

JOINT AUDIT COMMITTEE TERMS OF BUSINESS

Background

- (i) The Joint Audit Committee shall provide an independent assurance function in respect of the arrangements for governance. This includes assurance on financial and non-financial performance where there is an implication for exposure to risk or where there may be a weakening of the internal control environment. The committee is responsible for assurance on the overall adequacy of risk management arrangements and will oversee the financial reporting process. The committee will deal with all matters on internal audit standards.
- (ii) These Terms of Reference set out the scope of the Committee's purpose and function.
- (iii) The Members wish to set out the governance arrangements which shall underpin the role of the Committee in terms of its composition, meeting and reporting requirements.

1. Terms of Reference

- (i) The Members shall form a Joint Audit Committee (the Committee).
- (ii) The terms of reference for the Committee shall be as follows:

Audit Activity

- To recommend the Internal Audit Plan for approval.
- To consider the head of internal audit's annual report and opinion, and a summary of internal audit activity and the level of assurance it can give over the Commissioner's and Chief Constable's corporate governance arrangements.
- To consider internal audit reports and a report on the implementation of agreed internal audit recommendations.
- To consider reports dealing with the management and performance of the providers of internal audit services.
- To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance, i.e. the Commissioner and the Chief Constable including the Annual Governance Statement and any changes to the local code of governance.
- To consider specific reports as agreed with the external auditor.
- To comment on the scope and depth of external audit work and whether it gives value for money.
- To monitor the effectiveness of the work of the internal and external audit services, recommending the commissioning of further work where this is deemed necessary.
- Where appropriate, to make meaningful contributions in respect of the appointment of the force's internal auditors.

Regulatory Framework

- To maintain an overview of the constitution in respect of contract procedures rules, financial regulations and codes of conduct and behaviour.

- To review any issue referred to it by the statutory officers of the Commissioner and/or the Force statutory officers.
- To monitor the effective development and operation of corporate governance in both corporations sole.
- To oversee the production of the Commissioner's and Chief Constable's Statement on Internal Control and to recommend its adoption.
- To monitor Commissioner and Force policies on "Raising Concerns at Work" and the anti-fraud and corruption strategy and the Commissioner and Chief Constable's complaints processes.
- To oversee the arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.
- To consider the Commissioner and Chief Constables compliance with its own and other published audit standards and controls.

Financial Reporting

- To review the annual statement of accounts. Specifically, 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 Commissioner/Chief Constable.
- To consider the external auditor's report to those charged with governance on issues arising from the audit of accounts and to ensure that these are reported to the Commissioner and Chief Constable.
- To consider whether appropriate accounting policies have been followed and any changes to them.

Corporate Risk Management

- To monitor the effective development and operation of risk management within the Commissioner and Force.
- Approving the Commissioner's and Force corporate risk strategy and framework; ensuring that an appropriate framework is in place for assessing and managing key risks to the Commissioner and Force.

Inspection and Review

- Considering HMIC, external review agencies and any internal inspection reports that provide assurance on the internal control environment and/or that may highlight governance issues for the Office of the Commissioner and/or South Wales Police.

Miscellaneous

- To receive any reports as necessary to the fulfilling of the statement of purpose and terms of reference
- To periodically review the effectiveness of the committee in fulfilling its role

2. Membership

- 2.1 The term ‘independent members’ shall mean such persons as are not employed by either the Police and Crime Commissioner for South Wales or the Chief Constable of South Wales Police.
- 2.2 The Committee meetings shall be extended to the following minimum membership:
- a. Chair (independent member)
 - b. The remaining independent Members
 - c. The Treasurer of the Police and Crime Commissioner
 - d. The Chief Finance Officer for the Chief Constable
 - e. The Chief of Staff of the Police and Crime Commissioner
 - f. Assistant Chief Constable
 - g. The Head of the Joint Legal Service
 - h. Representative of the Force’s Internal Auditor
 - i. Representative of the Wales Audit Office
- 2.3 The Committee shall be comprised of a minimum of five independent members appointed by the Police and Crime Commissioner and the Chief Constable, one of whom shall be appointed as the Chair. The current members are:

Name	Appt	Renewal	Expiry Date
Mr Jeffrey Edwards (Chair)	18 th March 2013	18 th March 2018	18 th March 2022
Mr Gareth Evans	18 th March 2013	18 th March 2018	18 th March 2022
Mr Gethin Lewis	18 th March 2013	18 th March 2018	18 th March 2022
Mrs Alyson Charnock	18 June 2017	18 th June 2021	
Mr Mike Lewis	18 th June 2017	18 th June 2021	
Mrs Aimee Smith	18 th June 2017	18 th June 2021	

- 2.4 The Committee will be supported by a secretariat provided by the Police and Crime Commissioner for South Wales.
- 2.5 For each meeting the Committee will be provided with:
- A report in relation to the organisation’s uncertainty register
 - A progress report from the internal auditors summarising:
 - Work performed compared to the work planned
 - Key issues emerging from audit work
 - Management response to audit recommendations
 - Changes to the audit plan
 - Any resourcing issues affecting the delivery of internal audit objectives
 - A progress report from the Wales Audit Office summarising work completed and emerging findings
 - An update on the HMIC inspections.
 - Such other specific update reports as may be requested from time to time by the Independent Members.

