


POLICE AND CRIME COMMISSIONER (PCC) FOR LINCOLNSHIRE
REQUEST FOR DECISION

REF: 2012/006

DATE: 22 November 2012

SUBJECT		INTERIM AUDIT COMMITTEE
REPORT BY	CHIEF EXECUTIVE	
CONTACT OFFICER	John King, Corporate Administration Officer, OPCC Tel 01522 947227	
EXECUTIVE SUMMARY AND PURPOSE OF REPORT		
To approve the arrangements made for establishing an Interim Joint Audit Committee.		
RECOMMENDATION	<i>That the arrangements made for establishing an Interim Joint Audit Committee be approved.</i>	

POLICE AND CRIME COMMISSIONER FOR LINCOLNSHIRE	
I hereby approve the recommendation above, having considered the content of this report.	
Signature: 	Date: 22/11/12

A. NON-CONFIDENTIAL FACTS AND ADVICE TO THE PCC

A1. INTRODUCTION AND BACKGROUND

- 1.1 It is a requirement of the new Financial Management Code of Practice for the Police Service that the Police and Crime Commissioner and Chief Constable establish an independent Audit Committee. The Code also recommends that this be a combined body which will consider the internal and external audit reports of both the Commissioner and the Chief Constable.
- 1.2 Given the role of the Audit Committee Chair within the overall governance environment, it is assumed that the Commissioner would want to be involved in his/her appointment. It is therefore envisaged that the Joint Audit Committee Chair, together with members of the Committee, would be openly recruited, during the spring of 2013, in accordance with the principles set out by the Committee on Standards in Public Life.
- 1.3 At its meeting held on 20 July 2012, the former Police Authority determined that an Interim Joint Audit Committee be established, comprising a minimum of 3 members with a clear remit based on internal/external audit, risk management and financial governance. It was further agreed that Members of the Committee would be appointed jointly by the Police Authority Chair and the Chief Constable.

- 1.4 Terms of reference for the Interim Joint Audit Committee were approved by the Authority and are attached at **Appendix 1**. The approval of the Terms of Reference for the substantive Joint Audit Committee will be a matter for the Commissioner and Chief Constable in due course.
- 1.5 In order to provide continuity and demonstrate independence, the Authority sought expressions of interest from existing Police Authority Independent Members. A role description/person specification (attached at **Appendix 2**) was developed to assist prospective candidates in understanding their role on the Interim Joint Audit Committee. The deadline set for expressions of interest was Noon on Friday 31 August 2012.
- 1.6 Three Independent Members, namely Mrs Angela Crowe JP, Mr Andre Dezonie and Mr Fred Mann JP submitted expressions of interest and were subsequently appointed to the Interim Joint Audit Committee. Details of the terms and conditions of appointment are provided at **Appendix 3**. Appointments were made for a period of 12 months commencing on 1 October 2012, subject to review by the Commissioner and Chief Constable.
- 1.7 Members of the Committee attended a familiarisation event on 19 November 2012. The first formal meeting of the Committee is scheduled for January 2013. Further meeting dates will be held on a quarterly basis throughout the year.
- 1.8 The Police and Crime Commissioner is invited to consider and approve the action that has been taken by the former Police Authority and the Chief Constable in establishing an Interim Joint Audit Committee.

A2. LINKS TO POLICE AND CRIME PLAN AND PCC'S STRATEGIES/PRIORITIES

None.

B. FINANCIAL CONSIDERATIONS

Remuneration for members of the Interim Joint Audit Committee will be in accordance with the Home Office rates for Police Appeals Tribunal Members. The rate for a full day (sittings of more than 4 hours excluding meal breaks) is £211.50 and for a half day (sittings of 4 hours or less excluding meal breaks) is £104.50.

C. LEGAL AND HUMAN RIGHTS CONSIDERATIONS

[this should include the legal powers the PCC has for making the decision]

It is a requirement of the Financial Management Code of Practice for the Police Service that the Police and Crime Commissioner and Chief Constable establish an Independent Audit Committee

D. PERSONNEL AND EQUALITIES ISSUES

None.

E. REVIEW ARRANGEMENTS

None planned.

F. RISK MANAGEMENT

Whilst the Interim Joint Audit Committee is not highlighted as a specific risk within the PCCs Risk Register, the establishment of an Interim Joint Audit Committee would ensure compliance with Financial Management Code of Practice for the Police Service.

H. PUBLIC ACCESS TO INFORMATION

Information in this form along with any supporting material is subject to the Freedom of Information Act 2000 and other legislation. Part 1 of this form will be made available on the PCC's website within one working day of approval. However, if release by that date would compromise the implementation of the decision being approved, publication may be deferred. An explanation for any deferment must be provided below, together with a date for publication.

