Hertfordshire Joint Audit Committee

Terms of Reference[1]

Membership and attendance

The Committee comprises a Chair and three Members, with three members required to form a quorum. Invitations to attend will normally be extended to the Chief Finance Officer, Director Strategic Services & Delivery, Head of Governance (OPCC), Internal Auditor and External Auditor. The PCC, Chief Constable and Chief Executive (OPCC) will be invited to attend each meeting. Any other attendees will be invited where relevant to the agenda. A separate policy will set out which items are to be considered in private and any specific attendance requirements. In the event of the Chair being unavailable, the members will elect one of those present to chair the meeting.

Terms of office and independence

Committee members, including the Chair, will be appointed for a fixed term determined by the PCC and Chief Constable. Terms of office may be renewed or extended where this supports continuity, effective succession planning, or transition to future governance arrangements. In the context of local government reorganisation, devolution and policing reform, existing member terms may be extended to May 2028 or until the replacement of the current PCC governance arrangements, whichever comes first, subject to any necessary approvals and confirmation of the future statutory framework.

Committee members must be independent of the executive decision-making arrangements of the PCC and Chief Constable. Members should not hold roles,

[1] Adapted from Appendix B2 of CIPFA's *Audit Committees: practical guidance for local authorities and police* – October 2022

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responsibilities or interests that could reasonably be perceived to compromise their independence, objectivity, or ability to provide constructive challenge.

Appointments and reappointments should take account of the skills, knowledge, experience and independence required by the Committee, the need for continuity, and the outcome of the Committee's annual skills and effectiveness review.

Frequency

The Committee will normally meet four times a year and in any event no fewer than three times a year. Any of the above-named invitees may request that a meeting be convened where considered necessary.

Governance

The Committee's role is to act in an advisory capacity in support of both the PCC and the Chief Constable.

The Committee will continue to operate as the Joint Audit Committee for the PCC and Chief Constable pending confirmation of future governance arrangements arising from local government reorganisation, devolution and policing reform.

With shadow authority elections scheduled for May 2027 and new unitary councils vesting in April 2028, the Committee recognises the importance of continuity during the transition period. Once the future assurance and accountability framework is confirmed, Committee members will be kept updated on proposed transition arrangements and any implications for the Committee's role, membership and Terms of Reference.

Register of Interests

Any actual, potential or perceived conflict of interest of a Committee member shall be disclosed and recorded in a register. The register will be reviewed annually. Committee members must notify any changes to their declared interests promptly as they arise, rather than waiting for the annual review. Whether a conflict of interest exists will be determined by the Chair. Where the conflict relates to the Chair, the decision will be made by the remaining Committee members present, by majority decision.

Statement of purpose

The Committee's purpose is to provide a high-level, independent focus on the adequacy of governance, risk management and internal control arrangements. In discharging this role, the Committee provides assurance to the PCC and Chief Constable that those arrangements are operating effectively.

The Committee has oversight of internal and external audit, together with financial and governance reporting, and helps to ensure that appropriate arrangements are in place for both internal challenge and public accountability.

Governance, risk, and control

- To review the corporate governance arrangements of the PCC and Chief Constable against the good governance framework, including the ethical framework, and to consider the local code of governance.
- To monitor the effective development and operation of risk management in the OPCC and force.
- To monitor progress in addressing risk-related issues reported to the Committee.

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- To consider reports on the effectiveness of internal controls and to monitor the implementation of agreed actions.
- To consider reports on the effectiveness of financial management arrangements, including compliance with CIPFA's Financial Management Code.
- To consider the OPCC's and force's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- To review the assessment of fraud risks and potential harm to the OPCC and force from fraud and corruption.
- To monitor the counter fraud strategy, actions, and resources.
- To review the governance and assurance arrangements for significant partnerships or collaborations.
- To consider, where relevant to governance, risk management, internal control or financial management, assurance arising from inspection bodies[2] and other external assurance providers, and to seek assurance that appropriate governance arrangements are in place to monitor the response to significant findings and recommendations.

Financial and governance reporting

Governance reporting

- To review the AGS prior to approval by the PCC and Chief Constable and to consider whether it properly reflects the risk environment and the assurances available, including the Head of Internal Audit's annual opinion.