- 2.7 The internal audit manager and the Wales Audit Office manager will have free and confidential access to the Chair of the Committee, and will meet in closed session with the Committee prior to the commencement of each formal meeting.

3. Appointment of Independent Members

- (i) There must be a minimum of five Independent Members at any time on the Committee. New members can be appointed during the current term of the other subsisting members to ensure continuity of business.
- (ii) In selecting individuals for appointment as Independent Members, regard will be given to the skills, knowledge and experience needed for the effective operation of the Committee.
- (iii) The Committee shall keep a record of the name and address and the dates of appointment, re-appointment and retirement of each Independent Member.
- (iv) Subject to paragraph 4 below, the Independent Members shall hold office for a term of four (4) years and shall have a maximum tenure of not more than two consecutive terms.

4. Termination of Independent Membership

An Independent Member shall cease to hold office if he or she:

- (i) is absent from all their meetings held within a period of twelve months and the Independent Members resolve that his or her office be vacated; or
- (ii) notifies the Committee in writing that they wish to resign (but only if enough Independent Members will remain in office when the notice of resignation takes effect to form a quorum for meetings).

5. Vacancies

- (i) If a vacancy occurs the Independent Members must note the fact in the minutes of their next meeting.
- (ii) Any eligible Independent Member may be re-appointed for a further term of four (4) years subject to a maximum of two consecutive terms.

6. Meetings

- (i) The Committee will meet formally at least four times a year. Additional meetings may be convened if it is deemed necessary, and if it is so requested by the Police and Crime Commissioner and /or the Chief Constable.

- (ii) One such meeting in each year must involve the physical presence of those Independent Members who attend the meeting.
- (iii) Other meetings may (if so agreed) take such form, including video-conferencing, as the Independent Members decide provided that the form chosen enables the Independent Members both to see and to hear each other.
- (iv) The Committee may ask any other officials of the organisation to attend to assist it with its discussions on any particular matter. The Committee may also, with prior notice and agreement, agree for observers to attend some or part of its meetings if it is both appropriate and relevant.
- (v) The Committee may ask any or all of those who normally attend but who are not members to withdraw to facilitate open and frank discussion of particular matters.

7. Chairperson

- (i) The person(s) appointed as Chair pursuant to Clause 2.3 above shall always be eligible for re-election, subject always to paragraph 5(ii) above.
- (ii) If the Chair is not present within twenty minutes after the time appointed for holding a meeting, or if such person appointed as Chair has ceased to be Independent Member(s) and his/her successor has not been appointed in accordance with Clause 2.3 - the Independent Members present must choose one of their number to chair that meeting.

8. Quorum

- (i) Subject to the following provision of this clause, no business shall be conducted at a meeting of the Committee unless at least half of the total number of Independent Members at the time, or three Independent Members (whichever is the greater) are present throughout the meeting.

9. Recommendations made by the Committee

- (i) At meetings, any recommendations must have the support of the majority of the Independent Members present and who have considered the question.

10. Conflict of interest

- (i) A Member must declare any possible conflict of interest as soon as they become aware of it (which may be before or during the meeting). In the even that there is a conflict of interest, such member will absent himself or herself from any discussions of the Committee in which it is possible that a conflict will arise between his or her duty to act in the interests of the Committee and any personal interest (including but not limited to any personal financial interest).

11. Reporting

- (i) The Committee will provide a record of its meetings and of the recommendations contained therein to the Police and Crime Commissioner and the Chief Constable in the form of minutes.
- (ii) In the minutes the Independent Members must record their recommendations and where appropriate, the reasons for those recommendations.
- (iii) The Independent Members through the Committee will provide the Commissioner and Chief Constable with an annual report, timed to support the finalisation of the accounts and the statement of internal control, which summarises its conclusions from the work it has done during the preceding year.

12. Remuneration and Expenses

- (i) Members shall not be entitled nor shall receive any remuneration in consideration of any work or duty carried out in connection with the Committee save as expressly set out in this paragraph 12.
- (ii) All Independent Members shall be entitled to the following payment in relation to each of the Committee meetings:

Half Day (up to 4 hours):	£104.50
Full Day:	£211.50
- (iii) Independent Members shall be entitled to be remunerated for reasonable travelling and parking expenses wholly, necessarily and exclusively incurred in connection with a Member's duties carried out in connection with the Member's role on the Committee. The mileage rates to be applied in relation to any such travel to and from any Committee meetings shall be as follows:

Motor Vehicle:	45 pence per mile
Train/Bus:	Actual receipted expenditure
Motorcycle:	24p per mile
Bicycle:	20p per mile
- (iv) Written evidence, receipts and or invoices in respect of any expenses which a Member is entitled to recover pursuant to this paragraph 12 shall be submitted to the Force within 90 days after such expense was incurred.