



ORIGINATOR: CHIEF EXECUTIVE

PAPER NO: AC14/9

SUBMITTED TO: AUDIT COMMITTEE

SUBJECT: TERMS OF REFERENCE

SUMMARY:

This report provides proposed Terms of Reference for the Audit Committee.

RECOMMENDATION:

The Audit Committee is asked to consider and adopt the Terms of Reference.

DETAIL OF THE SUBMISSION

1. KEY ISSUES FOR CONSIDERATION:

- 1.1 The meeting of the Audit Committee on 28 March 2014 noted that Terms of Reference should be updated. The Police and Crime Commissioner (PCC), Chair of the Audit Committee, the Chief Executive, the Chief Finance Office and the Assistant Chief Officer were asked to propose amended Terms of Reference to the next meeting of the Audit Committee.
- 1.2 The Chair of the Audit Committee, the Chief Executive, the Chief Finance Office and the Assistant Chief Officer met on 9 May 2014 to review and produce draft Terms of Reference for consideration by the Committee. The Business Administration and Policy Officer from the OPCC was also in attendance.
- 1.3 The Chartered Institute of Public Finance and Accountancy (CIPFA) Practical Guidance for Local Authorities and Police (2013 Edition) and the Financial Management Code of Practice were taken into consideration in developing the Terms of Reference.
- 1.4 The draft Terms of Reference are attached at Appendix 1 and cover:
 - Statement of Purpose
 - Governance, risk and control
 - Internal audit
 - External audit
 - Financial reporting
 - Accountability arrangements
 - Wider functions
- 1.5 Once agreed, the Terms of Reference will be included in the Scheme of Governance and Consent, and which is published on the PCC's website.
- 1.6 It is recommended the Audit Committee agrees to adopt the Terms of Reference as set out in Appendix A.

2. FINANCIAL IMPLICATIONS:

- 2.1 There are no financial implications.

3. OTHER IMPLICATIONS AND RISKS:

- 3.1 There are no other/risk implications.

ORIGINATOR CHECKLIST (MUST BE COMPLETED)	PLEASE STATE 'YES' OR 'NO'
Has legal advice been sought on this submission?	The Chief Executive is a Solicitor and has considered legal issues in the production of the proposed terms of reference.
Has the PCC's Chief Finance Officer been consulted?	Yes
Have equality, diversity and human rights implications been considered including equality analysis, as appropriate?	Yes
Have human resource implications been considered?	Yes
Is the recommendation consistent with the objectives in the Police and Crime Plan?	Yes
Has consultation been undertaken with people or agencies likely to be affected by the recommendation?	Yes
Has communications advice been sought on areas of likely media interest and how they might be managed?	Not considered relevant.
Have all relevant ethical factors been taken into consideration in developing this submission?	Yes

In relation to the above, please ensure that all relevant issues have been highlighted in the 'other implications and risks' section of the submission.

AUDIT COMMITTEE
TERMS OF REFERENCE (DRAFT)

1. Statement of Purpose

- 1.1. The Audit Committee is a key component of the Office of the Police and Crime Commissioner (OPCC) and Suffolk Constabulary's corporate governance. 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 Audit Committee is to provide independent advice and recommendations to the Police and Crime Commissioner (PCC) and the Chief Constable 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 Office of the Police and Crime Commissioner and Suffolk Constabulary's governance, risk management and control frameworks, its financial reporting and annual governance processes, and 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 and Crime Commissioner and to the Constabulary to enable it to operate independently, robustly and effectively.

2. Governance, risk and control

The Committee will, in relation to the Police and Crime Commissioner and the Chief Constable:

- 2.1. Consider the corporate governance arrangements and review annual governance statements (including in relation to ethical values) of the PCC and Chief Constable.
- 2.2. Consider the effectiveness of the arrangements to secure value for money.
- 2.3. Consider the risk management arrangements of the PCC and Chief Constable.
- 2.4. Consider the effectiveness of the arrangements for countering corruption and fraud.

3. Internal audit

The Committee will:

- 3.1. Review the internal audit plan and propose any revisions to the internal audit plan.
- 3.2. Oversee the appointment and consider the adequacy of the performance of the internal audit service and its independence.
- 3.3. Consider the internal audit annual report and any appropriate in-year reports.

4. External audit

- 4.1. The Committee will consider all external auditor reports.

5. Financial reporting

- 5.1. The Committee will review the annual statement of accounts.

6. Accountability arrangements

- 6.1. The Committee will review its performance against its terms of reference and objectives on an annual basis.

7. Wider Functions

- 7.1. Where requested by the Police and Crime Commissioner, Chief Constable or Statutory Officers, the Committee will consider the adequacy of governance, risk management and audit processes in relation to a specific service or policy area.