

AUDIT PANEL

Friday, 31 March 2017

Audit Panel Terms of Reference and Work Plan 2017/18

Report by: The Chief Executive, Mayor's Office for Policing and Crime

1. Report Summary

The revised Terms of Reference and 2017/18 Work Plan for the joint Audit Panel are presented for consideration and approval.

2. Recommendations – that members:

- 2.1 Consider and approve the revised Terms of Reference for the joint Audit Panel;
- 2.2 Consider and agree the proposed 2017/18 Work Plan for the joint Audit Panel.

3. Supporting Information

Terms of Reference

- 3.1 A revised Terms of Reference for the Audit Panel is attached at **Appendix 1**. It reflects amendments proposed by the newly appointed Chair and members.
- 3.2 Key changes include; greater clarity on the role of the Panel in providing assurance on the effectiveness of the frameworks supporting delivery of the Police and Crime Plan and transformational change in the MPS and arrangements for ensuring Panel effectiveness.

Work Plan 2017/18

- 3.3 The proposed work plan for the joint Audit Panel for 2017/18 at **Appendix 2** is designed to ensure that the Panel is able to effectively discharge its function in line with its agreed terms of reference.
- 3.4 The intention is for the Panel to continue to meet on a quarterly basis with the option to arrange ad hoc meetings should it be determined necessary. Briefing sessions for members of the Panel will supplement the formal meetings and

items will be added to the agenda as appropriate in consultation with the Chair.

- 3.1 The proposed briefing session for September is on the Transformation Programme; further sessions will be agreed during the year.
- 3.2 An annual report of the work of the Audit Panel will be produced. This will include a review of the effectiveness of the Panel and its Terms of Reference, to be conducted by the Chair supported by the Director of Audit, Risk and Assurance. The work plan going forward will appropriately reflect any subsequent changes to the Panel's Terms of Reference.
4. **Equality and Diversity Impact**
There are no immediate equality and diversity implications arising from this report. However, the Audit Panel has a remit to satisfy itself on behalf of the Deputy Mayor for Policing and Crime and Metropolitan Police Commissioner that an efficient and effectively performing framework is in place to discharge statutory requirements for equalities and diversity and to ensure continual improvement.
5. **Financial Implications**
There are no immediate financial implications arising from this report.
6. **Legal Implications**
There are no direct legal implications arising from this report.
7. **Risk Implications**
There are no immediate risk implications arising from the report. However, the Audit Panel has a remit to advise the Deputy Mayor for Policing and Crime and Metropolitan Police Commissioner on the effectiveness of their respective risk management frameworks.
8. **Contact Details**
Report author: Sarah Egan, MOPAC Corporate Administration Manager,
email: sarah.egan@mopac.london.gov.uk tel: 020 7983 4331
9. **Appendices and Background Papers**
Appendix 1: Audit Panel Terms of Reference
Appendix 2: Proposed Audit Panel Work Plan 2017/18

MOPAC and MPS AUDIT PANEL

TERMS OF REFERENCE

Composition of the Panel

The Audit Panel comprises four members, who are independent of the Mayor's Office of Policing and Crime (MOPAC) and the Metropolitan Police Service (MPS). Where it is considered that specialist skills are required, the Panel is able to seek approval from the Deputy Mayor Policing and Crime (DMPC) and Commissioner to add to the membership accordingly.

The executive of MOPAC and a representative of the Command Team of the MPS are required to attend each meeting of the Panel. Attendees will, therefore, include the; Deputy Commissioner; MPS Director of Commercial and Finance; Chief Executive, MOPAC; and the Chief Financial Officer, MOPAC. The Director of Audit, Risk and Assurance (Head of Internal Audit for MOPAC and the MPS), also attends each meeting along with a representative of external audit.

