

**THE OFFICE OF POLICE AND CRIME COMMISSIONER
FOR DERBYSHIRE
DECISION RECORD**

Request for PCC Decision	Received in OPCC Date: 27 November 2017	OPCC Ref: 43/17
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JARAC TERMS OF REFERENCE

Executive Summary:

Members undertook a review of the JARAC Terms of Reference at their meeting in July 2017 and again in September 2017 and recommended a number of changes.

The recommended changes have been incorporated into the TORs and are attached to the attached report at Appendix A for approval and formal adoption. The Appendix is in the form of a tracked change document so amendments are clear.

Decision

- i. To approve and adopt the JARAC Terms of Reference with effect from November 2017.

Declaration

I confirm that I have considered whether or not I have any personal or prejudicial interest in this matter and take the proposed decision in compliance with the Code of Conduct for the Police and Crime Commissioner for Derbyshire. Any such interests are recorded below.

(Recorded interests: Patron of Sporting Futures, as declared on the Register of Disclosable Interests and Hospitality Gifts) and Derby City Councillor.

The above request has my approval.

STRATEGIC GOVERNANCE BOARD

28 NOVEMBER 2017

JOINT REPORT OF THE TREASURER & THE CHIEF CONSTABLE

10A: JARAC TERMS OF REFERENCE

1. PURPOSE OF THE REPORT

- 1.1 To approve the adoption of the Joint Audit Risk and Assurance Committee (JARAC) amended terms of reference.

2. INFORMATION AND ANALYSIS

- 2.1 Members of the JARAC undertook a review of the JARAC Terms of Reference (ToRs) at their meeting in July 2017 and again in September 2017 and recommended a number of changes. The responsibility for setting the JARAC ToRs rests with the Police & Crime Commissioner and the Chief Constable, who will be informed by the Committee's day to day working.
- 2.2 The recommended changes have been incorporated into the TORs and are attached to this report at Appendix A for approval and formal adoption. The Appendix is in the form of a tracked change document so amendments are clear.
- 2.3 The changes relate mostly to updated practices and clarifications rather than any radical or fundamental changes.

3. RECOMMENDATIONS

To approve and adopt the JARAC Terms of Reference with effect from November 2017.

4. IMPLICATIONS

All implications are assessed and scored to the table below.

HIGH – supporting explanation and narrative required and to be contained within the report

MEDIUM – narrative to be contained within the report at the discretion of the author

LOW – no narrative required

	LOW	MEDIUM	HIGH
Crime & Disorder	x		
Environmental	x		
Equality & Diversity	x		
Financial	x		
Health & Safety	x		
Human Rights	x		
Legal	x		
Personnel	x		

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BACKGROUND PAPERS

None: JARAC Committee meeting reports and minutes July 2017 and September 2017

ATTACHMENTS

Appendix A JARAC ToRs November 2017

DERBYSHIRE CONSTABULARY
POLICE AND CRIME COMMISSIONER FOR DERBYSHIRE



**TERMS OF REFERENCE FOR
JOINT AUDIT, RISK & ASSURANCE COMMITTEE**

June 2017

1. INTRODUCTION

- 1.1 In line with the principles of good governance as laid down by the Chartered Institute of Public Finance & Accountancy (CIPFA) and the Financial Management Code of Practice for the Police Service of England and Wales, this independent Joint Audit, Risk & Assurance Committee (JARAC) has been established, covering the separate roles and offices of both the Police & Crime Commissioner (Commissioner) and the Chief Constable.
- 1.2 The Office of Commissioner and Chief Constable are intrinsically linked by the priorities of the Police and Crime Plan and therefore it is in the best interests of the public, value for money and probity that a Joint Audit, Risk and Assurance Committee (JARAC) is established.
- 1.3 The purpose of the JARAC is to provide independent assurance of the adequacy the following:
- The risk management and the internal control framework operated by the Commissioner and the Chief Constable.
 - The effectiveness of their respective governance arrangements including providing for value for money services.
 - Appointment, support and keep under review the work of internal and external auditors as they provide assurance on risk management, internal controls and the annual accounts through their work.
 - The financial reporting process.
 - Have appropriate scrutiny of annual accounts, with advice from External Audit, especially the financial reporting process.
- 1.4 The JARAC is a non-executive Committee and has no executive powers, other than those specifically detailed in these Terms of Reference.
- 1.5 The JARAC will establish effective communication with the Commissioner and Chief Constable, their nominated representatives, their respective Chief Finance Officers, Head of Internal Audit, the External Auditor and other relevant stakeholders, for the purpose of fulfilling these terms of reference. A working protocol will be established to ensure that this is achieved by all parties.
- 1.6 The Terms of Reference for the JARAC do not include the oversight of employee/police officer fraud or ethics. This is managed by the Constabulary Professional Standards Department and overseen by scrutiny carried out directly by the Police & Crime Commissioner through his **Head of Compliance and Engagement**.

