handling of complaints. The first annual report of the Ethics and Integrity Panel was provided to members of the Joint Audit and Standards Committee in June 2015.

#### Conclusion and Overall Assessment: **Assessment Grade 5**

The Committee is fully compliant with the CIPFA guidance. Clear evidence is available from a number of sources that the Committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.

## External Audit & Inspection

CIPFA guidance states that the Audit Committee's role should include receiving and considering the work of the external auditor.

This includes receiving the planned work programme and reports following completion of the audit work such that the committee is able to make judgements on audit resources, assess the effectiveness and quality of the audit (this may include feedback from key people e.g. CFO) and report to the Commissioner or Chief Constable where appropriate. The Committee should also support the implementation of external audit recommendations, review any non-audit work undertaken and have the opportunity to meet separately and privately with the external auditors. The guidance also recognises the assurance that can be provided from reports about financial management and governance from wider inspection agencies.

### Self-evaluation, examples, areas of strength and weakness

The Joint Audit and Standards Committee receive all reports of the External Auditors and conduct an annual private meeting with the External Auditors. The External Auditors have attended all Committee meetings during 2015/16. The Committee's terms of reference are fully compliant with the CIPFA guidance and provide for an annual private meeting with the External Auditors. The Committee receives inspection reports from other agencies where these are relevant to the Committee's functions. Recommendations arising from audit and inspection are monitored for implementation by the Committee.

Membership of the Audit and Standards Committee includes the skills and experience of a former district auditor and former S151 officer, in addition to members who have significant experience of committees fulfilling an audit function. This ensures that the Committee have the skills and experience to assess the work of the external auditors and will have clear expectations regarding the requirements in respect of seniority, quality and experience of audit staff. During 2015/16 members have:

- Undertaken robust scrutiny of the external audit plan, including questioning the robustness of work that will be carried out in respect of the value for money conclusion and the assurance it can provide.
- Received the External Auditors Annual Fee letter that includes a disclosure from the external auditors in respect of their tender to provision of tax and VAT helpline services to the Commissioner and Constabulary. This was not considered to create any conflicts.
- Received the External Auditors Audit Findings report covering the financial statements, matters of governance and the value for money conclusion in respect of the 2014/15 financial year.
- During 2014/15 members challenged the purpose of audit questions raised within the External Auditors progress report, resulting in agreement that the report will be more specifically tailored to the Constabulary/OPCC and will include a management response to

issues raised. These improvements have been recognised in the 2015/16 progress report.

- Scrutinised HMIC reports covering value for money (HMIC annual profiles) and efficiency, effectiveness and legitimacy (PEEL inspections). Members have also received a report and briefing from the Deputy Chief Constable covering the full HMIC inspection programme for the Constabulary and issues that need to be brought the attention of members. From 2015/16 members have

received regular briefings on any relevant inspection matters as they arise through the formal corporate update session included within each meeting.

- In 2014/15 Members agreed a change to their terms of reference to incorporate responsibility as an audit panel, to oversee the appointment of external auditors for the Commissioner, at the time the relevant provisions of the 2014 Local Audit and Accountability Act come into effect.

### Conclusion<sup>5</sup> : Assessment Grade 5

The Committee is compliant with the CIPFA guidance through a combination of the activity undertaken and the particular specialist mix of skills and experience within the Committee membership.

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<sup>5</sup> This assessment of effectiveness is undertaken against the core functions of the committee with the CIPFA guidance; it is not included in the effectiveness checklist but has been graded on a similar basis.

## Promoting effective public reporting, partnership governance & accountability

*The Committee should consider how assurances of governance are gained in respect of partnership arrangements and may seek to consider these assurances through processes for the AGS.*

The guidance from CIFPA on the core functions of an audit committee focuses primarily on the role of the Committee in relation to financial reporting and governance and specifically on the work of the Committee in relation to the statement of accounts.

This is recommended to include reviewing consistency between the foreword to the accounts, the financial statements and the committee's own understanding of financial challenges and risks, reviewing the sustainability of policies, areas of judgment and changes in accounting policies/treatment. The guidance also notes that the Committee should give consideration to the accessibility of the statements to the lay person e.g. use of plain English and key messages. The Committee should review the financial statements prior to approval, although best practice is to review the accounts prior to the commencement of the audit.

The guidance also considers how the Committee supports transparency and public accessibility in relation to decision making taken through partnership arrangements, specifically where these involve stewardship of public funds. The guidance identifies these arrangements as strategic relationships, shared services, commercial relationships and third sector. The Committee should consider how assurances of governance are gained in respect of partnership arrangements and may seek to consider these assurances through processes for the AGS.

### Self-evaluation, examples, areas of strength and weakness

**Financial reporting:** The statement of accounts is presented to the Audit and Standards Committee prior to formal approval and at a joint meeting of the Committee and the Executive Board. This facilitates members in undertaking their review of financial statements and providing assurances to the Commissioner and Chief Constable.

The financial statements are supported by a report from the Chief Finance Officer that consolidates for members all key areas of assurance on which they can place reliance in respect of the statements and details significant areas of risk and the basis of material judgments. This dialogue assists in explaining a number of complex transactions within the 2014/15 statements arising from changes in legislation that have impacted on how the Chief Constables financial position is presented. The 2015/16 report also highlighted to members the work undertaken by the finance team to improve the presentation and accessibility of the financial statements.

*The financial statements are supported by a report that consolidates all key areas of assurance and details significant areas of risk and the basis of material judgments.*

Whilst best practice dictates that the statements would be presented to the Committee prior to the commencement of the audit, there is a resource cost to delivering this. This is particularly the case with the financial statements for policing that require a set of group statements and two single entity statements. During 2014/15 the draft unaudited accounts were presented to the Committee in June and the subsequent audited accounts were presented in September alongside the External Auditors Audit Findings report.

Planning for the expected early closedown timetable for Local Authority financial statements means that the committee will now receive the audited 2015/16 statements at their meeting in July 2015. The timing of the May 2016 meeting is such that the draft (subject to audit) statements will not have been produced. In order to provide members with an early opportunity to review and scrutinize the accounts, a copy of the draft statement of accounts will be provided by email to members at the time it is published on the website prior to the start of the external audit review.

The arrangements in respect of governance for partnerships are set out in the appropriate governance documents that are presented to the Committee for cyclical review as part of their review of governance. During 2014/15 Financial Regulations were subject to review by members. This included changes to the arrangements for grant making which on member's recommendation have been strengthened in respect of responsibilities for ensuring compliance with requirements. Commensurate changes were also made to the grant regulations to incorporate this recommendation. Members also received in June 2014 the Commissioner's Grant Regulations that provide a framework for working with partners and the third sector. During 2015/16 members reviewed and contributed to the further development of the Role of the CFO (both OPCC and CC), the Joint Procurement Regulations incorporating a Code of Business Conduct and the requirements in respect of collaborative procurement, the OPCC Scheme of Delegation, the OPCC Arrangements for anti-fraud and Corruption and the OPCC Code of Conduct.

