



OFFICE OF THE POLICE & CRIME COMMISSIONER FOR NORFOLK

ORIGINATOR: CHIEF FINANCE OFFICER

DECISION NO. 7/2012

REASON FOR SUBMISSION: FOR DECISION

SUBMITTED TO: POLICE & CRIME COMMISSIONER

SUBJECT: ESTABLISHING AN AUDIT COMMITTEE

SUMMARY: The Home Office "Financial Management Code of Practise for the Police Service of England and Wales" advises that the Police and Crime Commissioner (PCC) and the Chief Constable (CC) should establish an independent Audit Committee. Attached are draft Terms of Reference for the Committee which have been agreed by the Chief Constable.

A membership of between three and five persons is recommended by the Home Office. With the size of Norfolk a membership of three persons is considered appropriate. The PCC in consultation with the CC needs to nominate persons to serve on the Committee. A key requirement is practical experience. It has been agreed that the membership will be: the previous chair of the Norfolk Police Authority (Mr R Chapman), the previous chair of the Norfolk Police Authority Scrutiny, Audit and Assets Committee (Mr H Humphrey) and Mr G Bell, a qualified accountant with extensive private sector experience. The first meeting of the Audit Committee will be needed in late January 2013.

RECOMMENDATION: That the Police & Crime Commissioner for Norfolk, endorses the Terms of Reference for the Audit Committee.

OUTCOME/APPROVAL BY: PCC /DPCC /OTHER (Please specify)

e.g. The above request has my approval

Signature

A. W. Bell

Date

19/12/12

DETAIL OF THE SUBMISSION

1. KEY ISSUES FOR CONSIDERATION:

- 1.1 The PCC and the CC are required to maintain effective internal audit of their affairs by virtue of the Accounts and Audit (England) Regulations 2011.
- 1.2 To ensure that both internal and external audit reports can be considered independently the Home Office advise that an independent Audit Committee should be established with between three to five members.
- 1.3 In accordance with best practise as advised by CIPFA it is recommended that the terms of reference of the Audit Committee should also cover Treasury Management Strategy setting and review, Risk Management and reviewing draft Annual Accounts.
- 1.4 The Audit Committee will need to meet 5 times a year, the first meeting being needed in late January 2013.
- 1.5 Membership of the Audit Committee has been determined by the PCC in liaison with the CC. The Committee Membership will be:

Mr R Chapman (subject to formal confirmation) – Previous Chair of the Norfolk Police Authority, and the Lead Member for Finance Issues. He is a Fellow of the CIMA, and until retirement was the Chief Accountant for HMSO Norwich

Mr H Humphrey (subject to formal confirmation) – Previous Chair of the Scrutiny, Audit and Assets Committee of the Norfolk Police Authority and the Cabinet Member for Finance and Performance at Norfolk County Council. He is an Independent Financial Advisor.

Mr G Bell – A Fellow of Institute of Chartered Accountants, with extensive private sector experience.

2. FINANCIAL IMPLICATIONS:

The cost of servicing the Audit Committee and member allowances is covered by existing budgetary provisions within the PCC budget.

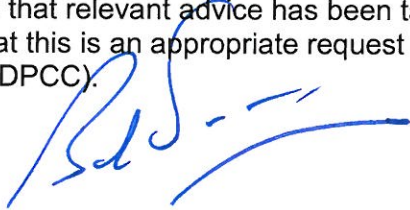
3. OTHER IMPLICATIONS AND RISKS:

None

PUBLIC ACCESS TO INFORMATION: *Information contained within this submission is subject to the Freedom of Information Act 2000 and wherever possible will be made available on the OPCC website. Submissions should be labelled as 'Not Protectively Marked' unless any of the material is 'restricted' or 'confidential'. Where information contained within the submission is 'restricted' or 'confidential' it should be highlighted, along with the reason why.*

ORIGINATOR CHECKLIST (MUST BE COMPLETED)	PLEASE STATE 'YES' OR 'NO'
Has legal advice been sought on this submission?	Yes
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?	N/A
In relation to the above, have all relevant issues been highlighted in the 'other implications and risks' section of the submission?	Yes

APPROVAL TO SUBMIT TO THE DECISION-MAKER (this approval is required only for submissions to PCC and DPCC).

Chief Executive/Chief Finance Officer/Deputy Chief Executive (delete as appropriate)	
I am satisfied that relevant advice has been taken into account in the preparation of the report and that this is an appropriate request to be submitted to the (add decision-makers title i.e. PCC/DPCC).	
Signature: 	Date 18.11.18

AUDIT COMMITTEE

CONSTITUTION

Three named members with appropriate public sector experience and who are independent of the PCC and the force.

TERMS OF REFERENCE

PURPOSE

To consider the internal and external audit reports of both the PCC and the Chief Constable. To advise the PCC and the Chief Constable according to good governance principles and to adopt appropriate risk management arrangements in accordance with proper practices. This will be achieved by receiving monitoring reports in respect of the Committee's responsibilities, assurance statements from the internal and external auditors on the audit plans and the adequacy of existing audit arrangements, reports on risk management embedment and the corporate risk registers.

The Committee will also report on the draft Treasury Management Strategy and monitor delivery of this during the year and also review the draft Annual Governance Statement and the draft accounts.

Part A: Audit, Financial Scrutiny and Corporate Governance

1. To provide proactive and effective advice on audit and governance issues and champion both audit and the embedding of risk management.
2. To review and advise on the annual external audit plan [the plan should be agreed by the PCC and Chief Constable], and to receive and monitor progress of actions arising from individual external audit reports.
3. To review and advise on and monitor the progress of the annual internal audit plan.
4. To review and advise on annual and quarterly summary internal audit reports, including an opinion on the adequacy and effectiveness of risk management and internal controls throughout the Offices of the PCC and CC and any corporately significant issues arising from internal audit and risk management reports, and receive assurance that action has been taken where appropriate.
5. To review and advise on the Annual Management Letter from the external auditors, and make any recommendations to the PCC and to the Chief Constable. [The Annual Management Letter(s) should be addressed to the PCC and the Chief Constable].
6. To receive reports on any matters which the internal or external auditors consider appropriate to bring to the attention of the Committee (which could include those required under Statutory Guidance).
7. To ensure that there are effective relationships between external and internal audit and that the value of the audit process is promoted.
8. To consider and advise on the appointment of internal audit arrangements.

9. To be assured as to the adequacy of financial and other controls, corporate governance (including an anti-fraud and corruption strategy), financial regulations, contract standing orders and risk management arrangements, and ensure that they are reviewed and revised.
10. To review the PCC and CC Risk Register and advise on the adequacy and effectiveness of action being undertaken, to make any recommendations to the PCC and to the Chief Constable and review annually the overall risk management arrangements.

Part B: Draft Accounts

11. To examine and consider the draft Annual Governance Statement, and to make any recommendations to the PCC and CC in this respect.
12. To review the draft accounts of the PCC and CC and to make any recommendations to the PCC and to the Chief Constable in this respect.

Part C: Treasury Management

13. To examine the annual draft Treasury Management Strategy, monitor its application during the year and make any recommendations to the PCC and to the Chief Constable in this respect.