<p>Is the publication of this form to be deferred? No</p> <p>If Yes, for what reason:</p> <p>Until what date:</p>

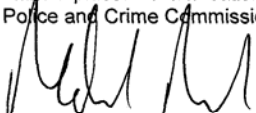
Any facts/advice/recommendations that should not be made automatically available on request should not be included in Part 1 but instead on the separate part 2 form.

<p>Is there a part 2 form? No</p> <p>If Yes, for what reason:</p>

ORIGINATING OFFICER DECLARATION

	Tick to confirm
Originating Officer: The Chief Executive recommends this proposal for the reasons outlined above.	√
Financial advice: The PCC's Chief Finance Officer has been consulted on this proposal. The CC's Chief Finance Officer has been consulted on this proposal.	√
	√
Monitoring Officer: The PCC's Monitoring Officer has been consulted on this proposal	√
Chief Constable: The Chief Constable has been consulted on this proposal	√

OFFICER APPROVAL

<p>Chief Executive</p> <p>I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report. Consultation outlined above has also taken place. I am satisfied that this is an appropriate request to be submitted to the Police and Crime Commissioner for Lincolnshire.</p>	
<p>Signature: </p>	<p>Date: 22/11/12</p>

**Interim Joint Audit Committee
Terms of Reference**

1. To provide independent advice about the adequacy and effectiveness of the financial and other controls, corporate governance, financial and contract regulations and risk management arrangements operated by the Commissioner and the Chief Constable.
 2. To manage the commissioning and appointment of internal and external auditors to both corporations sole
 3. To approve the annual audit plans for both internal and external audit and the associated fees.
 4. To receive the head of internal audit's annual report
 5. To review quarterly summary internal audit reports, including an opinion on the adequacy and effectiveness of risk management and internal controls, and any corporately significant issues arising from internal audit and risk management reports, and to seek assurance that action has been taken where appropriate.
 6. To monitor and review the overall effectiveness of the internal audit function.
 7. To consider the annual audit letter and to monitor the Commissioner's and Chief Constable's responses to the recommendations made by the external auditor.
 8. To monitor and review the Commissioner's and the Chief Constable's procedures for handling allegations from whistle-blowers and their anti-fraud and corruption strategy.
 9. To consider the annual statements of accounts for the Commissioner and the Chief Constable and, in particular, to review significant financial judgements contained in them in accordance with the Accounts and Audit Regulations 2006.
 10. To consider the external auditor's report to those charged with governance on issues arising from the audit of accounts.
 11. To review the effectiveness of internal controls in line with statutory requirements and good practice and to determine the Annual Governance Statement together with associated action plans for addressing areas of improvement.
 12. To monitor the implementation of recommendations of reviews such as those by Her Majesty's Inspector of Constabulary or the Force which could affect risk, internal control and corporate control.
 13. To have due regard to obtaining value for money.
 14. To have due regard to equal opportunities generally and the requirements of all equalities, anti-discrimination and human rights legislation.
 15. To review any issue referred to it by the Police and Crime Commissioner, Chief Executive Officer, the Chief Finance Officer or the Chief Constable.
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Appendix 2

Role description and person specification

Interim Joint Audit Committee Member - Role Description	
Accountable to:	Chairman of the Interim Audit Committee
Role overview:	
<p>The Joint Audit Panel Chair plays a key role in enhancing public trust and confidence in the governance of Lincolnshire Police Force and the Office of the Police and Crime Commissioner and in assisting the Police and Crime Commissioner discharge their statutory responsibilities in holding the Chief Constable to account.</p>	
Key actions:	
<p>Key Responsibilities</p> <ol style="list-style-type: none"> 1. Maintain an up to date knowledge and awareness of national and local policing and crime issues 2. Advise the Chief Constable and Police and Crime Commissioner of key risk, compliance and governance issues that arise in conducting audit committee business 3. Maintain a good understanding of the internal control and operating environment 4. Effectively discharge the key responsibilities of the Interim Joint Audit Committee. 5. Provide independent assurance on the adequacy and effectiveness of the internal control environment (including risk management) in operation with the Chief Constable and Police and Crime Commissioner, advising the Chief Constable and Police and Crime Commissioner as appropriate. 6. Oversee the financial reporting process 7. Advise the Chief Constable and Police and Crime Commissioner on the appropriate arrangements for external and internal audit and ensuring an appropriate response to audit reports and findings 8. Attend meetings of the Interim Joint Audit Committee ensuring all aspects of business are adequately covered in line with agreed Terms of Reference. 9. Where required, to meet with the External Auditor and Internal Auditor to discuss risk, compliance and governance issues arising as a result of external or internal audit activity. 10. To provide support to the Interim Joint Audit Committee Chair in providing assurance to the External Auditor on governance issues. 11. Attend a scrutiny meeting if called by the Police and Crime Panel. 12. Contribute to the Chair's annual review of the effectiveness of the Interim Joint Audit Committee. 13. Promote equality of opportunity and work to limit unlawful discrimination. 14. Comply with the relevant codes of conduct and maintain the highest standards of conduct and ethics. 	

