



Audit Committee Terms of Reference – 10th October 2023

Originator: Chief Finance Officer, Jill Penn on behalf of the Audit Committee

Statement of Purpose

The Audit Committee is a key component of the corporate governance arrangements of the Police and Crime Commissioner (PCC) for Norfolk and the Chief Constable of Norfolk. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

The purpose of the Audit Committee is to provide independent advice and recommendation to the 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 governance, risk management and control frameworks, financial reporting and annual governance processes, and internal audit and external audit.

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

Membership

The Committee will comprise a maximum of six named members with appropriate experience and who are independent of the Police and Crime Commissioner for Norfolk (PCC) and the Constabulary. To be quorate at least 3 members must be in attendance.

One of the members will be the Chair of the Committee, who will be directly appointed by the PCC and the Chief Constable (CC).

The members will be able to serve no more than 2 terms and the maximum term to be 4

years. To ensure continuity, where possible, members shall be rotated on and off the Committee in turn rather than as a group, therefore the term of membership will be reviewed as appropriate.

The membership rule includes a qualification for members to have their service extended due to exceptional circumstances. Please Note: - this applies to the 3 members in post at 20th August 2023.

Meetings

The process for calling and holding meetings will be the delegated responsibility of the PCC CFO in liaison with the CCACO. There will be 4 meetings a year. The calendar of meetings shall be agreed at the start of each year. Further meetings outside of the normal cycle can be convened at the request of the Chair. The PCC or Chief Constable may ask the Committee to convene further meetings to discuss particular issues on which they want advice. Meetings can also be requested by the external or internal auditors where this is considered necessary, with the agreement of the Chair.

Reports submitted to the Committee will be available 5 working days before a meeting.

Minutes will be drafted for Audit Chair and PCC CFO review by CCACO normally within 21 days after the meeting and the unsigned and unapproved draft minutes of the most recent meeting will be circulated to all parties attending the meetings once they have been agreed by the Chair and CFO.

The minutes of the Committee will be placed in the public domain as soon as these have been approved and signed by the Chair, with the exclusion of any matter deemed private or confidential.

Governance, Risk and Control

The Committee will, in relation to the PCC and the Chief Constable:

1. Review the corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.
2. Review the Annual Governance Statement(s) prior to approval and consider whether it/they properly reflect(s) the governance, risk and control environment and supporting assurances and identify any actions required for improvement.
3. Consider the arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
4. Consider the framework of assurance and ensure that it adequately addresses the risks and priorities of the OPCC/the Constabulary.

5. Monitor the effective development and operation of risk management, review the risk profile, and monitor progress of the police and crime commissioner/the chief constable in addressing risk-related issues reported to them.
6. Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
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.

And in relation to the above, to give such advice and make such recommendations on the adequacy of the level of assurance and on improvement as it considers appropriate.

Internal Audit

The Committee will:

8. Annually review the internal audit charter and resources.
9. Review and approve the internal audit plan and any proposed revisions to the internal audit plan.
10. Oversee the appointment and consider the adequacy of the performance of the internal audit service and its independence.
11. Consider the head of internal audit's annual report and opinion, and 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.
12. Consider summaries of internal audit reports and such detailed reports as the committee may request from the PCC/Chief Constable including issues raised or recommendations made by the internal audit service, management responses and progress with agreed actions.
13. Consider a report on the effectiveness of internal audit to support the Annual Governance Statement, where required to do so by the Accounts and Audit Regulations

External Audit

The Committee will:

14. Comment on the scope and depth of external audit work, its independence and whether it gives satisfactory value for money.
15. Consider the external auditor's annual management letter, relevant reports, and the report to those charged with governance.
16. Consider specific reports as agreed with the external auditor.
17. Advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

And in relation to the above, to give such advice and make such recommendations on the adequacy of the level of assurance and on improvement as it considers appropriate.

Financial Reporting

The Committee will:

18. 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 police and crime commissioner and/or the chief constable.
19. Consider the external auditor's report to those charged with governance on issues arising from the audit of the financial statements.

And in relation to the above, to give such advice and make such recommendations on the adequacy of the level of assurance and on improvement as it considers appropriate.

Other functions

The Committee will:

20. 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.

Accountability

The Committee will:

21. On a timely basis report to the PCC and the Chief Constable with its advice and recommendations in relation to any matters that it considers relevant to governance, risk management and financial management.
22. Annually report to the PCC and the Chief Constable 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.
23. Annually review its performance against its terms of reference and objectives on an annual basis and report the results of this review to the PCC and the Chief Constable.

Jill Penn, Chief Finance Officer