



**Lancashire  
Constabulary**

police and communities together

## JOINT MANAGEMENT BOARD

|  |                                |
|--|--------------------------------|
| <b>ITEM 4 (DECISION 2015/42)</b>               | <b>DATE: 30 SEPTEMBER 2015</b> |
| <b>TITLE: JOINT AUDIT AND ETHICS COMMITTEE</b> |                                |
| <b>REPORT BY: ANGELA HARRISON</b>              |                                |

### Executive Summary

This report recommends a new approach to an Ethics Committee which supersede the decision made by the Commissioner and Chief Constable in October 2014.

### Recommendation

The Police and Crime Commissioner and the Chief Constable are asked to

- 1) Revoke the decision made in October 2014 to set up a combined ethics committee
- 2) Approve the establishment of a Joint Audit and Ethics Committee
- 3) Agree that the additional allowance highlighted in the report for committee members be met from the existing OPCC revenue budget.

|                                 |                                   |
|---------------------------------|-----------------------------------|
| Signature <i>Clive Grunshaw</i> | Signature <i>[Signature]</i>      |
| Police and Crime Commissioner   | Chief Constable                   |
| Date 30th Sept 2015             | Date 30/9/15 - <i>[Signature]</i> |

2.2 Audit Committee is currently served by the following members:

Clive Portman  
Karol Sanderson  
Russ Weaver  
David Jones  
Stephen Dobson

These members were recruited through a recruitment exercise. Their term of office is 4 years and it will finish on the 2018.

2.3 The members are very capable and have a good all round knowledge of governance, finance and in the broadest sense ethics. They have a range of skills and attributes which equip them well and of course may at any time call for specific advice or assurance from statutory offices or external advisers.

2.4 It might be proposed to offer training to all members in the context of the Code of Ethics to ensure members are fully briefed and can operate at maximum effectiveness.

2.5 The Audit and Ethics Committee would be administered by the OPCC.

2.6 It would be proposed that the Audit and Ethics Committee would supplement the work programme with ethics related matters. The types of activity (indicate only may include)

- a) Dip sampling of complaints
- b) Reviewing relevant HMIC reviews e.g. Parva Integrity
- c) Reviewing gifts and hospitality registers
- d) Oversight and monitoring of the implementation of the Chief Constable and the Commissioner or the delivery plan to enable the Code of Ethics
- e) Review report on business interest decisions
- f) Monitor stop and search compliance
- g) Oversight and monitoring of use of Taser/Firearms/Dogs/Horses/Parva

### 3. Financial Implications

3.1 The allowances for Joint Audit Committee members are set out in appendix C. It is recognised that the number of hours for which an allowance is paid will increase due to the additional work undertaken. However, there is no increase in the actual allowance. The allowances for Members of the new Committee will continue to be met from the OPCC revenue budget.

### 4. HR and Legal Implications

4.1 There are no HR implications. The Commissioner and Chief can lawfully extend the role of Audit Committee in the way set out in the proposed terms of reference.

## **ETHICS COMMITTEE –PROPOSED TERMS OF REFERENCE**

### **Purpose**

The Combined Ethics Committee is responsible for enhancing trust and confidence in the ethical governance and actions of Lancashire Constabulary and the Office of the Police and Crime Commissioner. Responsibility is both internal and external in focus and may include representation from strategic partners.

### **It will discharge responsibilities by:**

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

### **Responsibilities**

- 1) To advise the Commissioner and the Chief Constable on the effectiveness of the embedding of the Code of Ethics and its on-going influence on service delivery.
- 2) To advise the Commissioner and the Chief Constable on the progression of a transparent ethical framework.
- 3) To evaluate regular and structured reviews of:-
  - the handling of public complaints, misconduct and grievances to commend best practice, to identify necessary organisational learning and to report any irregularities to the Commissioner and the Chief Constable so they may take appropriate action;
  - anti-fraud and corruption arrangements, including whistleblowing policies and their operation in the OPCC and the Constabulary;
  - registers of interests, gifts and hospitality, expenses and scheduled information as required by Government under the transparency agenda.
- 4) To receive reports on Chief Officer standards of integrity, prior to consideration by the Commissioner; (i.e. the Chief Constable, Deputy Chief Constable, Assistant Chief Constables, Chief Executive, and Chief Finance Officers)
- 5) To consider any ethical matters referred by the Commissioner or by the Chief Constable and influence change to policy.
- 6) To receive reports from and make recommendations in response to the Commissioner's Monitoring Officer in the event of the Commissioner or his staff committing or proposing to act unlawfully.
- 7) To receive reviews from Her Majesty's Inspector of Constabulary (HMIC), the Independent Police Complaints Commission (IPCC) and any other relevant review body, which include ethical issues relevant to the Constabulary or the

**Joint Audit Committee for the Lancashire Police and Crime  
Commissioner and Chief Constable**

**Terms of Reference**

**(April 2015 Review Version)**

**Statement of Purpose**

The Audit Committee is responsible for enhancing public trust and confidence in the governance, financial reporting and financial performance of the Office of the Police and Crime Commissioner (PCC) and of the Chief Constable of Lancashire Constabulary (CC).

It also assists the Commissioner in discharging statutory responsibilities in holding the Chief Constable to account and helping to deliver an effective policing service.

This will be achieved by:

- Providing **independent assurance to both the PCC and CC** of the adequacy and efficiency of the risk management framework and the associated control environment within the Constabulary and the office of the Commissioner.
- **Independently reviewing** financial and non-financial performance to the extent that it affects the Commissioner and Constabulary's exposure to risk and weakens the overall control environment.
- **Providing assurance** that any issues arising from the process of drawing up, auditing and certifying the annual accounts are properly dealt with and that the appropriate accounting policies have been applied.

**Membership**

The Committee will comprise between 3 and 5 suitably qualified members who will be independent of the Commissioner and Chief Constable.

The executive of the Office of the PCC and representatives of the Command Team of the Constabulary are required to provide pertinent information as necessary and to attend each meeting of the Committee.

Attendees may include the Commissioner's Chief Executive and Chief Financial Officer, the Constabulary's Director of Resources, the Head of Internal Audit and any

2.2 Considering the external auditor's annual audit letter and reports.

2.3 Monitoring the responses of the staff of the PCC and CC to the findings and reports of external audit.

2.4 Monitoring the effectiveness of the work of external audit and ensuring that external audit provides value for money.

### **3 Statutory Accounts**

3.1 Reviewing the annual statement of accounts and considering whether the accounts are complete and consistent with information known to the Committee and whether appropriate accounting policies have been followed.

3.2 Reviewing other sections of the annual report and related regulatory filings before release and considering the accuracy and completeness of the information.

3.3 Reviewing, with management, the external auditor's report and opinion on the financial statements and reporting to the PCC and CC any issues arising from or difficulties encountered during the audit.

### **4 Internal Control**

4.1 Considering the effectiveness of the processes for assessing and managing key risks to the PCC and CC by reviewing risk registers for the PCC and CC at not less than 6 monthly intervals.

4.2 Considering the effectiveness of the internal control systems of the PCC and CC, including systems for monitoring compliance with relevant laws and regulations.

4.3 Reviewing the PCC and CC scheme of governance in respect of contract procedures and financial regulations.

4.4 Reviewing the draft Annual Governance statement for the PCC and the CC and reviewing the overall strategic processes and arrangements for risk management and effective corporate governance.

April 2015

Review Date: April 2016