

**Joint Audit and Ethics Committee for the Lancashire Police and Crime
Commissioner and Chief Constable**

Terms of Reference

(September 2017 Review Version)

Statement of Purpose

The Joint Audit and Ethics Committee is responsible for enhancing public trust and confidence in the governance, financial reporting and financial performance of the Office of the Police and Crime Commissioner (PCC) and of the Chief Constable of Lancashire Constabulary (CC).

It also assists the Commissioner in discharging statutory responsibilities in holding the Chief Constable to account and helping to deliver an effective policing service.

This will be achieved by:

- Providing **independent assurance to both the PCC and CC** of the adequacy and efficiency of the risk management framework and the associated control environment within the Constabulary and the office of the Commissioner.
- **Independently reviewing** financial and non-financial performance to the extent that it affects the Commissioner and Constabulary's exposure to risk and weakens the overall control environment.
- **Providing assurance** that any issues arising from the process of drawing up, auditing and certifying the annual accounts are properly dealt with and that the appropriate accounting policies have been applied.

Terms of Reference

Audit Function

In order to effectively discharge its function and purpose the Joint Audit and Ethics Committee is responsible for providing assurance to the PCC and CC in respect of:

1 Internal Audit

- 1.1 Ensure appropriate arrangements for internal audit and approving the internal audit strategy, contained within the internal audit charter.
- 1.2 Consider and approve the risk based internal audit plan.
- 1.3 Ensure that there are no unreasonable or unjustified restrictions or limitations on the work of internal audit.
- 1.4 Receive reports from the head of internal audit on the internal audit service's performance and audit findings, including the head of internal audit's annual report and overall opinion for the year.
- 1.5 Receive and consider the results of the quality assurance and improvement programme, including areas of non-conformance with Public Sector Internal Audit Standards (PSIAS).
- 1.6 Consider and monitor the management and performance of internal audit by taking the above steps
- 1.7 Consider and approve any significant consulting services not already included in the audit plan, in light of any potential impairments to the auditor's independence or objectivity.

2 External Audit

- 2.1 Receiving and considering the external audit plan and scope of the audit.
- 2.2 Considering the external auditor's annual audit letter and reports.
- 2.3 Monitoring the responses of the staff of the PCC and CC to the findings and reports of external audit.
- 2.4 Monitoring the effectiveness of the work of external audit and ensuring that external audit provides value for money.

3 Statutory Accounts

- 3.1 Reviewing the annual statement of accounts and considering whether the accounts are complete and consistent with information known to the Committee and whether appropriate accounting policies have been followed.
- 3.2 Reviewing other sections of the annual report and related regulatory filings before release and considering the accuracy and completeness of the information.
- 3.3 Reviewing, with management, the external auditor's report and opinion on the financial statements and reporting to the PCC and CC any issues arising from or difficulties encountered during the audit.

4 Internal Control

- 4.1 Considering the effectiveness of the processes for assessing and managing key risks to the PCC and CC by reviewing risk registers for the PCC and CC at not less than 6 monthly intervals.
- 4.2 Considering the effectiveness of the internal control systems of the PCC and CC, including systems for monitoring compliance with relevant laws and regulations.
- 4.3 Reviewing the PCC and CC scheme of governance in respect of contract procedures and financial regulations.
- 4.4 Reviewing the draft Annual Governance statement for the PCC and the CC and reviewing the overall strategic processes and arrangements for risk management and effective corporate governance.
- 4.5 Reviewing the findings of any examinations by regulatory agencies, eg HMIC

5 Reporting

- 5.1 Reporting regularly to the PCC and CC about Committee activities, issues and related recommendations
- 5.2 Providing an open avenue of communication between internal audit, the external auditor and the PCC and CC.

6 Other Responsibilities

- 6.1 To scrutinise the basis of the assurances provided as to the integrity of crime data, including the related performance management systems
- 6.2 Review the PCC and the Constabulary's governance and framework documents to ensure they remain up to date and relevant.
- 6.3 Reviewing any issue referred to the Committee by the PCC and/or the CC.
- 6.4 Receiving reports from officers of the PCC and/or CC on matters referred for investigation, including any issues of alleged or proven fraud or financial irregularity. The CFO's for the PCC and CC will inform the Chair of the Committee of any significant cases and it is at the discretion of the Chair whether other Members of the Committee should be advised.
- 6.5 Reviewing and assessing the adequacy of the Committee Terms of Reference annually and seeking the approval of the PCC and CC for any proposed changes.
- 6.6 Confirming annually that all responsibilities outlined in the Terms of Reference have been carried out.
- 6.7 Evaluating the Committee's performance on a regular basis.
- 6.8 Performing any other relevant activities requested by the PCC and/or CC.

Ethics Function

- 1) To advise the Commissioner and the Chief Constable on the effectiveness of the embedding of the Code of Ethics and its on-going influence on service delivery.
- 2) To advise the Commissioner and the Chief Constable on the progression of a transparent ethical framework.
- 3) To evaluate regular and structured reviews of:-
 - the handling of public complaints, misconduct and grievances to commend best practice, to identify necessary organisational learning and to report any irregularities to the Commissioner and the Chief Constable so they may take appropriate action;
 - anti-fraud and corruption arrangements, including whistleblowing policies and their operation in the OPCC and the Constabulary;
 - registers of interests, gifts and hospitality, expenses and scheduled information as required by Government under the transparency agenda.
- 4) To receive reports on Chief Officer standards of integrity, prior to consideration by the Commissioner; (i.e. the Chief Constable, Deputy Chief Constable, Assistant Chief Constables, Chief Executive, and Chief Finance Officers)
- 5) To consider any ethical matters referred by the Commissioner or by the Chief Constable and influence change to policy.
- 6) To receive reports from and make recommendations in response to the Commissioner's Monitoring Officer in the event of the Commissioner or his staff committing or proposing to act unlawfully.
- 7) To receive reviews from Her Majesty's Inspector of Constabulary (HMIC), the Independent Police Complaints Commission (IPCC) and any other relevant review body, which include ethical issues relevant to the Constabulary or the OPCC, to ensure full consideration has been given to appropriate action arising from the recommendations and monitor implementation.
- 8) To publish an annual report on the work and findings of the Committee that the communities of Lancashire can have confidence in.