Purpose

The Audit Panel is responsible for enhancing public trust and confidence in the governance of MOPAC and the MPS. It also assists MOPAC in discharging statutory responsibilities in holding the MPS to account, and in delivery of the Police and Crime Plan (PCP) and the transformation of the MPS. This is achieved by;

- Advising MOPAC and the Metropolitan Police Commissioner according to good governance principles.
- Providing independent assurance on the adequacy and effectiveness of the MOPAC and MPS internal control environments and risk management frameworks.
- Overseeing the effectiveness of the frameworks in place for ensuring compliance with statutory requirements, and in particular those in respect of health and safety and equalities and diversity.
- Independently scrutinising financial and non-financial performance to the extent that it affects the MOPAC and MPS exposure to risks and weakens internal control.
- Overseeing the financial reporting process.

Objectives

The Audit Panel has a rolling programme of meetings, typically meeting four times a year (March, June, September, December). In effectively discharging its function it is responsible for:

Internal Control Environment and Governance Framework

- Satisfying itself as to the effectiveness of the internal control framework in operation within MOPAC and the MPS and advising the DMPC and Metropolitan Police Commissioner as appropriate.
- Considering the Annual Governance Statements together with associated action plans for addressing areas of improvement and advising MOPAC and the MPS as appropriate.

Police and Crime Plan (PCP) and MPS Transformation

- Regular review of the risks to the delivery of the PCP and MPS transformation and providing assurance of the effectiveness of mitigating actions.

Corporate Risk Management

- Approving the MOPAC and MPS risk management strategies and frameworks; ensuring an appropriate framework is in place for assessing and managing key risks to MOPAC and the MPS.
- Providing assurance to the DMPC and Metropolitan Police Commissioner as appropriate on the effectiveness of the risk management frameworks in operation.

Financial Reporting

- Considering the financial risks to which MOPAC and the MPS are exposed (including those that relate to treasury management) and approving measures to reduce or eliminate them or to insure against them.
- Reviewing the Annual Accounts and in particular any significant accounting provisions, adjustments and judgements made.
- Considering significant accounting strategies (including treasury management), policies and any changes to them.

Equalities and Diversity

- Satisfying itself on behalf of the DMPC and Metropolitan Police Commissioner that an efficient and effectively performing framework is in place to discharge statutory requirements for equalities and diversity and to ensure continual improvement.

Safety and Health

- Satisfying itself on behalf of the DMPC and Metropolitan Police Commissioner that an efficient and effectively performing framework is in place to discharge legal duties in relation to health and safety and to ensure continual improvement. In particular with regard to the safety, health and welfare of police officers and staff, people in the care and custody of the MPS, and members of the public on police premises or property.

Internal Audit

- Advising the DMPC and Metropolitan Police Commissioner on the appropriate arrangements for internal audit and approving the Internal Audit Charter and Strategy.
- Approving (but not directing) the internal audit annual programme.
- Overseeing and giving assurance to the DMPC and Metropolitan Police Commissioner on the provision of an adequate and effective internal audit service; receiving progress reports on the internal audit work plan and ensuring appropriate action is taken in response to audit findings, particularly in areas of high risk.
- Considering the Director of Audit, Risk and Assurance Annual Report and annual opinion on the internal control environment for MOPAC and the MPS; ensuring appropriate action is taken to address any areas for improvement.

External Audit

- Advising the DMPC and Metropolitan Police Commissioner on the appointment of external auditors.
- Endorsing the external audit programme and associated fees.
- Reviewing the external auditor's Annual Governance Report and any other reports, reporting on these to the DMPC and Metropolitan Police Commissioner as appropriate and including progress on the implementation of agreed recommendations.

- Reviewing the External Auditor's Annual Audit Letter making recommendations as appropriate to the DMPC and Metropolitan Police Commissioner.
- Considering significant accounting policies and any changes to them.

Integrity, Ethics, Fraud and Corruption

- Reviewing and monitoring the effectiveness of MOPAC and MPS strategies and policies for addressing issues of integrity and ethical behaviour and tackling fraud and corruption.