Comment [DC1]: AD – to note only that this job title is highly likely to change once the OPCC restructure is finalised

2. MEMBERSHIP

- 2.1 The JARAC will have a Chair, a deputy chair and three other members, all of whom must be independent of the Commissioner, the Chief Constable and the Police and Crime Panel.
- 2.2 Members of the JARAC shall be recruited by the JARAC Chair on application and through open competition, in conjunction with the Police and Crime Commissioner and Chief Constable or their representatives. They shall be recruited to ensure that the JARAC has all the necessary skills and experience to fulfil its terms of reference, in accordance with the job description for JARAC members. To ensure the independence of the JARAC, members shall not be:
- A standing or ex-Commissioner or Chief Constable.
 - A member or ex-member of a Police and Crime Panel.
 - Serving police officers or any person who has served as a police officer within the last 5 years.
 - Currently serving officers of councils within the force area.
 - Have no direct or indirect fiduciary relationship with the Constabulary i.e. a member of any partnership body.
- 2.3 The Chair of the JARAC will be jointly recruited by the Commissioner and the Chief Constable and will serve for one term in this role as Chair.
- 2.4 All JARAC Members will serve for a maximum of 2 terms, each term being a maximum of 5 years. To ensure continuity, where possible, members shall be rotated on and off the JARAC in turn rather than as a group, therefore the term of membership for the JARAC will be determined on recruitment of the member.
- 2.5 The deputy Chair is selected by a vote by members of the JARAC. The deputy will serve for one term only in this role. The deputy Chair will act as Chair at meetings in the absence of the Chair. If the Chair can no longer continue in this role, the deputy Chair will act as the Chair until the formal appointment of a new Chair. The deputy Chair will not automatically become the new Chair, although may apply for the post of Chair as part of the recruitment and replacement process run by the Commissioner and Chief Constable.
- 2.6 All members of the JARAC will participate in an annual self-assessment of the JARAC in September each year as detailed in clause 9.3.
- 2.7 On joining the JARAC, each member must attend an induction training course to help them understand the roles of the Commissioner and the Chief Constable, the Police and Crime Committee and the organisations pertaining to the Commissioner and Chief Constable. Further training on specific relevant topics will be provided as

necessary, according to the members' own relevant experience and emerging business needs of the JARAC. Members of the JARAC will be expected to attend all such training and to develop their skills as part of a member development programme. Training needs will be considered during the annual self-assessment process and a training & development programme established both for the JARAC and its individual members as appropriate.

- 2.8 In accordance with the JARAC members' code of conduct, each member will be required to record any conflicts of interest in the register of pecuniary and non-pecuniary interests in September each year. In addition, JARAC members will be required to disclose any such interests at the commencement of any meeting where there is a need to do so due to the nature of the JARAC agenda, or immediately if they arise unexpectedly in discussion.

3 RIGHTS

- 3.1 The JARAC may with reasonable justification and with prior agreement of the Commissioner and Chief Constable, procure specialist ad-hoc advice to obtain additional skills, knowledge and experience at the expense of the Commissioner and Chief Constable to support the JARAC in the achievement of its terms of reference. This will be considered appropriate where specialist advice is not available within the existing JARAC support arrangements or it is not considered appropriate to use this support.
- 3.2 Only members of the JARAC have the right to vote on matters.
- 3.3 The members of the JARAC will be remunerated and reimbursed for all expenses incurred in the fulfilment of their JARAC duties, roles and responsibilities in accordance with the schedule of allowances and expenses agreed by the Commissioner and Chief Constable. The allowances and expenses of the JARAC are detailed in par 3.4
- 3.4 The members of the JARAC will be remunerated and reimbursed for all expenses incurred in the fulfilment of their JARAC duties, roles and responsibilities in line with the allowances specified as follows
- for a full day attendance (more than 4 hours including travel)
Chair £263.94; Ordinary Member £211.15.
 - for a part day attendance (less than 4 hours including travel)
Chair £130.62; Ordinary Member £104.50.
 - Notional preparation and reading time, per hour £15.00
 - Travel by car £0.45 per mile irrespective of engine size
 - Car parking: costs incurred, receipt required
 - Travel by taxi: costs incurred, receipt required
 - Carer or child care: costs incurred¹, receipt required

