

JOINT AUDIT COMMITTEE

TERMS OF REFERENCE

Statement of purpose

- 1 The joint audit committee (the 'Committee') is a key component of the corporate governance arrangements for the Police and Crime Commissioner for South Wales (the 'Commissioner') and the Chief Constable of South Wales Police (the 'Chief Constable'). It provides an independent and high-level focus on the adequacy of the governance, risk and control arrangements. Its role in ensuring there is sufficient assurance over governance risk and control gives greater confidence to the Commissioner and the Chief Constable that those arrangements are effective.
- 2 The Committee is enabled and required to have oversight of, and to provide independent review of, the effectiveness of both the Commissioner and the Chief Constable's governance, risk management and control frameworks, their financial reporting and annual governance reports, helping to ensure that there are adequate arrangements in place for both internal challenge and public accountability.
- 3 These terms of reference will summarise the core functions of the Committee in relation to the Commissioner and his office (OPCC) and to the South Wales Police (the force) and describe the protocols in place to enable the Committee to operate independently, robustly and effectively.

Governance, risk and control

The Committee will provide advice and recommendations to the Commissioner and/or the Chief Constable in relation to the following areas:

- 4 Review the corporate governance arrangements against the good governance framework, including the ethical framework and consider the local code of governance.
- 5 Consider the OPCC's and force's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- 6 Consider the reports on the effectiveness of financial management arrangements, including compliance with CIPFA's Financial Management Code.
- 7 Monitor the effective development and operation of risk management in the OPCC and force and monitor progress in addressing risk-related issues reported to the Committee.
- 8 Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- 9 Review the assessment of fraud risks and potential harm to the OPCC and force from fraud and corruption
10. Monitor the counter fraud strategy, actions and resources.
- 11 Review the governance and assurance arrangements for significant partnerships or collaborations.

Governance Reporting

- 12 Review the annual governance statement prior to approval by the Commissioner and Chief Constable, and consider whether it properly reflects the risk environment and supporting assurances, including the head of internal audit's annual opinion.
13. Consider whether the annual evaluation for the Annual Governance Statement (AGS) fairly concludes that governance arrangements are fit for purpose, supporting the achievement of the OPCC's and force's objectives.

Financial reporting

- 14 Monitor the arrangements and preparations for financial reporting to ensure that statutory requirements and professional standards can be met
- 15 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 of the financial statements that need to be brought to the attention of the Commissioner and/or the Chief Constable.
- 16 Consider the external auditor's report to the Commissioner and the Chief Constable on issues arising from the audit of the accounts.

Arrangements for audit and assurance:

To consider the OPCC and force's frameworks of assurance and ensure that it adequately addresses their risks and priorities:

Internal audit

The Committee will provide advice and recommendations to the Commissioner and/or the Chief Constable in relation to the following areas:

- 17 Recommend for approval the internal audit charter
- 18 Review proposals made in respect of the provision of internal audit services including the appointment of external providers of Internal Audit services and to make recommendations.
- 19 Review the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources. To consider any significant changes to the risk-based internal audit plan and resource requirements.
20. Make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations. For these purposes, the head of internal audit shall be a chief audit executive and designated senior manager from the internal audit service providers who shall fulfil that role in accordance with the provisions of the CIPFA Statement on the role of the head of internal audit in public service organisations (2019)
21. Consider reports from the head of internal audit on internal audit's performance during the year, including the performance of any external providers of internal audit services. These will include: –

- updates on the work of internal audit, including key findings, issues of concern and actions in hand as a result of internal audit work
- regular reports on the results of the quality assurance and improvement programme (QAIP)
- reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards (PSIAS) and the supporting Local Government Application Note for the UK Public Sector Internal Audit standards (LGAN), considering whether the non-conformance is significant enough that it must be included in the AGS.

22 To consider the head of internal audit's annual report, including:

- the statement of the level of conformance with the PSIAS and the supporting Local Government Application Note for the UK Public Sector Internal Audit Standards (LGAN) and the results of the quality assurance and improvement programme (QAIP) that support the statement – these will indicate the reliability of the conclusions of internal audit.
- the opinion on the overall adequacy and effectiveness of the framework of governance, risk management and control, together with the summary of the work supporting the opinion (these will assist the Committee in reviewing the AGS).

23 To consider all internal audit reports, including issues raised or recommendations made by the internal audit service, management response and progress with agreed actions.

24 Receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the OPCC or force, or where there are concerns about progress with the implementation of agreed actions.