The overall arrangements for partnerships are set out within the Commissioner and Chief Constable's Code of Corporate Governance which was received by members in May 2015 alongside the AGS, setting out how those arrangements have been complied with. The Internal Auditor's report on the Annual Governance Statement received alongside the Code and AGS confirmed for members that the AGS was accurate and had been prepared in line with the correct process.

#### Conclusion and Overall Assessment: **Assessment Grade 4**

The Committee is compliant with the CIPFA guidance but would need to receive the unaudited statement of accounts prior to publication in order to fully meet best practice standards in respect of the contribution to financial reporting. This is unlikely to be achievable at least in the short term as a result of resource constraints. In respect of partnership governance the Committee receives assurance from a number of sources within the overall arrangements for governance. The conclusion is that there is clear evidence from some sources that the Committee is actively and effectively supporting improvements across some aspects of this area.

## Section Two: Possible Wider Functions of an Audit

### Committee

*The Committee has received and reviewed the Treasury Management Strategy, including related investment and borrowing policies and a comprehensive document covering treasury management practices*

#### Ethical Values and Treasury Management

The Audit and Standards Committee undertake two areas of work that CIPFA guidance acknowledges are appropriate to the role of the Committee but not a core function. These areas are Ethical Values and Treasury Management.

In relation to ethical values the guidance acknowledges the role of the Committee in promoting high standards and that it may take on the role and responsibilities of a standards committee.

With regards to Treasury Management the Committee may be nominated as the responsible body for ensuring effective scrutiny of the Treasury Management Strategy and policies. The guidance is clear that this excludes executive and decision making roles in relation to this function. Scrutiny involves developing an understanding of treasury matters and receiving treasury activity reports to support this, reviewing policies and procedures, treasury risks and assurances.

Self-evaluation, examples, areas of strength and weakness

Evaluation of the role of the Committee in respect of ethical values is covered in the section on good governance & countering fraud and corruption<sup>6</sup>. In respect of treasury management the Committee received and reviewed at its March 2015 meeting the treasury management strategy, including related investment and borrowing policies and a comprehensive document covering treasury management practices that would apply to the 2015/16 financial year.

During 2015/16 members have also received and reviewed the arrangements for Treasury Management proposed for 2016/17. This included a robust scrutiny of the strategy, where members have been keen to ensure an appropriate balance between risk and return in respect of the range of permissible investment counterparties and increased risk in the more traditional banking investments.

To ensure members sufficiently understand treasury matters, training has been provided by the Commissioner's treasury management advisors and treasury management activities reports are presented to

<sup>6</sup> The conclusion and assessment of that review is a grade 5

the Committee at every regular meeting. This understanding is further supported by the skills and experience profile of members of the Committee.

Conclusion<sup>7</sup> : Assessment Grade 5

The Committee is fully compliant with the CIPFA guidance through a combination of the activity undertaken and the particular specialist mix of skills and experience within the Committee membership.

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<sup>7</sup> This assessment of effectiveness is undertaken against the core functions of the committee with the CIPFA guidance; it is not included in the effectiveness checklist but has been graded on a similar basis.

## Section Three: Independence and Accountability

CIPFA guidance sets out a position statement that covers the key features that should be evidenced within all Audit Committees.

Outside of this statement arrangements should reflect local circumstances and focus on factors promoting effectiveness. The Committee is fully compliant with the requirements within the CIPFA guidance to ensure independence and accountability. Specifically:

- The Committee acts as the principal non-executive advisory function supporting those charged with governance<sup>8</sup> and is independent of executive and operational responsibilities. The Committee has access to and is accountable to the Executive Board<sup>9</sup>, meets at least 5 times a year and operates with a set of Committee standing orders to regulate business including matters received in public and those to be considered in private.
  - The Committee meets privately and independently with the external auditors and the internal auditors as part of its annual agenda.
  - The Chief Officers<sup>10</sup> or appropriate senior substitutes of the Commissioner and Chief Constable attend all meetings of the Committee. Internal audit and external audit are in attendance in addition to other officers as appropriate to the agenda. The Committee is able to call on other officers as required.
- The Committee is well attended, attendance for 2015/16 is set out at Appendix C.
- This report constitutes the Annual Report on the assessment of the Committee's performance and is reported to the Executive Board and the Police and Crime Panel.
  - The arrangements for the Committee comply with the guidance set out within the Home Office Financial Management Code of Practice. The Code states that the Commissioner and Chief Constable should establish an independent Audit Committee. It is recommended that this is a joint committee and that the Commissioner and Chief Constable should have regard to the CIPFA Guidance on Audit Committees.
  - The Committee maintains its independence by ensuring a focus through the work programme on oversight of governance, risk, control and the audit process. It has no delegated decision making or approval powers from the Commissioner or Chief Constable.
  - Agenda items are planned up to 12 months in advance through the development of an annual work programme agreed by the Committee in March and developed from the

<sup>8</sup> The Commissioner and the Chief Constable

<sup>9</sup> The Executive Board comprising the Commissioner, the Chief Constable, the Commissioner's Chief Executive and the Commissioner's Chief Finance Officer

<sup>10</sup> Chief Finance Officers, Chief Executive, Deputy Chief Constable

assurances needed to fulfil the Committee's terms of reference.

- The relationship between the Committee and Commissioner and Chief Constable's respective Chief Finance Officers is one of reciprocal support and constructive challenge.
- The Committee receives full audit reports at the point in which they are agreed, determining those that will be considered as part of the formal Committee agenda on the grounds of the materiality and significance of audit findings.
- All meetings of the Committee are held in public and members have actively challenged

the reasons for any issues being discussed in private. Agendas and papers are published on the Commissioner's website supporting accountability and transparency.

- The work program of the Committee ensures it can be effective in holding to account those officers who are responsible for implementing recommendations and actions arising from review. This is achieved through monitoring reports presented at each Committee meeting.
- The assurance format of the Committee's work programme and this Annual Report ensure that the Committee itself is effectively held to account for its own performance.

### Conclusion<sup>11</sup> : Assessment Grade 5

The Committee is fully compliant with the CIPFA guidance in respect of independence and accountability. This is based on the arrangements for the Committee that ensures independence, compliance with regulatory requirements and public accountability.

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<sup>11</sup> This assessment of effectiveness is undertaken against the core functions of the committee with the CIPFA guidance; it is not included in the effectiveness checklist but has been graded on a similar basis.

## Section Four: Membership and Effectiveness

*Police audit committees should comprise between three and five members who are independent of the Commissioner and Chief Constable*

CIPFA guidance recognises that the membership, composition and operation of the audit committee is a key factor in achieving the characteristics of a good audit committee.