¹ The carer cannot be a member of the claimant's household;

4 SUPPORT

- 4.1 The Chair, in conjunction with the Commissioner and Chief Constable has particular responsibility for ensuring that the work of the JARAC is appropriately resourced, including appropriate secretariat support and any other specialist support necessary to ensure its members are effective in their role. The JARAC Chair has a duty to report any shortfall in the level of support to the Commissioner and Chief Constable in the first instance and in a public report if this is not remedied.
- 4.2 The allocation of secretariat support to the JARAC and its funding will be agreed between the Commissioner and Chief Constable. This will include ensuring that best practice as contained in relevant good governance codes and protocols are upheld so that the JARAC is effective and the members' independence is maintained.

5 FREQUENCY AND NOTICE OF MEETINGS

- 5.1 The JARAC will meet four times a year. The calendar of meetings shall be agreed at the start of each financial year. One meeting shall be dedicated to the scrutiny of the statement of accounts of the Commissioner and Chief Constable before or close to submission to external audit.
- 5.2 Further meetings outside of the normal cycle of the JARAC can be convened at the request of the JARAC Chair or any of its members, subject to agreement by the Chair.
- 5.3 The Commissioner and or Chief Constable may ask the JARAC to convene further meetings to discuss particular issues on which they want the advice of the JARAC.
- 5.4 Meetings can be requested by the external or internal auditors where this is considered necessary and on agreement of the JARAC Chair.
- 5.5 Unless otherwise agreed, formal notice of each meeting confirming the venue, time and date together with the agenda of items to be discussed, will be forwarded to each member of the JARAC, any other person required to attend and all other appropriate persons determined by the Chair, no later than five working days before the date of the meeting.

The minimum rate will be the non-London adult hourly Living wage, and the maximum rate will be £12.34 (the hourly weekday rate charged locally by Derby City Council for a home care assistant).

The payment is payable only in respect of children aged 16 or under and in respect of other dependants where there is medical or social work evidence that care is required.

- 5.6 Any meetings held outside the normal cycle of meetings should be convened with a minimum notice of five working days. Extraordinary or urgent meetings may be held with less notice but should be for exceptional matters only, subject to the Chair's agreement and quorum requirements. In this case the agenda and any supporting papers will be sent to the JARAC members and to other attendees at the same time as the meeting notice is sent out, recognising that if the matter is so urgent that there may only be an oral report. If this is the case then this will be identified on the agenda.

6 ATTENDANCE AT MEETINGS

- 6.1 Members of the JARAC are expected to attend all meetings. If two or more meetings are missed in a year, this will be discussed as part of the annual self-assessment process. Regular non-attendance of JARAC members will lead to their removal as a member of the JARAC on agreement by the Chair.
- 6.2 The Commissioner and Chief Constable, may attend all meetings of the JARAC, or ensure that they are suitably and appropriately represented, therefore ensuring that the purpose of the meeting is not compromised and that the members are able to appropriately fulfil their responsibilities. In addition, the Police Reform and Social Responsibility Act 2011, Section 114 of the Local Government Finance Act 1988 and the Audit and Accounts Regulations 2011 assign a number of statutory responsibilities to each of the Chief Finance Officers of the Commissioner and Chief Constable. Given the nature of these responsibilities it is expected that both the Chief Finance Officers of the Commissioner and the Chief Constable will attend all meetings of the JARAC, or where this is not possible then their nominated representatives.
- 6.3 The Head of Internal Audit or their representatives of the external auditor will be invited to attend meetings on a regular basis. The JARAC should meet with the Head of Internal Audit and representatives of the external auditor separately and privately at least once a year.
- 6.4 A minimum of three members of the JARAC must be present for the meeting to be deemed quorate, one of whom must be either the Chair or deputy Chair.
- 6.5 All JARAC meetings will be held in public with the matters discussed being placed in the public domain. Where items are considered commercially sensitive or contain issues which are deemed confidential or relate to a member of staff the JARAC may sit privately, that is, excluding members of the public or press, and will record their reasons for this decision in the public domain.
- 6.6 The JARAC may hold private informal meetings e.g. for briefing and training purposes without any non-members present if they so decide. Decisions cannot be taken at such meetings.

