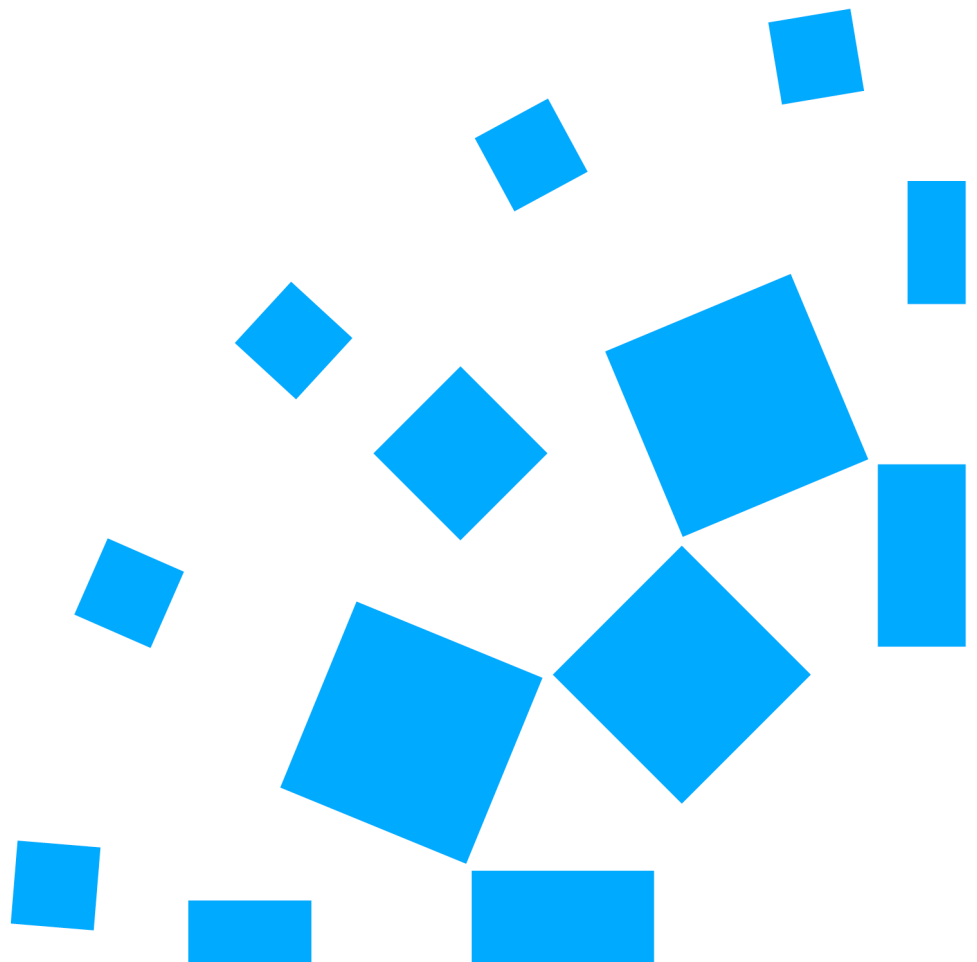


Audit and Risk Committee

Terms of reference

Version number 2.1

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1. Purpose

- 1.1. The College of Policing (the College) is an independent professional body for policing in England and Wales. Our purposes are to promote policing excellence and to support everyone in policing to reduce crime and keep people safe. We do this through three principal activities:
- sharing knowledge and good practice
 - setting operational standards
 - supporting professional development
- 1.2. The College is a company limited by guarantee whose sole member is the Secretary of State for the Home Department. The College is also an arm's-length body of the Home Office.
- 1.3. The Audit and Risk Committee (ARC) supports the Board of the College (the Board) in discharging its responsibility for:
- establishing formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of the Annual Report and Accounts
 - presenting a fair, balanced and understandable assessment of the company's position and prospects within the Annual Report and Accounts
 - establishing procedures to manage risk, oversee the internal control framework and determining the nature and extent of the principal risks the College is willing to take to achieve its long-term strategic objectives
- 1.4. While all directors (Board members) have a duty to act in the interests of the company, ARC has a particular role, acting independently from the executive, to ensure that the interests of the public and its sole member are properly protected in relation to financial reporting and internal control.
- 1.5. ARC will act with proper regard to the requirements related to the College's dual status and in accordance with both government frameworks and company law.
- 1.6. These terms of reference have been developed with particular regard to the Financial Reporting Council UK Corporate Governance Code July 2018,

Government Functional Standards and best practice guidance from the Chartered Governance Institute UK & Ireland.