These are defined as:

- Membership that is balanced, objective, independent of mind, knowledgeable and properly trained to fulfil their role.
- Membership that is supportive of good governance principles and their practical application towards the achievement of organisational objectives
- A strong, independently minded chair, displaying a depth of knowledge, skills and interest
- Unbiased attitudes – treating auditors, the executive and management fairly
- The ability to challenge the executive and senior managers when required.

Police audit committees should comprise between three and five members who are independent of the Commissioner and Chief Constable. Recruitment should be publically advertised with a job description that sets out requirements for knowledge and expertise. Candidates should be able to demonstrate their political independence. Appointments should be for a fixed term and formally approved by the Commissioner and Chief Constable and members should follow a Code of Conduct. The guidance acknowledges that the role of Chair may be advertised specifically and will need to take into account the characteristics required by an effective Chair. Induction training and other briefing and training updates should form part of a programme informed by a review of knowledge and skills.

Self-evaluation, examples, areas of strength and weakness

Membership, composition and operation of the Audit and Standards Committee comply with the CIPFA guidance. The Committee comprises four independent members, appointed through public advert for a tenure of 4 years, with a potential to extend to a maximum of 8 years in compliance with the practices recommended by Standards for England. Independence and objectivity, including political independence is secured through restrictions on membership. Specifically membership excludes:

- Serving elected members/officers of Local Authorities and/or similar bodies
- Former members/officers of Local Authorities and/or similar bodies (time restricted to 3 years)
- Individuals active in local or national politics

- Individuals who have significant business or personal dealings with the Constabulary/Commissioner
- Individuals who have close relationships with any of the above including immediate family members.

In addition, standard disqualifications apply to ensure the avoidance of any reputational embarrassment, for example individuals who have been removed from a trusteeship of a charity, anyone under a disqualification order under the Company Directors Disqualification Act. Appointed committee Members are required to abide by a Code of Conduct and Member/Officer Protocol.

The requisite skills and experience of members are secured through the recruitment process based on a role profile. The profiles distinguish between the experience and skills expected of the Committee Chair and those expected of Committee members. The role profile is supported by a person specification that sets out essential and desirable skills, experience and ability across a range of governance, risk, finance and audit requirements. The person specification requirements are set out below. The role profiles for committee members are set out at appendix D.

Essential experience and knowledge	Special aptitudes, intelligence and skills	Desirable experience and knowledge
<ul style="list-style-type: none"> <li>• <i>Experience in Chairing at Committee/Board level.</i></li> <li>• Sound experience of strategic planning, risk management and performance management.</li> <li>• Ability to assure financial and statistical information</li> <li>• Experience of leading or conducting or reviewing audit activity.</li> <li>• Experience of scrutinising financial information and processes.</li> <li>• Knowledge of best practices in governance and internal control</li> <li>• Good understanding of the roles of Internal and External Audit.</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Be able to demonstrate leadership skills to fulfil the responsibilities of the Audit Committee Chair.</i></li> <li>• Ability and confidence to challenge and hold to account.</li> <li>• Treat auditors, executives and management equally and with respect.</li> <li>• To maintain an up to date knowledge and awareness of national and local policing and crime issues.</li> <li>• To have high ethical standards</li> <li>• Good communication skills, both written and oral, with the ability to actively contribute to discussion and debate</li> </ul>	<ul style="list-style-type: none"> <li>• Practical experience in the financial and/or general management of businesses or public sector organisations.</li> <li>• Experience of a Local Government Environment.</li> <li>• Audit Committee/Standards Committee (or equivalent) experience.</li> <li>• Professional Financial Qualification (CCAB or Audit based)</li> </ul>

Note – text in italic relates to skill relevant only to the committee chair.

Members are recruited independently of the Commissioner and Chief Constable but are subject to their approval. At the end of 2014/15 recruitment was undertaken for a new Committee Chair and new Committee Member due to the tenure of the existing chair coming to the end of his term. The recruitment process resulted in the appointment of an existing member of the Committee as Chair and a further appointment of a new member to the Committee. The tenure of the new member formally commenced on April 1<sup>st</sup> 2015 with that member having attended the Committee's March 2015 meeting as a visitor for induction. The appointment of a new member has further strengthened the Committee, the new member is a Solicitor and has widened the skill set of the Committee.

The work programme for members has included for 2015/16 formalised development seminars prior to Committee meetings, these sessions support members with a more in-depth understanding of areas within the remit of the Committee's terms of reference. During 2015/16 the development sessions have included the change programme, risk management, crime recording, treasury management (with the Commissioner's external advisors) and the budget and medium term financial strategy. In addition for 2015/16, the meeting agenda now includes a corporate update, this update is usually provided by the Deputy Chief Constable or Chief Finance Officer's and provides a flavor of the key issues facing the OPCC/Constabulary at the time. One of the members has represented the Committee at a regional police audit committee workshop organised by Grant Thornton.

#### Conclusion<sup>12</sup> : **Assessment Grade 5**

The Committee is compliant with the CIPFA guidance in respect of effective membership. This is based on the arrangements for the composition, recruitment and operation of the Committee that ensures independence and a specialist mix of skills and experience that make the Committee members effective in their roles. Effectiveness of members scrutiny function has been enhanced during 2015/16 through a more structured approach to member development and the regular inclusion of a corporate update on the agenda for all meetings. In addition, copies of all HMIC inspection reports are now routinely provided to members and from February 2016, the opportunity to discuss these reports and receive an update regarding report recommendations is included on the agenda for meetings.

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<sup>12</sup> This assessment of effectiveness is undertaken against the core functions of the committee with the CIPFA guidance; it is not included in the effectiveness checklist but has been graded on a similar basis.

