

# Part 3

## Section 2.3 - Terms of Reference

### Independent Audit Committee Terms of Reference

#### Statement of Purpose

1. The Joint Independent Audit Committee is a key component of corporate governance for West Yorkshire Police and Mayor's PCC functions. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.
2. The purpose of the Joint Independent Audit Committee is to provide independent advice and recommendation to the Mayor (for the PCC functions) 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 West Yorkshire Police and the Mayor's (for the PCC functions) governance, risk management and control frameworks, the financial reporting and annual governance processes, and internal audit and external audit.
3. These terms of reference will summarise the core functions of the committee in relation to the Mayor's PCC functions and to the Force and describe the protocols in place to enable them to operate independently, robustly and effectively.

#### Governance, Risk and Control

The committee will provide advice and recommendations to the Mayor (for the PCC functions) or Chief Constable in relation to the following areas:

4. Review the corporate governance arrangements against the good governance framework, including the ethical framework and consider the local code of governance.
5. Review the annual governance statements prior to approval and consider whether they properly reflect the governance, risk and control environment and supporting assurances and identify any actions required for improvement.
6. Review treasury management policies, practices and activities including an annual strategy and plan.
7. Consider the arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
8. Consider the framework of assurance and ensure that it adequately addresses the risks and priorities of the Mayor's PCC functions/the Force.

9. Monitor the effective development and operation of risk management, review the risk profile, and monitor progress of the Mayor's PCC functions/the Chief Constable in addressing risk-related issues reported to them.
10. Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
11. 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.
12. To review the governance and assurance arrangements for significant partnerships or collaborations.
13. To receive requests from, and provide advice to, the Treasurer, Force Chief Finance Officer, Monitoring Officer and Head of Internal Audit.

### **Internal Audit**

The committee will provide advice and recommendations to the Mayor (for PCC functions) or Chief Constable in relation to the following areas:

14. Annually review the internal audit charter and resources.
15. Review the internal audit plan and any proposed revisions to the internal audit plan.
16. Oversee the appointment process and consider the adequacy of the performance of the internal audit service and its independence.
17. 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.
18. To consider the Head of Internal Audit's statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement – these will indicate the reliability of the conclusions of internal audit.
19. Consider summaries of internal audit reports and such detailed reports as the committee may request from the Mayor (for PCC functions)/the Chief Constable, including issues raised or recommendations made by the internal audit service, management response and progress with agreed actions.
20. Consider a report on the effectiveness of internal audit to support the AGS, where required to do so by the Accounts and Audit Regulations (England) 2015.
21. To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the Head of

Internal Audit. To make recommendations on safeguards to limit such impairments and periodically review their operation.

### **External Audit**

The committee will provide advice and recommendations to the Mayor (for PCC functions) or chief constable in relation to the following areas:

22. Support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by either PSAA or the auditor panel as appropriate.
23. Comment on the scope and depth of external audit work, its independence and whether it gives satisfactory value for money.
24. Consider the external auditor's annual management letter, relevant reports and the report to those charged with governance.
25. Consider specific reports as agreed with the external auditor.
26. Advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

### **Financial Reporting**

The committee will provide advice and recommendations to the Mayor (for PCC functions) or Chief Constable in relation to the following areas:

27. 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 Mayor (for PCC functions) and/or the Chief Constable.
28. Consider the external auditor's report to those charged with governance on issues arising from the audit of the financial statements.

### **Accountability Arrangements**

Through its committee meetings the committee will deliver the following:

29. On a timely basis report to the Mayor (for PCC functions) 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.
30. Report to the Mayor (for PCC functions) 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.

31. Review its performance against its terms of reference and objectives on an annual basis and report the results of this review to the Mayor (for PCC functions) and the Chief Constable.
32. Report to the Governance and Audit Committee of the Combined Authority on an annual basis on the work of the committee and any matters relating to accounts and audit functions.
33. Publish an annual report on the work of the committee.

### **Constitution**

4 members independent of the Mayor and the Chief Constable, one of whom is the appointed Chair.