2. Role/scope/responsibilities

- 2.1. The ARC's role is to ensure that the College maintains a sound system of internal controls, manages risk and provides appropriate scrutiny in respect of internal and external audit processes. It is also responsible for maintaining an appropriate relationship with the College's internal and external auditors.

The committee will:

Financial control and management

- 2.2. Review and scrutinise:
- critical accounting policies, practices and principles, and compliance with these principles, together with relevant financial reporting standards
 - the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed
 - the clarity of disclosures
 - significant adjustments resulting from the external audit
 - the going concern assumption; and compliance with accounting standards

Internal control

- 2.3. Review and scrutinise annually an effective system of internal control including the adequacy of:
- the internal controls statements and any similar statements for approval by the College Board
 - the policies for ensuring that there is compliance with relevant legal and regulatory requirements, including:
 - stress testing
 - asset and liability registers
 - legislation register

- data protection compliance
 - insurance arrangements
 - business continuity planning and disaster recovery
 - any policies related to accounting
 - the operational effectiveness of policies and procedures
- 2.4. Review the College's procedures for GDPR annually and receive reports of breaches whenever they occur, as well as an annual summary report.

Audit: narrative reporting

- 2.5. To review the draft Annual Report and Accounts and the Financial Statements and to advise the College Board whether they are accurate, balanced and understandable and provide sufficient information for stakeholders to assess the College's performance and strategy.
- 2.6. To provide a forum for the discussion and resolution of areas of disagreement in relation to the Annual Report and Financial Statements.

Audit: internal audit

- 2.7. Review and approve the annual internal audit plan to ensure that it is aligned to the key risks of the College and receive regular reports on work carried out.
- 2.8. Ensure that internal audit has unrestricted scope, the necessary resources and access to information to enable it to fulfil its mandate and evaluate the effectiveness of the various aspects of the College identified in the internal audit plan.
- 2.9. Monitor and assess the role and effectiveness of the internal audit function in the overall context of the College's risk management systems, and the work of finance, performance planning and risk, and the external auditor.
- 2.10. Review internal audit reports, including the actions proposed by management.
- 2.11. Review the annual report of the internal auditors, including the annual controls statement.

- 2.12. Satisfy itself that there is adequate coordination between the internal and external auditors.
- 2.13. To meet privately with the internal auditors annually without officers present, as required.

Audit: external audit

- 2.14. Oversee the relationship with the external auditor, including approving their remuneration for audit and non-audit services, and approving their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit.
- 2.15. Seek to ensure the coordination of the external audit with the internal audit programme.
- 2.16. Discuss with the external auditor the factors that could affect audit quality, review and approve the annual audit plan, and review the findings of the audit.
- 2.17. Review external audit reports, including annual audit letters, and approve the action proposed by management.
- 2.18. Review the annual report of the external auditors.
- 2.19. Review the letter of representation requested by the auditor before it is signed by the accounting officer.
- 2.20. Review the management letter and management's response to the auditor's findings and recommendations.
- 2.21. To meet privately with the external auditors annually without officers present, to review:
 - the quality of the internal control systems
 - any issues raised in Management Letters and responses
 - the liaison with the internal audit function and reliance on its work
 - any principal matters of concern in the annual review and establish whether there are any outstanding matters of disagreement between management and the external auditor; and

- corporate conduct

Risk management

- 2.22. Consider the College's overall risk appetite, tolerance strategy and risk scores, taking account of the current and prospective factors affecting the College's business strategies for recommendation to the Board.
- 2.23. Review and recommend the College's overall risk framework annually, including the corporate risk register.
- 2.24. Review assessment processes that inform the board's decision making annually, and those processes used to review and manage the identified risks, as well the College's ability to identify and manage new risk types.

Probity, fraud and corruption

- 2.25. Approve policies for:
 - counter fraud
 - whistleblowing
- 2.26. Review the fraud register.
- 2.27. Review any significant/material cases of fraud, bribery, anti-money laundering and whistleblowing events. This includes the adequacy of the College's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing. Ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow-up action.
- 2.28. Review the College's procedures for detecting fraud and for the prevention of bribery and receive an annual report on their application.
- 2.29. Oversight of any special investigations into alleged fraud or corruption or systematic failure of controls.
- 2.30. Receive reports on and review all cases of actual or attempted fraud and ensure that appropriate action has been taken to address any identified control weaknesses.

- 2.31. Keep records of, and prepare and forward to the Home Office, an annual report on fraud and theft suffered by the College and notify the Home Office of any unusual or major incidents as soon as possible.
- 2.32. Review the gifts and hospitality register annually.
- 2.33. Review the annual declarations of interest register and make decisions on any conflict of interest arising for any individual College Board member.