[2] For example, HMICFRS

- To consider whether the annual evaluation supporting the Annual Governance Statement (AGS) fairly concludes that governance arrangements are fit for purpose and support the achievement of the objectives of the OPCC and force.

Financial reporting

- To monitor the arrangements and preparations for financial reporting to ensure that statutory requirements and professional standards can be met.
- To review the annual statements of accounts. In particular, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the PCC and Chief Constable.
- To consider the external auditor's reports to the PCC and the Chief Constable on issues arising from the audit of the accounts.

Arrangements for audit and assurance

- To consider the OPCC's and force's framework of assurance and ensure that it adequately addresses their risks and priorities.

External audit

- To support the independence of external audit through consideration of the external auditor's annual assessment of independence and review of any issues raised by PSAA or the Auditor Panel, as appropriate.
- To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
- To consider specific reports as agreed with the external auditor.

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- To comment on the scope and depth of external audit work and to ensure it gives value for money.
- To advise on commissions of additional work from external audit.
- To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.
- To provide free and unfettered access to the audit committee chair for the auditors, including the opportunity for a private meeting with the committee.

Internal audit

- To recommend for approval the internal audit charter.
- To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.
- To review the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
- To consider significant interim changes to the risk-based internal audit plan and resource requirements.
- To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.
- To consider any impairments to the independence or objectivity of the head of internal audit arising from additional roles or responsibilities outside of internal auditing and to recommend and periodically review safeguards to limit such impairments.

- To consider reports from the Head of Internal Audit on internal audit performance during the year, including the performance of any external providers of internal audit services. These will include:
    - updates on the work of internal audit, including key findings, issues of concern and action in hand as a result of internal audit work;
    - regular reports on the results of the Quality Assurance and Improvement Programme (QAIP); and
    - reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards (PSIAS) and Local Government Audit Note (LGAN), considering whether the non-conformance is significant enough that it must be included in the AGS.
- To consider the Head of Internal Audit's annual report, including:
    - the 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)
    - the opinion on the overall adequacy and effectiveness of the governance, risk management and control framework of the OPCC and force, together with a summary of the work supporting the opinion (this will assist the Committee in reviewing the AGS).
- To consider summaries of specific internal audit reports as requested.
- To receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the OPCC or force, or where there are concerns about progress with the implementation of agreed actions.

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- To contribute to the QAIP and in particular to the external quality assessment of internal audit that takes place at least once every five years.
- To consider a report on the effectiveness of internal audit to support the AGS where required to do so by the accounts and audit regulations.
- To provide free and unfettered access to the audit committee chair for the head of internal audit, including the opportunity for a private meeting with the committee.

Accountability arrangements

- To report to the PCC and Chief Constable on the Committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of governance, risk management and internal control frameworks, financial reporting arrangements, and the internal and external audit functions.
- To report to the PCC and Chief Constable on a regular basis on the Committee's performance against these Terms of Reference and on its effectiveness in fulfilling its purpose.
- To undertake an annual review of the Committee's effectiveness, skills and development needs, with the outcome used to inform recruitment, succession planning, induction and training requirements for Committee members.
- To publish an annual report on the work of the Committee, including a conclusion on compliance with the CIPFA Position Statement.

Review of Terms of Reference

These Terms of Reference will be reviewed annually, or sooner where required by changes in legislation, governance arrangements, professional guidance, or the Committee's operating environment.

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Key to Terms of Reference (ToR Ref) for Forward Planning Coverage

A Governance, Risk and Control:	**D Internal Audit:**
	D1 Charter
A1 Governance	D2 Plan
A2 Risk	D3 Progress
A3 Internal Control	D4 Opinion
A4 Financial Management	D5 Effectiveness
A5 Value for Money	
A6 Fraud	**E Assurance Framework:**
A7 Partnerships	E1 Overall Assurance
A8 External Assurance	
	F Accountability:
B Financial Reporting:	F1 Reporting
B1 AGS	F2 Effectiveness Review
B2 Financial Reporting Arrangements	F3 Annual Report
B3 Accounts	
B4 External Audit Findings	
C External Audit:	
C1 Planning	
C2 Reports	
C3 Independence	
C4 VFM	
C5 Relationships	

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