### **Quorum**

3 members, including the Chair. In the absence of the Chair members present will appoint a Chair for that meeting.

## **JOINT INDEPENDENT AUDIT AND ETHICS COMMITTEE**

### **STATEMENT OF PURPOSE**

**There will be one joint independent audit and ethics committee, comprising of two sessions, one for audit issues and one for ethics issues.**

#### **Audit:**

To provide independent assurance on the adequacy of the risk management framework and the associated control environment, independent scrutiny of processes in order to get re-assurance regarding the organisation's financial and non-financial performance to the extent that it affects exposure to risk and weakens the control environment, and to oversee the financial reporting process.

#### **Ethics:**

To provide independent assurance in the ethical governance and actions of West Yorkshire Police and the Mayor (for PCC functions), providing reassurance to the Mayor for West Yorkshire that ethics and integrity are embedded within West Yorkshire Police.

The Committee will provide assurance to both the Mayor and the Chief Constable that the Force and the Mayor (for PCC functions) aspires to, and achieves, the highest levels of integrity and standards of service delivery.

It will discharge responsibilities by;

- Promoting the highest standards of ethical conduct.
- Provide a focus for education into ethical issues and promote a culture of learning lessons.
- Providing a source of support to others.
- Support compliance with organisational values.
- Promote confidence in the community.

#### **Reporting:**

The committee will report to the Governance and Audit Committee in the Combined Authority on an annual basis to highlight any ethical issues of relevance arising from the work of the Committee.

The Committee will review its own effectiveness on an annual basis at the end of each year and it will duly publish an annual report on the work and findings of the Joint Independent Audit and Ethics Committee that the communities of West Yorkshire can have confidence in.

## 1. ETHICS SESSION

### Ethical Governance Environment

To provide assurance to the Mayor and the Chief Constable on the effectiveness of embedding the Code of Ethics for police officers and its on-going influence on service delivery.

To promote the influence of ethics in delivering excellent quality of service.

To anticipate ethical challenges facing the police service and influence changes to West Yorkshire Police policy.

### Process Evaluation and Review

To regularly consider:

- The processes and policies in place around ethics and integrity and their effective delivery;
- The Internal Ethics and Integrity Committee processes and findings;
- Ethical issues arising from the Good Governance Group meetings;
- Items referred from the Joint Independent Audit Committee arising from an ethical perspective;
- Anti-fraud, corruption, whistleblowing and equality and diversity best practice, policies and arrangements, and their operation in the Mayor's Office (for PCC functions) and the Force;
- Complaints against the Force and the Mayor (for PCC functions) to ensure that they are dealt with expeditiously and follow due process.

The Committee will not:

- Review operational issues or individual cases. However, it may have regard to themes emerging from operational issues.
- Advise on individual complaints made against individual police officers or members of police staff.

To scrutinise and dip-sample:

- Senior officers' expenses, business interests, gifts and hospitality and procurement related declarations of the Force and Mayor's Office (for PCC functions) to assist the Force and the Mayor to set the ethical standards expected of all leaders;
- Stop and search data and application of policy to assess any disproportionality;
- Data relating to grievances, Employment Tribunals and discipline, recruitment and training and performance procedures to assess any disproportionality;
- Complaints and conduct matters within the Force and the Mayor's Office (for PCC functions) to ensure organisational learning takes place and statutory processes are adhered to.

To receive reports from and make recommendations around ethics and integrity to the Mayor's Monitoring Officer in the event of the Mayor (in relation to PCC functions), Chief Constable or their staff committing or proposing to act unlawfully.

To receive reviews from Her Majesty's Inspector of Constabulary and Fire and Rescue Services (HMICFRS), the Independent Office for Police Conduct (IOPC) and any other relevant review body, which include ethical issues relevant to the Mayor or Force. This is to ensure full consideration has been given to any relevant actions arising from the recommendations and to monitor effective implementation.

To provide assurance to the Mayor and the Chief Constable that the development of Force policy and procedure reflects the values of the Force.

To consider any ethical matters referred by the Mayor (in relation to PCC functions) or by the Chief Constable.

### Document version control

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