



**JOINT INDEPENDENT  
AUDIT COMMITTEE**

**TERMS OF REFERENCE**  
**February 2023**

**AGENDA ITEM NO:**



**Statement of Purpose**

The Joint Independent Governance, Risk and Audit Committee (JIGRAC) is a key component of the corporate governance for the Police and Crime Commissioner (PCC) and the Chief Constable (CC).

The purpose of the JIGRAC is to provide independent advice, assurance and recommendations to the PCC and CC on the adequacy of the governance and risk management frameworks, the internal control environment, and financial reporting.

Consequently, the JIGRAC is required to have oversight of the effectiveness of all governance, risk management and control frameworks, financial reporting and annual governance processes, along with internal and external audit reports.

The JIGRAC may request to see any report, policy, or other document, including relevant presentations, it requires to provide independent assurance to the PCC and CC.

JIGRAC acknowledges the guidance outlined by the Chartered Institute of Public Finance and Accountancy (CIPFA) that such committees should “promote good governance, make things better and not only review what happened in the past”.

The JIGRAC will review its own effectiveness and provide an annual report to the PCC and CC.

These terms of reference summarise the core functions of the in relation to the offices of the PCC and the CC.

**Governance Risk and Control**

1. To review the Annual Governance Statements (AGS) prior to approval and consider whether they accurately reflect the governance, risk and control environment and supporting assurances and identify any actions for improvement. This will include considering:
  - *AGS Content (annual)*
2. To consider the arrangements to secure value for money and their effectiveness. This will include considering:
  - *Budget planning process (annual)*
  - *Medium Term Financial Plan (annual)*
  - *The policy and strategy for Reserves (annual)*
  - *Financial Regulations*
  - *Standing Orders on Contracts*
  - *Procurement policy (annual)*
  - *HMICFRS Value for Money reports*
  - *VFM comparisons with other Forces*
3. To monitor the effectiveness of risk management arrangements. This will include considering:

- *Risk management framework including policy and procedures (annual)*
  - *Oversight of risk registers and associated trends (quarterly)*
  - *Insurance programme, insurance broker appointments, insurance renewal process and arrangements for risk financing (annual)*
  - *Consider the annual summary of the number of claims of liability against the Force (annual)*
- Consider the wider governance and assurance framework along with the effectiveness of their internal controls and consider reports. This will include reviewing the:
    - *Statement of Corporate Governance (every 2 years)*
    - *Scheme of Governance (every 2 years)*
    - *Financial Regulations (annual)*
    - *Board and meeting structure (annual)*
    - *Ethical policy and Values*
4. Review arrangements for the assessment of fraud risks and potential harm from fraud and corruption and monitor the effectiveness of the counter-fraud strategy.
- *Reviewing the counter-fraud and corruption strategy (every 2 years)*
  - *Reviewing the counter-fraud and corruption policy (every 2 years)*
  - *Reviewing the 'whistleblowing' policy (every 2 years)*
5. Review the governance and assurance arrangements for significant partnerships or collaborations. This will include considering:
- *Relevant governing documents for those partnerships or collaborations*
6. Consider such other reports as may be relevant to governance, risk, and control, as necessary. For example, non-operational HMICFRS reports, or matters raised by the PCC, CC, Chief Financial Officer, Deputy Chief Executive or Monitoring Officer making recommendations as appropriate.

### **Internal Audit**

7. Annually review the internal audit charter and resources, by considering:
- *Internal Audit Charter (annual)*
8. Review the internal audit plan and subsequent amendments to the plan by:
- *Considering the Annual Audit Plan (annual)*
  - *Receiving quarterly updates of progress against the plan (quarterly)*
9. Consider as part of the 's annual report the adequacy of the performance of the internal audit service and its independence, and report on the effectiveness of the internal audit function.
- *Committee producing an annual report to PCC and CC*
10. Consider the annual report and opinion from internal audit, 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.

- *Annual report and opinion (annual)*

11. To consider internal audit reports, recommendations, and progress against those recommendations. This will include reviewing:

- *Full audit reports where limited or no assurance given (quarterly)*
- *Summary reports and with actions (quarterly)*
- *High ranked audit recommendations that have not been completed in agreed timescales (quarterly and produced by the Chief Finance Officer)*

12. To consider the head of internal audit's annual statement of the level of conformance with the Public Sector Internal Audit Standards and Local Government Audit Note (LGAN) and the results of the Quality Assurance and Improvement Programme that support the statement. These will indicate the reliability of the conclusions of internal audit. This will include reviewing:

- *Annual Audit Statement*

13. To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the head of internal audit. To make recommendations or safeguards to limit such impairments and periodically review their operation.

### **External Audit**

14. Support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review any issues raised by either Public Sector Audit Appointments Limited (PSAA) or the auditor panel as appropriate.

15. Comment on the scope and depth of external audit work, its independence and whether it gives satisfactory value for money. This will include reviewing:

- *Quarterly progress reports (quarterly)*
- *Reviewing the plan of work (annual)*

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

- *Considering the annual management letter (annual)*
- *Report to those charged with governance (annual)*

17. Consider specific reports as agreed with external audit.

- *Receipt of reports and updates by external audit (quarterly)*

18. Advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies.

- *Committee to comment in their annual report.*

### **Financial reporting**

19. Review the annual statements of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns

arising from the financial statements or from the audit of the financial statements that need to be brought to the attention of the PCC or CC. This will include reviewing the:

- *Annual Statements of Accounts (annual)*
- *Review of relevant accounting policies (annual)*
- *Treasury Management Strategy*

20. Consider the external auditor's report to those charged with governance on issues arising from the audit of the financial statements.

### **Accountability arrangements**

21. The Committee will:

- Report to the PCC and CC on a timely basis, with its advice and recommendations in relation to any of the matters above and other issues it considers relevant to governance, risk management and monetary management as part of the meeting of the Committee
- If necessary, have access to the PCC and / or CC at any time. The PCC and CC will see every report that is submitted to the Committee. The PCC and CC will treat seriously and respond quickly to any issue raised by the Committee.
- If necessary request separate meetings with the external and internal auditors
- The Committee will publish for members of the public an annual statement setting out any significant concerns or issues identified by the Committee, demonstrating how it has discharged its responsibilities
- Review its performance against its terms of reference annually and report the results of this review to the PCC and CC at the next appropriate
- Review the terms of reference on an annual basis (led by the Chair of the in consultation with all other members).

22. The documents listed above are not exhaustive and additional assurance may be requested or provided as appropriate.

### **Standing Orders**

23. These are set out separately in the Committee's Standing Orders document.

### **Date of review**

24. These terms of reference will be reviewed in February 2024 in time for the March JIGRAC.