## Joint Audit &amp; Standards Committee 2015/16 Activities

6 May 2015	23 June 2015	3 September 2015	4 February 2016 <i>(Cancelled from 8 December)</i>	9 MARCH 2016
<p><b>DEVELOPMENT SESSION</b> On the change programme and risk management</p> <p><b>EXTERNAL AUDIT FEES</b> To receive from Grant Thornton UK LLP the External Audit Fee 2015-16 for (i) Office of the Police &amp; Crime Commissioner; and (ii) Cumbria Constabulary</p> <p><b>OPCC RISK MANAGEMENT MONITORING</b> To receive an annual report on Risk Management Activity including the Commissioner's arrangements for holding the Chief Constable to account for Constabulary Risk Management.</p> <p><b>OPCC ANTI FRAUD AND CORRUPTION</b> (i) OPCC Anti-Fraud and Corruption Activity Monitoring- To receive an annual report from the Chief Executive on activity</p>	<p><b>CORPORATE UPDATE</b> on HMIC reports</p> <p><b>UPDATED JASC WORK PROGRAMME</b> To receive an updated Work Programme, members to note</p> <p><b>ANNUAL STATEMENT OF ACCOUNTS</b> To receive the un-audited Statement of Accounts for the Commissioner and Chief Constable and Group Accounts and consider a copy of a summarised non-statutory version of the accounts (i) PCC Statement of Accounts (ii) PCC Summary Statement of Accounts (iii) CC Statement of Accounts (iv) CC Summary Statement of Accounts</p> <p><b>MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS</b> To receive an updated summary of actions implemented in response to audit and inspection recommendations</p>	<p><b>PRIVATE MEETINGS</b> Separate meeting between the members and Internal Audit and External Audit.</p> <p><b>CORPORATE UPDATE</b> on funding formula review/CSR and Cumbria Deal.</p> <p><b>THE JOINT AUDIT FINDINGS FOR THE POLICE AND CRIME COMMISSIONER FOR CUMBRIA AND THE CHIEF CONSTABLE FOR CUMBRIA CONSTABULARY</b> To receive from the External Auditors the Audit Findings Report in respect of the annual audit of the financial statements and incorporating the External Auditors Value for Money Conclusion</p> <p><b>ANNUAL STATEMENT OF ACCOUNTS – POLICE AND CRIME COMMISSIONER</b> To receive reports from the Chief Finance Officer for the Police and Crime Commissioner (i) Report of the Chief Finance Officer: Assurance Framework</p>	<p><b>DEVELOPMENT SESSION</b> Presentation by the Assistant Chief Constable on crime recording</p> <p><b>CORPORATE UPDATE</b></p> <p><b>JOINT ANNUAL AUDIT LETTER 2014-15</b> To receive from the External Auditors the Joint Annual Audit Letter and reports</p> <p><b>ANNUAL REVIEW OF GOVERNANCE 2015-16</b> To review the COPCC and Constabulary arrangements for governance; cyclical review over three years covering: (a) Role of the PCC's Chief Finance Officer (b) Role of the Chief Constables Chief Finance Officer (c) Procurement Regulations (d) Scheme of Delegation (e) Arrangements for Anti-Fraud and Corruption (f) Arrangements for Integrity including Codes of Conduct, Complaints and Integrity protocols</p>	<p><b>DEVELOPMENT SESSION</b> Presentation by Arlingclose on treasury management and also presentation by the CFOs and Deputy CFO on the budget, medium term financial strategy and the change programme.</p> <p><b>CORPORATE UPDATE</b></p> <p><b>HMI UPDATE REPORT</b> (i) Cumbria Vulnerability (ii) Increasingly everyone's business – Domestic Abuse (iii) PEEL Police Effectiveness 2015 (iv) Vulnerability in Criminal Case Files (v) Witness for the prosecution (vi) The depths of dishonour (vii) Multi-agency Public Protection Arrangements (viii) Regional Organised Crime units (ix) PEEL Legitimacy</p> <p><b>ANNUAL WORK PROGRAMME: ASSURANCE FORMAT</b> To review and approve an annual work programme covering the framework of assurance against</p>

6 May 2015	23 June 2015	3 September 2015	4 February 2016 <i>(Cancelled from 8 December)</i>	9 MARCH 2016
<p>in line with the arrangements for anti-fraud and corruption (ii) OPCC Arrangements for Anti-Fraud and Corruption - To receive a report from the Chief Executive on the arrangements for Anti-Fraud and Corruption for 2015/16</p> <p><b>MONITORING AND EFFECTIVENESS OF THE PCC/OFFICER PROTOCOL AND THE CODE OF CONDUCT</b> To receive an annual report from the Chief Executive with regard to the operation and effectiveness of the PCC/Officer Protocol and Code of Conduct</p> <p><b>INTERNAL AUDIT – ANNUAL REPORT 2014/15</b> To receive the Head of Internal Audit’s Annual Report including the Annual Audit Opinion</p> <p><b>REVIEW OF EFFECTIVENESS OF THE ARRANGEMENTS FOR AUDIT 2014/15</b> To receive a report from the PCC Chief Finance Officer in respect of the effectiveness</p>	<p><b>INTERNAL AUDIT – ANNUAL REPORT 2014/15 (FINAL)</b> To receive the Head on Internal Audit’s Annual Report including the Annual Audit opinion</p> <p><b>INTERNAL AUDIT REPORTS</b> To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee (i) OPCC Business Continuity Planning (ii) CC Business Continuity Planning</p> <p>The following Internal Audit reports have also been completed within the last quarter and have been reviewed by the Committee members. Copies of these audit reports will be available to view on the OPCC website. (i) Debtors (ii) Budget Management</p> <p><b>INTERNAL AUDIT – PROGRESS REPORT TO MAY 2015</b> To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan for 2015/16</p> <p><b>ETHICS AND INTEGRITY</b></p>	<p>(ii) Annual Statement of Accounts</p> <p><b>ANNUAL STATEMENT OF ACCOUNTS – CHIEF CONSTABLE</b> To receive reports from the Chief Finance Officer for the Chief Constable (i) Report of the Chief Finance Officer: Assurance Framework (ii) Annual Statement of Accounts</p> <p><b>INTERNAL AUDIT – PROGRESS REPORT</b> To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan</p> <p><b>INTERNAL AUDIT REPORT</b> To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the committee (i) Duty Management System</p> <p>The following Internal Audit report has also been completed within the last quarter and has been reviewed by the Committee members. Copies of this audit reports will be available to view on the</p>	<p><b>ANNUAL GOVERNANCE STATEMENT DEVELOPMENT AND IMPROVEMENT PLAN UPDATE</b> To receive an update on progress against the development and improvement plan within the annual governance statement</p> <p><b>HMIC REPORTS</b> This is an opportunity for the members to discuss any issues arising as a result of the HMIC Inspection Reports that were provided to them electronically</p> <ul style="list-style-type: none"> <li>• Criminal justice joint inspections, Custody Suite</li> <li>• Firearms Licensing</li> <li>• Data</li> <li>• Police Efficiency</li> </ul> <p><b>OPCC VALUE FOR MONEY REVIEW</b> To receive a report from the PCCCFO reviewing the 2015 Value for Money profiles</p> <p><b>INTERNAL AUDIT – PROGRESS REPORT</b> To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan</p>	<p>the Committee’s terms of reference</p> <p><b>EXTERNAL AUDIT PLAN</b> To receive from the external auditors the Annual External Audit Plan</p> <p><b>JOINT AUDIT AND STANDARDS COMMITTEE UPDATE</b> To receive from the external auditors an update report in respect of progress on the external audit plan</p> <p><b>TREASURY MANAGEMENT</b> To review the annual Treasury Management Strategy incorporating the policy on investment and borrowing activity and treasury management practices</p> <p>(i) Treasury Management Strategy Statement 2016/17 and Prudential Indicators 2016/17 to 2018/19 (ii) Treasury Management Practices 2016/17</p> <p><b>TREASURY MANAGEMENT ACTIVITIES 2015/16 QUARTER 3 (OCTOBER TO DECEMBER 2015)</b> To receive for information reports on Treasury Management Activity</p>