Health and safety

- 2.34. Approve the Health, Safety and Wellbeing Policy.
- 2.35. Review health and safety performance at least annually.

Governance

- 2.36. At least every two years, review the Governance Framework (including the Standing Orders and Financial Regulations) to ensure it is up to date and fit for purpose, and recommend any amendments to the College Board.

3. Membership

- 3.1. The committee will comprise at least three members. The chair of the committee will be an independent non-executive director. The chair of the board should not be a member.
- 3.2. The chair of the committee will be appointed by the chair of the Board. A member of the Committee should have recent and relevant financial experience. The Members of the committee will be recommended by the committee chair and appointed by the board. The board will be supported in this process by the People (Nominations and Remuneration) Committee.
- 3.3. Members of the committee will normally serve on the committee for the duration of their board-appointed term, unless the board decides otherwise, or they elect to step down.
- 3.4. The committee may decide to co-opt an independent member who is not a member of the College Board to bring specific knowledge, expertise and challenge to the committee. A co-opted member would count towards the

quorum for the committee and would participate in any vote that the committee may take to reach a decision.

- 3.5. Only members of the committee have the right to attend meetings. However, other individuals such as the chief executive/College accounting officer, directors and senior managers responsible for those areas of business under discussion, and external advisers may be invited to attend for all or part of any meeting as and when appropriate and necessary. The governance team will make the necessary arrangements for the attendance of non-members and ensure that they are provided with the necessary information.
- 3.6. The Head of Corporate Governance, or their nominee, will act as the secretary of the committee and will ensure that the committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

4. Quorum

- 4.1. Quorum for the committee will be the committee chair, or their nominee, and one other committee member.

5. Decision-making arrangements

- 5.1. Decisions taken by the committee will normally be reached by consensus. Where a consensus of opinion does not exist, a vote will be taken, and the matter decided by simple majority of those voting members present.
- 5.2. Where a decision is required outside the normal meeting cycle for reasons of urgency and it is not possible to convene a meeting in person or a meeting by Teams at short notice, the Head of Corporate Governance will facilitate Decision Under Urgency Procedures. The outcome of such a process will be included in the minutes of the next scheduled meeting.

6. Governance

- 6.1. The committee will meet at least four times a year and otherwise as required.
- 6.2. The Deputy Chief Executive Officer will be the Lead Officer.

- 6.3. The committee will meet with external and internal auditors without College staff being present at least once a year to discuss matters relating to its remit and any issues arising from audits that have been undertaken.
- 6.4. Outside the formal meeting programme, the committee chair and, to a lesser extent the other committee members, will maintain a dialogue with key individuals involved in the College's governance, including the Board Chair, the Chief Executive, the Deputy Chief Executive Officer, the Director of Enabling Services, the external audit (NAO) lead partner and the internal audit (GIAA) lead partner.
- 6.5. Meetings will be called by the secretary of the committee at the request of the committee chair.
- 6.6. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, will be forwarded to each member of the committee, and any other person required to attend, no later than five working days before the date of the meeting. Supporting papers will be sent to committee members and to other attendees, as appropriate, at the same time.
- 6.7. Arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary for board approval.
- 6.8. Committee members will at all times abide by the Code of Conduct for Board Members of Public Bodies 2019 and the College Code of Ethics.

7. Minutes of meetings

- 7.1. The secretary will minute the proceedings and resolutions of all committee meetings, including the names of those present and in attendance.
- 7.2. Draft minutes of committee meetings will be circulated promptly to all members of the committee. Once approved, minutes should be circulated to all other members of the board unless in the opinion of the committee chair it would be inappropriate to do so.

8. Reporting responsibilities

The committee will:

- 8.1. report to the board on its proceedings after each meeting on all matters within its duties and obligations
- 8.2. make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed
- 8.3. produce a report to be included in the company's annual report about its activities during the year

9. Other matters

The committee will:

- 9.1. have access to sufficient resources to carry out its duties, including access to the company secretariat for assistance if required
- 9.2. be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members
- 9.3. give due consideration to relevant laws and regulations as well as Home Office guidance
- 9.4. work and liaise as necessary with all other board committees, taking particular account of the impact of risk management and internal controls being delegated to different committees

10. Authority

The ARC is authorised to:

- 10.1. seek any information it requires from any Officer to perform its duties; and
- 10.2. obtain at the College's expense independent legal or professional advice on any matter it believes it is necessary to do so.

About the College

We're the professional body for the police service in England and Wales.

Working together with everyone in policing, we share the skills and knowledge officers and staff need to prevent crime and keep people safe.

We set the standards in policing to build and preserve public trust and we help those in policing develop the expertise needed to meet the demands of today and prepare for the challenges of the future.

college.police.uk