



Joint Audit Committee - Terms of Reference

1. Statement of Purpose

1.1. Our **Joint Audit Committee** covers the following three separate legal entities:

- The Police, Fire and Crime Commissioner for Cumbria,
- The Chief Constable of Cumbria Constabulary,
- Cumbria Commissioner Fire and Rescue Authority (CCFRA)

The Committee is a key component of the arrangements for corporate governance for all three entities. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

1.2. The purpose of our **Joint Audit Committee** is to provide independent advice and recommendation to the Commissioner, Chief Constable and CCFRA on the adequacy of the governance and risk management frameworks, the internal control environment and financial reporting, thereby helping to ensure efficient and effective assurance arrangements are in place. To this end the committee is enabled and required to have oversight of, and to provide independent review of, the effectiveness of the Commissioner's, Chief Constable's and CCFRAs governance, risk management and control frameworks, its financial reporting and annual governance processes, and the arrangements for both internal audit and external audit.

1.3. These terms of reference will summarise the core functions of the committee in relation to the Office of the Police, Fire and Crime Commissioner (OPFCC), the Constabulary and CCFRA and describe the protocols in place to enable it to operate independently, robustly and effectively.

2. Governance, risk and control

The committee will provide advice and recommendations to the Commissioner, Chief Constable or CCFRA in relation to the following areas:

2.1. Review the corporate governance arrangements against the good governance framework, including

the ethical framework and consider the local code of governance.

- 2.2. 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.
- 2.3. Consider the arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- 2.4. Consider the framework of assurance and ensure that it adequately addresses the risks and priorities of the OPFCC, Constabulary and CCFRA.
- 2.5. Monitor the effective development and operation of risk management, review the risk profile, and monitor progress of the Commissioner, the Chief Constable and CCFRA in addressing risk-related issues reported to them.
- 2.6. Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- 2.7. 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.
- 2.8. To review the governance and assurance arrangements for significant partnerships or collaborations.

3. Internal Audit

The committee will provide advice and recommendations to the Commissioner, Chief Constable or CCFRA in relation to the following areas:

- 3.1. Annually review the internal audit charter and resources.
- 3.2. Review the internal audit plan and any proposed revisions to the internal audit plan.
- 3.3. Oversee the appointment and consider the adequacy of the performance of the internal audit service and its independence in relation to the separate legal entities of the OPFCC, Constabulary and CCFRA.
- 3.4. Consider the Director of Internal Audit's annual report and opinion, and a regular summary of the progress of internal audit activity against the audit plans for both OPFCC/Constabulary and CCFRA, and the level of assurance it can give over corporate governance arrangements.
- 3.5. To consider the Director of Internal Audit's statement of the level of conformance with the Public

Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN) and the results of the Quality Assurance & Improvement Programme (QAIP) that support the statement – these will indicate the reliability of the conclusions of internal audit.

- 3.6. Consider summaries of internal audit reports and such detailed reports as the committee may request from the Commissioner, Chief Constable or CCFRA, including issued raised or recommendations made by the internal audit service, management response and progress with agreed actions.
- 3.7. Consider a report on the effectiveness of internal audit to support the Annual Governance Statements.
- 3.8. To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the Director of Internal Audit. To make recommendations on safeguards to limit such impairments and periodically review their operation.

4. External Audit/External Inspection

The committee will provide advice and recommendations to the Commissioner, Chief Constable or CCFRA in relation to the following areas:

- 4.1. Support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by either Public Sector Audit Appointments (PSAA) or the auditor panel as appropriate.
- 4.2. Comment on the scope and depth of external audit work, its independence and whether it gives satisfactory value for money.
- 4.3. Consider the external auditor's annual management letters, relevant reports and the report to those charged with governance.
- 4.4. Consider specific reports as agreed with the external auditors/specific inspection reports e.g. His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS), relevant to the Committee's terms of reference.
- 4.5. Advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

5. Financial Reporting

The committee will provide advice and recommendations to the Commissioner, Chief Constable or

CCFRA in relation to the following areas:

- 5.1. Review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit of the financial statements that need to be brought to the attention of the Commissioner, the Chief Constable and/or CCFRA.
- 5.2. Consider the external auditor's report to those charged with governance on issues arising from the audit of the financial statements.

6. Accountability Arrangements

The committee will do the following:

- 6.1. On a timely basis report to the Commissioner, the Chief Constable and CCFRA with its advice and recommendations in relation to any matters that it considers relevant to governance, risk management and financial management.
- 6.2. Report to the Commissioner, the Chief Constable, and CCFRA 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.
- 6.3. Review its performance against its terms of reference and objectives on an annual basis and report the results of this review to the Commissioner, the Chief Constable and CCFRA.
- 6.4. Publish an annual report on the work of the committee.

7. Treasury Management

- 7.1. Review the treasury management policy and procedures to be satisfied that controls are satisfactory.
- 7.2. 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.
- 7.3. Review the treasury risk profile and adequacy of treasury risk management processes.
- 7.4. Review assurances on treasury management (for example, internal audit reports, external or other reports).