6 May 2015	23 June 2015	3 September 2015	4 February 2016 <i>(Cancelled from 8 December)</i>	9 MARCH 2016
<p>of internal audit</p> <p><b>ANNUAL REPORT OF THE JOINT AUDIT AND STANDARDS COMMITTEE 2014/15</b> To receive a report reviewing the activities of the Committee as a contribution to the effectiveness of arrangements for governance</p> <p><b>TREASURY MANAGEMENT ACTIVITY JANUARY TO MARCH 2015 AND ANNUAL REPORT 2015</b> To receive for information the reports on Treasury Management Activity for Jan – Mar and Treasury Management Outturn for the financial year</p> <p><b>ANNUAL GOVERNANCE STATEMENT – OPCC</b> (i) Report of the Internal Auditor: Annual Governance Statement – To consider a report from the Internal Auditor reviewing the Annual Governance Statement for the financial year and to the</p>	<p><b>GOVERNANCE</b> To receive an annual report from the Chair of the Ethics and Integrity Panel, advising the Committee of the work of the Panel over the previous year and matters pertaining to governance in respect of the arrangements for ethics and integrity</p> <p><b>STRATEGIC RISK REGISTER</b> (i) To consider the OPCC risk register as part of the Risk Management Strategy (ii) To consider the CC risk register as part of the Risk Management Strategy</p>	<p>OPCC website.</p> <p>(i) Performance Monitoring</p> <p><b>MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS</b> To receive an updated summary of actions implemented in response to audit and inspection recommendations</p> <p><b>TREASURY MANAGEMENT ACTIVITIES 2015/16 QUARTER 1 (APRIL TO JUNE 2015)</b> To receive for information, reports on Treasury Management Activity</p> <p><b>STRATEGIC RISK REGISTER</b> (i) To consider the OPCC risk register as part of the Risk Management Strategy (to follow) (ii) To consider the CC risk register as part of the Risk Management Strategy (to follow)</p>	<p><b>INTERNAL AUDIT REPORT</b> The following Internal Audit reports have been completed within the last quarter and have been reviewed by the Committee members. Copies of this audit reports will be available to view on the OPCC website. (i) Budget Management (ii) Mobile Device Project</p> <p><b>MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS</b> To receive an updated summary of actions implemented in response to audit and inspection recommendations</p> <p><b>TREASURY MANAGEMENT ACTIVITIES 2015/16 QUARTER 2 (JULY TO SEPTEMBER 2015)</b> To receive for information, reports on Treasury Management Activity</p> <p><b>STRATEGIC RISK REGISTER – OPCC</b></p> <p><b>STRATEGIC RISK REGISTER – CONSTABULARY</b></p>	<p><b>JASC QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME</b> To receive a report from the Management Audit Unit regarding the proposed Quality Assurance &amp; Improvement Programme</p> <p><b>PROPOSED INTERNAL AUDIT PLAN/INTERNAL AUDIT CHARTER</b> To receive a report from the Internal Auditors on the proposed Internal Audit Plan and any proposed revisions. To receive a copy of the internal audit charter from the Internal Auditors</p> <p><b>INTERNAL AUDIT – PROGRESS REPORT</b> To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan (To be presented by the Audit Manager)</p> <p><b>INTERNAL AUDIT REPORT</b> To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee (i) Safeguarding IT Assets (ii) Data Protections and FOI</p>

6 May 2015	23 June 2015	3 September 2015	4 February 2016 <i>(Cancelled from 8 December)</i>	9 MARCH 2016
<p>date of this meeting</p> <p>(ii) Effectiveness of Governance Arrangements 2014/15– To receive a report from the PCCCFO/Chief Executive on the effectiveness of the PCC’s arrangements for governance</p> <p>(iii) Code of Corporate Governance 2015/16 – To consider the PCC Code of Corporate Governance</p> <p>(iv) Annual Governance Statement 2014/15 – To consider the PCC Annual Governance Statement for the financial year and to the date of this meeting</p> <p><b>ANNUAL GOVERNANCE STATEMENT – CONSTABULARY</b></p> <p>(i) Report of the Internal Auditor: Annual Governance Statement – To consider a report from the Internal Auditor reviewing the Annual Governance Statement for the financial year and to the</p>				<p>Requests</p> <p>The following Internal Audit reports have also been completed within the last quarter and have been reviewed by the Committee members. Copies of these audit reports will be available to view on the OPCC website.</p> <p>(i) PCC Complaints Handling (ii) PCC FOI &amp; DP (iii) Complaints</p> <p><b>MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS</b></p> <p>To receive an updated summary of actions implemented in response to audit and inspection recommendations</p> <p><b>OPCC RISK MANAGEMENT STRATEGY</b></p> <p>To provide the annual review of the COPPC Risk Management Strategy</p> <p><b>OPCC RISK MANAGEMENT MONITORING</b></p> <p>To consider the COPCC strategic risk register as part of the Risk Management Strategy</p>

6 May 2015	23 June 2015	3 September 2015	4 February 2016 <i>(Cancelled from 8 December)</i>	9 MARCH 2016
<p>date of this meeting (copy enclosed) – To be presented by E Toyne</p> <p>(ii) Effectiveness of Governance Arrangements 2014/15 – To receive a report from the CCCFO on the effectiveness of the PCC’s arrangements for governance (copy enclosed) – To be presented by the CC’s Chief Finance Officer</p> <p>(iii) Code of Corporate Governance 2015/16 – To consider the CC Code of Corporate Governance Annual Governance Statement 2014/15 – To consider the CC Annual Governance Statement for the financial year and to the date of this meeting.</p>				<p><b>CONSTABULARY QUARTERLEY RISK MANAGEMENT UPDATE</b> To provide an update of Constabulary Risk Management including the strategic risk register</p> <p><b>CONSTABULARY VFM PROFILES</b> To receive a report from the Director of Corporate Improvement reviewing the 2015 Value for Money profiles</p>