Assurance Framework

- Considering HMIC, external review agencies and any internal inspection reports that provide assurance on the internal control environment and/or may highlight governance issues for MOPAC and/or the MPS.
- Advising the DMPC and Metropolitan Police Commissioner on the effectiveness of the overall assurance framework in place.

Audit Panel Effectiveness

- Annual appraisal of the Audit Panel operations is conducted and an annual report produced and reported to the DMPC and the MPS Commissioner, which is published on the Audit Panel webpage.
- Annual performance appraisals of members are conducted by the Chair of the Panel. An annual performance appraisal of the Chair is conducted by the DMPC and Commissioner, informed by the review of Panel effectiveness.

Draft Audit Panel Work Plan 2017/18**30 June 2017, 10:00-13:00**

STANDING ITEMS	
1	MOPAC Risk Management Report MPS Risk Management Report
2	Directorate of Audit, Risk and Assurance – Internal Audit Quarterly Activity Report
3	MPS Audit and Inspection Report
4	MPS Health and Safety Performance
5	MPS Inclusion, Diversity and Equalities Report
6	MOPAC Gifts and Hospitality MPS Gifts and Hospitality
NEW BUSINESS	
7	Director of Audit, Risk and Assurance Annual Report 2016/17
8	External Audit Plan 2016/17
9	MOPAC Annual Governance Statement 2016/17 MPS Annual Governance Statement 2016/17
10	Alignment of MOPAC and MPS Risks
11	MPS Business Plan and Framework: Progress on Development
12	Review of MOPAC Financial Oversight Model: Interim Report
13	MOPAC Commissioning Framework

22 September 2017, 11:00-13:00**(Briefing from 10am-11am – Transformation Plan and Progress)**

STANDING ITEMS	
1	MOPAC Risk Management Report MPS Risk Management Report
2	MOPAC Governance Improvement Plan Progress Report MPS Governance Improvement Plan Progress Report
3	Directorate of Audit, Risk and Assurance – Internal Audit Progress Report
4	MPS Audit and Inspection Report
5	MPS Health and Safety Performance
6	MPS Inclusion, Diversity and Equalities Report
7	MOPAC Gifts and Hospitality MPS Gifts and Hospitality
NEW BUSINESS	
8	External Audit Findings Report

9	Treasury Management Strategy
10	MPS Transformation Programme Report
11	MPS Business Plan and Framework
12	MOPAC Financial Oversight Model

19 December 2017, 11:00-13:00

(Briefing from 10am-11am)

STANDING ITEMS	
1	MOPAC Risk Management Report MPS Risk Management Report
2	MOPAC Governance Improvement Plan Progress Report MPS Governance Improvement Plan Progress Report
3	Directorate of Audit, Risk and Assurance – Internal Audit Progress Report
4	MPS Audit and Inspection Report
5	MPS Health and Safety Performance
6	MPS Inclusion, Diversity and Equalities Report
7	MOPAC Gifts and Hospitality MPS Gifts and Hospitality
NEW BUSINESS	
8	External Audit Annual Update 2017/18 and External Audit Annual Letter 2016/17
9	Budget Position - Financial Savings Plan and Delivery

March 2017, 11:00-13:00

(Briefing from 10am-11am)

STANDING ITEMS	
1	MOPAC Risk Management Report MPS Risk Management Report
2	MOPAC Governance Improvement Plan Progress Report MPS Governance Improvement Plan Progress Report
3	Directorate of Audit, Risk and Assurance – Internal Audit Progress Report
4	MPS Audit and Inspection Report
5	MPS Health and Safety Performance
6	MPS Inclusion, Diversity and Equalities Report
7	MOPAC Gifts and Hospitality MPS Gifts and Hospitality
NEW BUSINESS	
8	Annual Report of the Audit Panel (including a review of effectiveness of the Panel)
9	External Audit Plan 2017/18
10	DARA 2017/18 Internal Audit Plan for MOPAC and MPS
11	Audit Panel Work Plan 2018/19