25 Contribute to the QAIP and in particular to the external quality assessment of internal audit that takes place at least once every five years, and to consider whether the internal audit service provides value for money

26 Consider a report on the effectiveness of internal audit to support the annual governance statement, where required to do so by the Accounts and Audit Regulations (Wales) 2014, which shall precede the Committee's annual report referenced below.

27 Consider any impairments to independence or objectivity of the head of internal audit arising from additional roles or responsibilities outside of internal auditing. To make recommendations on safeguards to limit such impairments and periodically review their operation.

External audit

The Committee will provide advice and recommendations to the Commissioner and/or the Chief Constable in relation to the following areas:

28 Support the independence of external audit through consideration of the external auditor's annual assessment of its independence.

29 Comment on the scope and depth of external audit work and ensure it gives value for money.

- 30 Consider the external auditor's annual letter, relevant reports and the report to those charged with governance.
- 31 Advise on commissions of additional work from external audit.
- 32 Advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.
- 33 To provide free and unfettered access to the Committee chair for the auditors, including the opportunity for a private meeting with the Committee.

Accountability arrangements

The Committee will do the following:

- 34 On a regular basis report to the Commissioner and the Chief Constable on the Committee's performance in relation to the terms of reference and the effectiveness of the Committee, and formally review its performance against its terms of reference and objectives on an annual basis and report the results of this review to the Commissioner and the Chief Constable.
- 35 Report to the Commissioner and the Chief Constable on its findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.
- 36 Publish an annual report on the work of the Committee, including a conclusion on the compliance with the CIPFA Position Statement. The independent members will provide the Commissioner and the 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 committee work undertaken during the preceding year.

Membership

37. The term 'independent members' shall mean such persons as are not employed by either the Commissioner or the Chief Constable.
- 38 Attendance at the Committee meetings shall be extended to the following minimum personnel:
 - a. The Treasurer of the Police and Crime Commissioner
 - b. The Chief Finance Officer for the Chief Constable
 - c. The Chief Executive of the Police and Crime Commissioner
 - d. The Head of the Joint Legal Service
 - e. Representative of the Force's Corporate Services department
 - f. Representative of the Force's Internal Auditor
 - g. Representative of the Audit Wales
- 39 The Committee shall be comprised of a minimum of five independent members appointed by the Commissioner and the Chief Constable. The Committee will have a Chair, and a Vice Chair, with a minimum of three other independent members, all of whom must be independent of

the Commissioner, the Chief Constable and the Police and Crime Panel. The Chair, and the Vice Chair, shall be appointed by the Commissioner and the Chief Constable. Details of the current members are set out in Schedule 3.

- 40 The Committee will be supported by a secretariat provided by the Commissioner.
- 41 For each meeting the Committee will be provided with:
- A report in relation to the organisations' risk/uncertainty registers
 - 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 Audit Wales summarising work completed and emerging findings
 - An update on the HMICFRS inspections.
 - Such other specific update reports as may be requested from time to time by the Independent Members.
- 42 The internal audit manager and the Audit Wales 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.
- 43 As referenced in paragraphs 39, 58 and 59, the Chair of the Committee will be jointly appointed by the Commissioner and the Chief Constable and will serve for a maximum of two terms (of four years each) in this role as Chair - with such tenure in that role as may be agreed from time to time with the Commissioner and the Chief Constable.
- 44 A Vice Chair will be required to cover a period of absence of the Chair for whatever reason. This may be for one meeting as referenced in paragraph 59 or for longer depending upon the absence of the Chair. This shall be agreed by the Commissioner and the Chief Constable.

Independent Members

- 45 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.
- 46 In selecting individuals for appointment as Independent Members, members shall be recruited to ensure that the Committee has all the necessary skills, knowledge and experience needed for the effective operation of the Committee and to fulfil its terms of reference.
- 47 The Committee shall keep a record of the name and address and the dates of appointment, re-appointment and retirement of each Independent Member.
- 48 Save as expressly referenced in paragraph 39 and subject to the provisions in paragraph 50 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. In this respect, any eligible Independent Member may be re-appointed for a further term of four (4) years subject to a maximum of two consecutive terms.