## Joint Audit and Standards Committee: Annual Work Programme Assurance Format

Terms of Reference: Governance, risk and control	Meeting	Work Programme Assurance Activity
Review the corporate governance arrangements against the good governance framework and consider annual governance reports and assurances. Underlined governance documents are scheduled for review in 2015.	June 2015	<b>ETHICS AND INTEGRITY GOVERNANCE:</b> To receive an annual report from the Chair of the Ethics and Integrity Panel, advising the Committee of the work of the Panel over the previous year and matters pertaining to governance in respect of the arrangements for ethics and integrity
	February 2016	<b>ANNUAL REVIEW OF GOVERNANCE:</b> To review the COPCC and Constabulary arrangements for governance; cyclical review over a three years covering:
Review the Annual Governance Statements 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	May 2015 (Code of Corporate Governance)	<ul style="list-style-type: none"> <li>▪ <u>Code of Corporate Governance (2015) (annual review)</u></li> <li>▪ <u>Role of the Chief Finance Officer (2015) (annual review)</u></li> <li>▪ Scheme of Delegation (2016)</li> <li>▪ Scheme of Consent (n/a)</li> <li>▪ Financial Regulations: bi-annual review (2016)</li> <li>▪ <u>Procurement Regulations: bi-annual review (2015)</u></li> <li>▪ Arrangements for Anti-Fraud and Corruption /whistleblowing (2017)</li> <li>▪ <u>Arrangements for Integrity including Codes of Conduct, Complaints and Integrity protocols (2015)</u></li> </ul>
	May 2016 (draft)	<b>ANNUAL GOVERNANCE STATEMENT</b>
Review the Annual Governance Statements 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	September 2016 (final statements prior to approval and publication)	<ul style="list-style-type: none"> <li>▪ <b>Report of the Internal Auditor: Annual Governance Statement:</b> To consider a report from the Internal Auditor reviewing the Annual Governance Statement for the financial year and to the date of this meeting</li> <li>▪ <b>Effectiveness of Governance Arrangements:</b> To receive a report from the PCCCFO/PCC Chief Executive on the effectiveness of the PCC's arrangements for Governance/ To receive a report from the CCCFO on the effectiveness of the CC's arrangements for governance</li> <li>▪ <b>Code of Corporate Governance:</b> To consider the PCC/CC Code of Corporate</li> </ul>

		<p>Governance</p> <ul style="list-style-type: none"> <li>▪ <b>Annual Governance Statement:</b> To consider the PCC/CC Annual Governance Statement for the financial year and to the date of this meeting</li> </ul> <p><b>ANNUAL GOVERNANCE STATEMENT DEVELOPMENT AND IMPROVEMENT PLAN</b></p> <p><b>UPDATE:</b> To receive an update on progress against the development and improvement plan within the annual governance statement.</p>
Consider the arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements	<p>Every meeting excluding May</p> <p>September 2015</p> <p>February 2016 (OPCC)/March 2016 (CC)/Ad-hoc</p>	<p><b>INTERNAL AUDIT REPORT:</b> To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee <i>(NB audit work in compliance with PSIAS will cover a specific control objective on 'value: the effectiveness and efficiency of operations and programmes'. Specific audit recommendations will be categorised within audit reports under this heading.)</i></p> <p><b>THE JOINT AUDIT FINDINGS FOR THE POLICE AND CRIME COMMISSIONER FOR CUMBRIA AND THE CHIEF CONSTABLE FOR CUMBRIA CONSTABULARY</b></p> <p>To receive from the External Auditors the Audit Findings Report in respect of the annual audit of the financial statements and incorporating the External Auditors Value for Money Conclusion.</p> <p><b>HMIC REPORTS:</b> To receive an annual report on the HMIC Value for Money Profile and arrangements for securing value for money &amp; HMIC value for Money inspection reports.</p>
Consider the framework of assurance and ensure that it adequately addresses the risks and priorities of the OPCC and Constabulary	<p>March 2016</p> <p>September 2015</p>	<p><b>ANNUAL WORK PROGRAMME: ASSURANCE FORMAT:</b> To review and approve an annual work programme covering the framework of assurance against the Committee's terms of reference.</p> <p><b>FRAMEWORK OF ASSURANCE: STATEMENT OF ACCOUNTS:</b> To receive a report from the PCCCFO/Chief Executive in respect of the PCC's framework of assurance; To</p>

		receive a report from the Deputy Chief Constable/CC in respect of the CC's framework of assurance.
Monitor the effective development and operation of risk management, review the risk profile, and monitor progress of the Police and Crime Commissioner and the Chief Constable in addressing risk-related issues reported to them	<p>March 2016</p> <p>Every meeting excluding May</p> <p>May 2015</p>	<p><b>RISK MANAGEMENT STRATEGY:</b> To provide the annual review of the COPCC and Constabulary Risk Management Strategies.</p> <p><b>STRATEGIC RISK REGISTER:</b> To consider the COPCC and Constabulary strategic risk register as part of the Risk Management Strategy.</p> <p><b>RISK MANAGEMENT MONITORING:</b> To receive an annual report from the Chief Executive on Risk Management Activity including the Commissioner's arrangements for holding the CC to account for Constabulary Risk Management.</p>
Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions	<p>Every meeting excluding May</p> <p>Every meeting excluding May</p>	<p><b>INTERNAL AUDIT REPORT:</b> To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee.</p> <p><b>MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS:</b> To receive an updated summary of actions implemented in response to audit and inspection recommendations.</p>

Review arrangements for the assessment of fraud risks and potential harm from fraud and corruption and monitor the effectiveness of the counter-fraud strategy, actions and resources	December – cyclically when updated  May 2015	<p><b>ARRANGEMENTS FOR ANTI-FRAUD AND CORRUPTION:</b> To receive the COPCC and Constabulary strategy, policy and fraud response plan.</p> <p><b>ANTI-FRAUD AND CORRUPTION ACTIVITIES:</b> To receive an annual report from the Chief Executive on activity in line with the arrangements for anti-fraud and corruption.</p>
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Terms of Reference: Internal Audit	Meeting	Work Programme Assurance Activity
Annually review the internal audit charter and resources	March 2016	<b>INTERNAL AUDIT CHARTER:</b> To receive a copy of the internal audit charter from the Internal Auditors.
Review the internal audit plan and any proposed revisions to the internal audit plan	March 2016/Ad-hoc	<b>PROPOSED INTERNAL AUDIT PLAN:</b> To receive a report from the Internal Auditors on the proposed Internal Audit Annual Plan and any proposed revisions.
Oversee the appointment and consider the adequacy of the performance of the internal audit service and its independence	June 2015  Quarterly  September 2015	<p><b>EFFECTIVENESS OF INTERNAL AUDIT:</b> To receive a report from the PCC Chief Finance Officer in respect of the effectiveness of internal audit.</p> <p><b>INTERNAL AUDIT PERFORMANCE:</b> To receive from the Internal Auditors quarterly reports on the performance of the service against a framework of performance indicators <i>(provided within the internal audit progress reports and annual report.)</i></p> <p><b>PRIVATE INTERNAL AUDIT MEETING:</b> Confidential meeting of Committee members only and the Internal Auditors</p>

Consider the Head of Internal audit's annual report and opinion, and a regular summary of the progress of internal audit activity against the audit plan, and the level of assurance it can give over corporate governance arrangements	May 2015 (draft) June 2015 (final)  Every meeting excluding May	<b>INTERNAL AUDIT –ANNUAL REPORT:</b> To receive the Head of Internal Audit's Annual Report including the Annual Audit Opinion.  <b>INTERNAL AUDIT – PROGRES REPORT:</b> To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan.
Consider internal audit reports and such detailed reports as the Committee may request from the Police and Crime Commissioner and the Chief Constable, including issues raised or recommendations made by the internal audit service, management response and progress with agreed actions	Every meeting excluding May	<b>INTERNAL AUDIT REPORTS:</b> To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee.
Consider a report on the effectiveness of internal audit to support the Annual Governance Statement	May 2015	<b>EFFECTIVENESS OF INTERNAL AUDIT:</b> To consider a report of the Commissioner's Chief Finance Officer reviewing the effectiveness of Internal Audit.