7 ACCESS

- 7.1 The Chief Finance Officers, Head of Internal Audit and the representative of external auditor of the Commissioner and Chief Constable will have free and confidential access to the Chair of the JARAC and the JARAC Chair will have free and confidential access to the Chief Financial Officers, the Head of Internal Audit and the representative of external audit.

8 MINUTES OF MEETINGS

- 8.1 The secretary of the JARAC will record the names of those present at the meeting, write minutes, including the key points and decisions of all JARAC meetings, along with any actions stemming from discussion that need to be taken. The minutes of the previous meeting must be approved by the JARAC.
- 8.2 The secretary of the JARAC will establish, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly, see also paragraph 2.8 of these terms of reference.
- 8.3 The unsigned and unapproved minutes of the most recent JARAC meeting will be circulated promptly and generally no later than ten working days after the meeting to all members of the JARAC, to the Commissioner and the Chief Constable along with their nominated representative at the JARAC, the Chief Finance Officers of the Commissioner and Chief Constable and to the internal and external auditors, once they have been considered by the Chair or deputy Chair in the Chair's absence.
- 8.4 The minutes of the JARAC will be placed in the public domain as soon as these have been approved and signed by the Chair, with exclusion to any matter deemed private and confidential, as per paragraph 6.5 of these terms of reference.

9 REPORTING

- 9.1 The Chair of the JARAC will provide the Commissioner and Chief Constable with an Annual Report in the name of the JARAC, timed to support finalisation of the accounts and the Annual Governance Statement, summarising its conclusions from the work it has done during the year and drawing attention to any significant or emerging issues as appropriate. This report will be placed in the public domain following its discussion with the Commissioner and Chief Constable along with their responses. The Chair will be responsible for dealing with any public or media questions relating to that report.
- 9.2 The JARAC will, having regard to best governance practice, review these terms of reference annually and make any changes deemed necessary in consultation with the Commissioner and Chief Constable.

- 9.3 The JARAC will annually review its own performance to ensure it is fulfilling its terms of reference and operating effectively. In doing so it will make any recommendations for change to the Commissioner and Chief Constable. This annual review of performance will be based on a self-assessment model found in the Guidance for Audit Committees – Local Authorities and Police (CIPFA 2013).

10 RESPONSIBILITIES

10.1 Risk Management, Governance and internal control responsibilities

The JARAC will obtain assurance in connection with the following:

- 10.1.1. The establishment and maintenance of an effective system of risk management, integrated governance and internal control, across the whole of the Commissioner and Chief Constable activities that supports the achievement of the objectives of the Police and Crime plan, ensuring probity, value for money and good governance. The oversight of ethics and fraud is carried out by the Constabulary Professional Standards Dept.
- 10.1.2. The timely implementation of any actions necessary to ensure compliance with all internal standards and best practice, both financial and non-financial operated by the Commissioner and Chief Constable.
- 10.1.3. The adequacy of relevant disclosure statements, in particular the Annual Governance Statement, together with any accompanying Head of Internal Audit report, external audit opinion, risk register or other appropriate independent assurances, prior to endorsement by the Commissioner and / or the Chief Constable.
- 10.1.4. The adequacy of arrangements for ensuring compliance with relevant regulatory, legal, code of conduct and antifraud and corruption requirements as set out in Secretary of State Directives and other relevant bodies or professional standards.
- 10.1.5. The JARAC will recommend for adoption the Annual Governance Statement for the Commissioner and Chief Constable.

10.2. Internal audit responsibilities

It is anticipated that the Commissioner and Chief Constable will engage the same internal auditors. The role of the JARAC in relation to internal audit will include advising the Commissioner and Chief Constable on the following:

- 10.2.1. Consider and make recommendations on the provision of internal auditors, including appointment, assessment of performance and dismissal.