Independent Member- Interim Joint Audit Committee – Person Specification			
	Requirements	Essential (E) or Desirable (D)	Measurement (see below)
Knowledge, skills and experience	A relevant financial or accountancy qualification	D	A/I
	Financial awareness and awareness of current accounting issues	E	A/I
	Experience in a role involving scrutiny and review of governance and/or finance.	E	A/I
	Understanding of the principles of change and risk management	E	A/I
	Understanding of the requirements of the Financial Management Code of Practice	D	A/I
	Knowledge of corporate governance legislative requirements and an understanding of the requirements of Managing Public Money, or the ability to acquire this knowledge quickly.	E	A/I
	Understanding of the role and responsibilities of the Police and Crime Commissioner and the Chief Constable.	D	A/I
Personal characteristics and behaviours	Ability to operate effectively as a strategic member of the Interim Joint Audit Committee	E	A/I
	Commitment to valuing diversity and ability to work in such a way as to demonstrably fulfil that commitment	E	A/I
	Being a team worker, able to build productive and collaborative relationships with people across the Office of the Police and Crime Commissioner, Force, and externally	E	A/I
	Having a facilitative, supportive way of working	E	A/I
	Objective, independent thinking with high personal integrity and credibility.	E	A/I
	Ability to bring constructive and independent challenge where required	E	A/I
	Ability to analyse complex information, reach practical decisions and think strategically	E	A/I
	Excellent communication skills and a high level of personal impact.	E	A/I
Uphold the highest ethical standards of integrity and honesty and demonstrate an understanding of and commitment to the Nolan Principles.	E	A/I	

Measurement	A. From application form	T. By test after shortlisting	I. Probing at interview	P. Presentation

Interim Joint Audit Committee
Terms/Conditions of Appointment

Composition

The Interim Joint Audit Committee will have a minimum of three and a maximum of five members appointed jointly by the Police Authority Chairman and the Chief Constable.

Reporting line

The Interim Joint Audit Committee will report directly to the Police and Crime Commissioner for Lincolnshire and the Chief Constable

Remuneration

Remuneration for members will be in accordance with the Home Office rates for Police Appeals Tribunal Members split as:

Full day i.e. sittings of more than 4 hours excluding meal breaks	£211.50
Half day i.e. sittings of 4 hours or less excluding meal breaks	£104.50

Allowances will be subject to taxation and national insurance deductions at the appropriate rates. Other rates/expenses to be agreed as necessary.

Reimbursement of travel costs

The most practical, economic and sustainable method of travel should be used. The Office of the Police and Crime Commissioner will book public transport when requested to do so:

Rail: the cost of rail will be reimbursed at the amount paid provided that evidence is available to show that this was the most economic option for the date and time of travel

Cars, vans and motorcycles: reimbursement will be at the relevant HMRC approved rate (the car mileage rate is 45p per mile up to 10,000 miles at the time of preparing this document)

Time commitment

It is envisaged that the committee will meet four times during the 12 month period of the appointment. Overall including preparation time, we do not expect the

commitment of the successful candidates to exceed 6 days during the period of the appointment.

Duration of appointment

The duration of appointment will be for a period of 12 months from October 2012 but will be subject to review by the Police and Crime Commissioner and Chief Constable any may be terminated at any time during the 12 month period.

Location

The appointment will be primarily based at Police Headquarters, Nettleham, Lincolnshire, however Interim Joint Audit Committee meetings may take place at any of the Lincolnshire Police Sites across the county when required.

Eligibility and vetting

Existing independent member of Lincolnshire Police Authority.

Before appointment to the committee is confirmed, candidates will need to be successfully vetted. If candidates are already vetted they may be asked to update their vetting checks if required.

Candidates who are un-discharged bankrupts will not be eligible for appointment to the Interim Joint Audit Committee.

Residence

There must be no employment restrictions, or time limit on a candidates' permitted stay in the UK.

Equality and Diversity

Both Lincolnshire Police Authority and Lincolnshire Police are committed to promoting equality of opportunity irrespective of gender, ethnic origin, disability, religious belief, sexual orientation, age, or any other factor.