<b>Terms of Reference: External Audit</b>	<b>Meeting</b>	<b>Work Programme Assurance Activity</b>
Comment on the scope and depth of external audit work, its independence and whether it gives satisfactory value for money	March 2016  May 2015	<b>EXTERNAL AUDIT PLAN:</b> To receive from the external auditors the Annual External Audit Plan  <b>EXTERNAL AUDIT FEES:</b> To receive from the external auditors the proposal in respect of audit fees.

Consider the external auditor's annual management letter, relevant reports and the report to those charged with governance	February 2016/Ad-hoc	<b>ANNUAL AUDIT LETTER:</b> To receive from the External Auditors the Annual Audit Letter and reports  <b>JOINT AUDIT AND STANDARDS COMMITTEE UPDATE:</b> To receive from the external auditors an update report in respect of progress on the external audit plan
Consider specific reports as agreed with the external auditors	Every meeting excluding May (where appropriate)	<b>ADHOC REPORTS AS THEY ARISE: E.G. NATIONAL FRAUD INITIATIVE, STANDARDS, INSPECTION:</b> To consider any other reports falling within the remit of the Committee's terms of reference
Advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies and relevant bodies	September 2015	<b>PRIVATE EXTERNAL AUDIT MEETING:</b> Confidential meeting of Committee members only and the external auditors

<b>Terms of Reference: Financial Reporting</b>	<b>Meeting</b>	<b>Work Programme Assurance Activity</b>
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 that need to be brought to the attention of the Commissioner and/or the Chief Constable	September 2015  (June 2015 draft unaudited statement of	<b>ASSURANCE FRAMEWORK: STATEMENT OF ACCOUNTS:</b> To receive a report from the PCCCFO/Chief Executive in respect of the PCC's framework of assurance; To receive a report from the Deputy Chief Constable/CC in respect of the CC's framework of assurance.

	accounts provided)	<b>ANNUAL STATEMENT OF ACCOUNTS:</b> To receive the unaudited/audited Statement of Accounts for the Commissioner and Chief Constable and Group Accounts and consider a copy of a summarised non-statutory version of the accounts
Consider the external auditor's report to those charged with governance on issues arising from the audit of the financial statements	September 2015	<b>AUDIT FINDINGS REPORT:</b> To receive from the external auditors the Audit Findings Report in respect of the annual audit of the financial statements and incorporating the External Auditor's Value for Money Conclusion.

<b>Terms of Reference: Accountability Arrangements</b>	<b>Meeting</b>	<b>Work Programme Assurance Activity</b>
On a timely basis report to the Commissioner and the Chief Constable with its advice and recommendations in relation to any matters that it considers relevant to governance, risk management and financial management	Every meeting excluding May (where appropriate)	To be discussed in Committee meetings and noted as feedback in the minutes.
Report to the Commissioner and the Chief Constable on its 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	Every meeting excluding May (where appropriate)	To be discussed in Committee meetings and noted as feedback in the minutes.
Review its performance against its terms of reference and objectives on an annual basis and report the results of this review to the Commissioner and the Chief Constable	May 2015	<b>ANNUAL REPORT OF THE AUDIT AND STANDARDS COMMITTEE:</b> To receive a report reviewing the activities of the Committee as a contribution to the effectiveness of arrangements for governance

Terms of Reference: Treasury Management	Meeting	Work Programme Assurance Activity
<p>Review the Treasury Management policy and procedures to be satisfied that controls are satisfactory</p> <p>Review the Treasury risk profile and adequacy of treasury risk management processes</p>	<p>March 2016</p>	<p><b>TREASURY MANAGEMENT STRATEGY AND TREASURY MANAGEMENT PRACTICES:</b> To review the annual Treasury Management Strategy incorporating the policy on investment and borrowing activity and treasury management practices.</p>
<p>Receive regular reports on activities, issues and trends to support the Committee's understanding of Treasury Management activities; the Committee is not responsible for the regular monitoring of activity</p>	<p>Every meeting excluding July</p> <p>Annually</p>	<p><b>TREASURY MANAGEMENT ACTIVITIES:</b> To receive for information reports on Treasury Management Activity/Outturn.</p> <p><b>TREASURY MANAGEMENT ADVISORS:</b> To receive briefings/training from the Commissioner's Treasury Management advisors.</p>
<p>Review assurances on Treasury Management</p>	<p>Every meeting excluding May (where applicable)</p>	<p><b>INTERNAL AUDIT REPORT:</b> To receive reports from Internal Audit Unit in respect of specific audits conducted since the last meeting of the Committee</p>

Terms of Reference: Standards Activity	Meeting	Work Programme Assurance Activity
To hear and determine appeals in relation to the OPCC's personnel policies and decisions of the Chief Executive where appropriate	n/a	As and when required, to act as an "Appeal Board"
To hear and determine appeals by Independent Custody Visitors and Independent Members of Police Misconduct Panels from decisions of the Chief Executive	n/a	As and when required, to act as an "Appeal Board"

## Attendance Listing for Joint Audit &amp; Standards Committee Meetings 2015/16

Independent Members	6 May 2015	23 June 2015	3 Sept 2015	4 Feb 2016 (8 Dec 2015 cancelled)	9 Mar 2016
Mrs Fiona Daley (Chair)	✓	✓	✓	✓	✓
Mr Andy Hampshire	✓	✓		✓	✓
Mr Jack Jones	✓	✓	✓	✓	✓
Mrs Fiona Moore	✓	✓	✓	✓	✓
<b>Commissioner's Officers</b>					
Police & Crime Commissioner for Cumbria (Richard Rhodes)			✓		
Chief Executive (Stuart Edwards)		✓		✓	
Chief Finance Officer / Deputy Chief Executive (Ruth Hunter)	✓		✓	✓	✓
Governance and Business Services Manager (Joanne Head)	✓		✓		✓
<b>Constabulary Officers</b>					
Chief Constable (Jeremy Graham)			✓		
Deputy Chief Constable (Michelle Skeer)	✓	✓			✓
Temporary Deputy Chief Constable (Darren Martland)				✓	
Constabulary Chief Finance Officer (Roger Marshall)	✓	✓	✓	✓	✓
Deputy Chief Finance Officer (Michelle Bellis)	✓		✓	✓	✓
Principal Financial Services Officer (Lorraine Holme)		✓	✓		
Financial Services Assistant (Dawn Cowperthwaite/Dawn Masters)	✓	✓	✓	✓	✓
<b>Internal Audit</b>					
Chief Internal Auditor, Management Audit Unit, Cumbria County Council (Niki Riley)			✓	✓	
Audit Manager, Management Audit Unit, Cumbria County Council (Emma Toyne)	✓	✓	✓	✓	✓
<b>External Audit</b>					
Appointed Auditor, Grant Thornton (Fiona Blatcher)	✓		✓		
Appointed Auditor, Grant Thornton (Richard McGahon)		✓	✓	✓	✓

## Joint Audit & Standards Committee - Role Profile

Job Title: Committee Chair

### JOB PURPOSE / KEY RESPONSIBILITIES

#### 1 Chair

The Chair of the Committee is responsible for providing leadership to the Committee in effectively discharging its duties and responsibilities as set out in the Committee terms of reference.