- 10.2.2. Review and advise on the internal audit strategy and annual internal audit plan, ensuring that this :
- is consistent with professional standards;
 - meets the audit needs of Commissioner and Chief Constable; and
 - provides the JARAC with adequate coverage for the purpose of obtaining appropriate levels of assurance over the adequacy of the risk management, governance and internal control environment of both the Commissioner and Chief Constable.
- 10.2.3. Consider the Head of Internal Audit's annual report and opinion, and a summary of audit activity (actual and proposed) and the level of assurance it gives over the risk management and governance arrangements of the Commissioner and Chief Constable.
- 10.2.4. Consider the findings of internal audit reports (or their summaries), the assurance provided and the adequacy of the response by the Commissioner and / or Chief Constable.
- 10.2.5. Commissioning additional work from the internal auditor, having regard to any actual or potential conflicts of interest.
- 10.2.6. Ensuring co-ordination between the internal and external auditors to optimise audit resources.
- 10.2.7. Annually review the effectiveness of internal audit.
- 10.2.8. Where the JARAC considers there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the JARAC wishes to raise, the chair of the JARAC must raise the matter with the Commissioner and Chief Constable and where appropriate seek legal advice if required. Exceptionally, the matter may need to be referred directly to the external auditor, HMIC and / or the Home Office e.g. fraud suspicion directly involving the Commissioner or Chief Constable.

10.3. External audit responsibilities

It is anticipated that the Commissioner and Chief Constable will engage the same external auditors. The role of the JARAC in relation to external audit will include advising the Commissioner and Chief Constable on the following:

- 10.3.1. Consider and make recommendations on the provision of external auditors.
- 10.3.2. Review, advise on and endorse the external audit strategy and annual audit Plan and Progress Report, ensuring that this is consistent with professional standards and the External Audit Code of Audit Practice.
- 10.3.3. Consider the external auditor's annual letter, relevant reports and the report to those charged with governance.

- 10.3.4. Consider specific reports as agreed with the external auditor.
- 10.3.5. Commissioning work from the external auditor, having regard to any actual or potential conflicts of interest.
- 10.3.6. Consider major findings of external audit work and the adequacy of response of the Commissioner and / or Chief Constable
- 10.3.7. Ensuring co-ordination between the internal and external auditors to optimise audit resources.
- 10.3.8. Annually review the effectiveness of external audit.

10.4. Annual Accounts of the Commissioner and Chief Constable

The JARAC will:

- 10.4.1. Review and scrutinise the annual statement of accounts prior to their external audit. Specifically, it will seek assurances whether appropriate accounting policies have been followed and whether there are any concerns arising from the financial statements.
- 10.4.2. Consider the external auditor's report to those charged with governance on issues arising from the audit of accounts.

11 INFORMATION REQUIREMENTS

- 11.1 A programme for the annual cycle of JARAC meetings will be prepared. The current cycle is as follows

Quarter	Approx month	Main topic(s)
Spring meeting	about March	Value for Money
Summer meeting	about June	Risk Management and Review and Advice on Internal Controls
Autumn meeting	about September	Financial reporting / Final Accounts /Data Quality and Appraisal
Winter meeting	about December	Risk Management

- 11.2 In addition to the cyclic agenda, each meeting of the JARAC will be provided with:
 - A progress report from the head of internal audit summarising:
 - Work performed and a comparison with work planned
 - Key issues emerging from internal audit work

- Management response to audit recommendations
- Changes to the periodic plan
- Any resourcing issues affecting the delivery of internal audit objectives
- A progress report from the external audit representative summarising work done and emerging findings.
- A summary report of actions being tracked and progress made in particular in connection with the implementation of significant risk, governance and internal controls matters, thereby providing an on-going process of follow-up.
- To receive a regular update on HMIC Inspection Activity.

And where applicable:-

- A report summarising any significant changes to the Commissioner and Chief Constable risk and controls profile and any action planned in response.
- A report on any governance matters arising or a note that no governance matters have arisen since the last meeting and any action planned in response.

Hardyal Dhindsa
Commissioner for Derbyshire

Peter Goodman QPM
Chief Constable of Derbyshire
Constabulary

Version 5
Effective from date to be inserted