49. Extending any Committee member's term by one year may also be agreed by exception. This would be a decision for the Commissioner and the Chief Constable. The decision should also be discussed with the independent members at a meeting of the Committee with such term extension being limited to one year.
50. All Independent Members will be subject to an annual appraisal, the outcomes of which will inform a member development programme (see paragraph 51 below). Any re-appointment will be subject to satisfactory annual appraisals during their term of appointment.
51. Independent Members will be expected to attend training and to develop their skills as part of a member development programme. Training needs will be considered during the annual appraisal process.
52. 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).
53. If a vacancy occurs the Independent Members must note the fact in the minutes of their next meeting.

Meetings

54. The Committee will meet formally at least three times a year. Additional meetings may be convened if it is deemed necessary, and if so requested by the Commissioner and/or the Chief Constable.
55. 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.
56. The Committee may ask any other officials of the organisation to attend to assist it with its discussions on any particular matter. In the interest of meeting efficiency and a co-operative approach, independent members will submit any significant queries they have on the papers to be discussed at a Committee meeting to the pre-meeting held between the Chair and the CFO's in advance of the meeting. This will help to ensure that a considered accurate formal response can be prepared by the relevant subject matter expert. The final meeting agenda shall be provided to the Chair ten working days in advance of the meeting(s) of the Committee. Papers will be provided to the Committee by 5pm, five working days after of the circulation of the final agenda. Urgent or late reports will be approved by the Chief Finance Officer, in consultation with the Chair, before inclusion for consideration by the Committee. 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.
57. 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 specific matters.

Chairperson

- 58 The person(s) appointed as Chair pursuant to paragraph 39 above shall always be eligible for re-election, subject always to the other provisions herein.
- 59 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 an Independent Member(s) and his/her successor has not been appointed in accordance with Clause 39 – the meeting will be chaired by the Vice Chair or the Independent Members present must choose one of their number to chair that meeting.

Quorum and recommendations

- 60 Subject to the following provisions, 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.
- 61 At meetings, the general rule is that recommendations on an issue should have the support of the majority of the Independent Members present. This shall mean when the majority of independent members present indicate to each other by any means that they share a common view on a matter.
62. The Committee will provide a record of its meetings to the Commissioner and the Chief Constable in the form of minutes. In the minutes the Independent Members must record their recommendations and where appropriate, the reasons for those recommendations.

Conflicts of interest

63. Each Independent Member will be required to record any conflicts of interest in a register of pecuniary and non-pecuniary interests.
64. A Member of the Committee must also declare any possible conflict of interest as soon as they become aware of it (which may be before or during the meeting). In the event 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).

Remuneration and Expenses

65. Members shall not be entitled to 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 Schedule 2.

SCHEDULE 1: SCHEDULE OF KEY DATES

Consideration and recommendation of the internal audit plan and charter for the forthcoming year	March
Consideration of Audit Wales audit plan for the forthcoming year	March

Annual review of the terms of reference for the Joint Audit Committee,	May
Consideration and recommendation of the Annual Governance Statement	June
Consideration of the Head of Internal Audit's annual report and opinion	June
Preparation of the annual report from the Joint Audit Committee	July
Approval of the Annual Statement of Accounts	July
Consideration of ISA 260	July
Consideration of Audit Wales's annual management letter and report to those charged with governance	November

SCHEDULE 2: REMUNERATION

- Reasonable time for pre-meeting preparation may be included in claims made by independent members:
 - For a formal meeting planned for a full day, independent members will be eligible to 4 hours preparation time.
 - For a formal meeting planned for up to 4 hours: independent members will be eligible to 2 hours of preparation time.
 - Informal meetings will not require pre-reading or preparation.

- Independent Members shall be entitled to the following payment(s) in relation to each of the Committee meetings in accordance with the rates published by the Independent Remuneration Panel for Wales annual report (the following rates are set out in the IRP's annual report 2022 to 2023):

Chair	£268 (4 hours and over)
	£134 (up to 4 hours)
Other independent members	£210 (4 hours and over)
	£105 (up to 4 hours)

- 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/ role on the Committee.

- The mileage rates applied in relation 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

- Written evidence, receipts and or invoices for expenses that a Member is entitled to recover pursuant to this Schedule 2 shall be submitted to the Force within 90 days after such expense was incurred.

SCHEDULE 3: INDEPENDENT MEMBERS

Name	Appt	Renewal date
Paula OConnor (Chair)	June 2021	February 2027

Aimee Smith (Vice Chair)	June 2017	June 2025
Mike Lewis	June 2017	July 2025
Paul Wood	June 2021	February 2027
Martin Veale	June 2021	March 2027
Jon Wall	June 2023	February 2027