Ensuring that the Committee achieves its purpose of providing an independent assurance function for the governance, internal control, risk and financial and non-financial performance of the Constabulary and OPCC. Ensuring the Committee fulfils its responsibilities as a Standards Committee.

The Chair must create and manage effective working relationships among the Committee, Police and Crime Commissioner, the Chief Constable, Section 151 officers and both internal and external auditors.

Meet separately with the Section 151 officers and District Auditor to discuss risk compliance and governance issues arising as a result of external or internal audit activity.

Act as the committee's spokesman, using his or her best efforts to see that the committee receives all material to be discussed at the meeting at least one week before the meeting to ensure sufficient time to review information.

#### 2 Conduct of Committee Meetings

Act as the chairman of each Committee meeting ensuring the appropriate conduct of business in accordance with the committee terms of reference.

Conduct the business of each Committee meeting in a manner which will result in all matters on the agenda being dealt with effectively and appropriately.

Propose the termination of discussion on any matter when he or she is of the opinion that the matter has been thoroughly canvassed and discussed and that no new points of view or information are being presented.

Attempt to achieve resolution of all issues discussed at the meeting in respect of which a decision is required and members express conflicting positions, views, or advice, but such attempt should in no way inhibit a member from maintaining a different position, view, or advice.

Ensure that all members who wish to address a matter at a meeting are afforded a reasonable opportunity to do so.

In any case where a member of the Committee has an interest or potential conflict in respect of a matter to be discussed at a meeting, arrange for that member to excuse himself/herself from all or a portion of the Committee discussion.

### 3 Committee Culture

Provide leadership in promoting and supporting a Committee culture characterised by:

- i) The willingness of each member to use his or her best efforts in carrying out his or her duties as a member of the Committee;
- ii) The Committee's insistence on the highest level of integrity accountability and honesty in the actions of the Committee and of the PCC, Chief Constable and the other officers of the OPCC/Constabulary;
- iii) Respect and dignity among the members, officers and the external and internal auditor;
- iv) The candid and timely sharing of information among the members of the Committee, management and the external auditor;
- v) Acceptance by all members of the Committee of the right of every member to hold and express a dissenting opinion; and
- vi) A commitment to best governance practices and standards practices.

### 4 Miscellaneous Matters

Assist the Committee and management to understand and respect the responsibilities of each.

Whenever necessary or desirable, to facilitate the effective performance of the Committee's duties, attend other meetings and committees including those to facilitate governance of the internal audit shared service.

## Joint Audit & Standards Committee - Role Profile

Job Title: Committee Members

### 1. Job purpose / key responsibilities

To contribute to the effective discharge of the duties and responsibilities of the Committee as set out in the Committee terms of reference.

To maintain effective working relationships with committee members, the Police and Crime Commissioner, the Chief Constable, Section 151 officers and both internal and external auditors.

To be diligent in preparing for committee meetings and making an effective contribution to those meetings to provide independent assurance of the governance, internal control and finance, risk and performance management arrangements of the OPCC and Constabulary

### 2 Conduct of Committee Meetings

Contribute to the business of each Committee meeting in a manner which supports all matters on the agenda being dealt with effectively and appropriately.

Address the Committee on all matters where an opinion or decision is required and in such a manner that does not inhibit other members of the committee wishing to express a different opinion.

Advise the Committee Chair where an interest or potential conflict of interest may exist in respect of a matter to be discussed at a meeting and act on the advice of the Chair.

### 3 Committee Culture

As a member of the committee, contribute to a culture that supports.

- i) Each member to use his or her best efforts in carrying out his or her duties as a member of the Committee;
- ii) The highest level of integrity accountability and honesty in the actions of the Committee and of the PCC, Chief Constable and the other officers of the OPCC/Constabulary;

- iii) Respect and dignity among the members, officers and the external and internal auditor;
- iv) The candid and timely sharing of information among the members of the Committee, management and the external auditor;
- v) Acceptance by all members of the Committee of the right of every member to hold and express a dissenting opinion; and
- vi) A commitment to best governance practices.

#### 4 Miscellaneous Matters

When necessary or desirable, to facilitate the effective performance of the Committee's duties, attend other meetings and committees.

## CIPFA Self-assessment of Good Practice

Good Practice Questions	Yes	Partly	No
<b>Audit committee purpose and governance</b>			
Does the Commissioner/Chief Constable have a dedicated audit committee?	✓		
Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?	✓		
Is the role and purpose of the audit committee understood and accepted within the OPCC & Constabulary?	✓		
Does the audit committee provide support to the OPCC & Constabulary in meeting the requirements of good governance?	✓		
Are the arrangements to hold the committee to account for its performance operating satisfactorily?	✓		
<b>Functions of the committee</b>			
Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?	✓		
good governance	✓		
assurance framework	✓		
internal audit	✓		
external audit	✓		
financial reporting	✓		
risk management	✓		
value for money or best value	✓		

Good Practice Questions	Yes	Partly	No
counter-fraud and corruption	✓		
Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?	✓		
Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them?	✓		
Where coverage of core areas has been found to be limited, are plans in place to address this?	✓		
Has the committee maintained its non-advisory role by not taking on any decision-making powers that are not in line with its core purpose?	✓		
<b>Membership and support</b>			
Has an effective audit committee structure and composition of the committee been selected? This should include:	✓		
separation from the executive	✓		
an appropriate mix of knowledge and skills among the membership	✓		
a size of committee this is not unwieldy	✓		
where independent members are used, that they have been appointed using an appropriate process	✓		
Does the chair of the committee have appropriate knowledge and skills?	✓		
Are arrangements in place to support the committee with briefings and training?	✓		
Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?	✓		

Good Practice Questions	Yes	Partly	No
Does the committee have good working relations with key people and organisations, including external audit, internal audit and the chief finance officer?	✓		
Is adequate secretariat and administrative support to the committee provided?	✓		
<b>Effectiveness of the committee</b>			
Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?	✓		
Has the committee evaluated whether and how it is adding value to the organisation?	✓		
Does the committee have an action plan to improve any areas of weakness?	✓		