



Agenda Item 13

**JOINT AUDIT COMMITTEE
29th March 2018**

**JOINT AUDIT COMMITTEE TERMS OF REFERENCE
AND WORK PROGRAMME 2018/19**

1. PURPOSE OF REPORT

- 1.1 To propose a programme of work for the Committee for its meetings in 2018/19, and to ask the Committee to reaffirm the Terms of Reference and working protocols suggested by the Commissioner and Chief Constable.

2. BACKGROUND

- 2.1 At the outset of the year, the Joint Audit Committee sets itself a programme of work to ensure that workload is spread appropriately throughout the year and is aligned to the Terms of Reference for the Committee. By agreeing a programme of work for the year, all members are able to identify in advance when issues are being considered by the Committee and officers and external staff are able to plan their work necessary to effectively support these milestones and attend associated meetings. The proposed work programme for 2018/19 is attached at Appendix A.
- 2.2 The Terms of Reference for the Committee was revised for 2017/18 to ensure that the coverage was appropriate, and that the number of meetings planned was sufficient to deliver assurance in all areas. The Terms of Reference and supporting working protocols attached at Appendix B have been reviewed and no changes are necessary at this time.
- 2.3 CIPFA is due to publish revise guidance for Local Authorities and Police Audit Committees in the new financial year. This guidance is expected to incorporate new legislation affecting audit committees in combined authorities and updates to regulations and statutory guidance. The updates to the Public Sector Internal Audit Standards, and Delivering Good Governance in Local Government: Framework and associated guidance are also expected to be considered for their impact on the work of the audit committee.
- 2.4 Once the revised guidance is published, the Terms of Reference will be reviewed again to establish if any changes are required and further training needs for the Committee will be considered to supplement the training received in 2016/17 from CIPFA on 'Effective Audit Committees.'

3 RECOMMENDATIONS

- 3.1 The Committee is asked to consider the proposed work programme attached at Appendix A.
- 3.2 The Committee is asked to reaffirm their approval of the Terms of Reference and associated working protocols attached at Appendix B.

CONTACT OFFICER

Name: Lynn Joyce
Title: Internal Audit Manager

BACKGROUND DOCUMENTS

None

JOINT AUDIT COMMITTEE WORK PLAN 2018/19

28/06/2018

- Statement of Accounts
- Annual Governance Statements (including the Annual Review of the Effectiveness of the System of Internal Audit)
- Internal Audit Annual Report 2017/18
- Internal Audit Activity Update Report 2018/19
- Joint Audit Committee Annual Report 2017/18
- Police Inspections/HMICFRS Update
- Risk Management Progress Update
- Insurance update
- Annual private meeting with Auditors
- Information Report(s) as appropriate

27/09/2018

- ISA 260 Report (Year ending 31 March 2018)
- Publication of Statement of Accounts (For information)
- Treasury Management Update
- Risk Management Progress Update
- Internal Audit Activity Update Report 2018/19
- Police Inspections/HMICFRS Update
- Anti - Fraud, Bribery and Corruption Policy
- Information Report(s) as appropriate

06/12/2018

- External Audit Annual Letter
- Internal Audit Activity Update Report 2018/19
- Police Inspections/HMICFRS Update
- Risk Management Progress Update
- Anti-Fraud Bribery And Corruption Annual Effectiveness Review
- Corporate Governance Review / Joint Scheme of Governance
- Information Report(s) as appropriate

28/03/2019

- Treasury Management Strategy Report
- Internal Audit Annual Plan 2019/20
- Internal Audit Activity Update Report 2018/19
- External Audit opinion plan 2018/19 and associated fee letter
- Risk Management Progress Update
- Police Inspections/HMICFRS Update
- Accounting Policies
- Joint Audit Committee Work Programme for 2019/20
- Annual private meeting with External Auditors
- Information Report(s) as appropriate

Information reports to include:

- Best practice updates
- Training issues/updates
- Governance related
- VFM/Efficiency related
- Special Investigations/Inspection/Fraud Updates

**WEST MIDLANDS PCC/CHIEF CONSTABLE
JOINT AUDIT COMMITTEE
TERMS OF REFERENCE**

Composition of the Committee

The Audit Committee comprises between 2 and 6 members who are independent of the WMPCC and the WMP. The executive of the WMPCC and the Force Executive Team of the WMP, will be represented at each meeting of the Committee, as required.

Purpose

The Audit Committee is responsible for enhancing public trust and confidence in the governance of the WMPCC and the WMP. It also assists the WMPCC in discharging statutory responsibilities in holding the WMP to account. This is achieved by:

- Advising the WMPCC and the Chief Constable according to good governance principles.
- Providing independent assurance on the adequacy and effectiveness of the WMPCC and WMP internal control environment and risk management framework.
- Overseeing the effectiveness of the framework in place for ensuring compliance with statutory requirements.
- Independently scrutinising financial and non-financial performance to the extent that it affects the WMPCC and WMP exposure to risks and weakens the internal control environment.
- Overseeing the financial reporting process.

Objectives

The Audit Committee meets four times a year (March, June, September, December) in public and in effectively discharging its core function is responsible for:

Internal Control Environment

- Satisfying itself as to the effectiveness of the internal control framework in operation within the WMPCC and WMP and advising the WMPCC and the Chief Constable, as appropriate.
- Considering the Annual Governance Statement for publication with the annual accounts, together with associated action plans for addressing areas of improvement and advising the WMPCC as appropriate.

Corporate Risk Management

- Approving the WMPCC and WMP corporate risk management strategy and framework; ensuring that an appropriate framework is in place for assessing and managing key risks to the WMPCC and the WMP.
- Considering the financial risks to which the WMPCC and WMP are exposed and approving measures to reduce or eliminate them or to insure against them.
- Providing assurance to the WMPCC and the Chief Constable as appropriate on the effectiveness of the risk management framework in operation.

Regulatory Framework

- Maintain an overview of the governance framework in respect of contract procedure rules, financial regulations and codes of conduct and behaviour.
- To review any issue referred to it by the Statutory Officers of the WMPCC and Chief Constable and make recommendations as appropriate.
- To monitor the policies of both the WMPCC and Chief Constable on 'Raising Concerns at Work', and anti-fraud and corruption strategy.

Internal Audit

- Advising the WMPCC and the Chief Constable on the appropriate arrangements for internal audit and approving the Internal Audit Strategy.
- Approving the internal audit annual programme.
- Overseeing and giving assurance to the WMPCC and the Chief Constable 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 Internal Audit Manager's, Annual Report and annual opinion on the internal control environment for the WMPCC and WMPs; ensuring appropriate action is taken to address any areas for improvement.
- Reviewing and monitoring the effectiveness of WMPCC and WMPs policies on fraud, irregularity and corruption.

External Audit

- Advising the WMPCC and the Chief Constable on the appointment of external auditors.
- Approving on behalf of the WMPCC and the Chief Constable the external audit programme and associated fees
- Reviewing the external auditor's Annual Governance Report and any other reports; reporting on these to the WMPCC and the Chief Constable as appropriate and including progress on the implementation of agreed recommendations.
- Reviewing the External Auditor's Annual Audit Letter and the Annual Accounts making recommendations as appropriate to the WMPCC and the Chief Constable.
- Considering significant accounting policies and any changes to them.

Financial Reporting

- Reviewing the Annual Statement of Accounts and make recommendations, or bring to the attention of the WMPCC or CC, any concerns or issues
- To consider whether appropriate accounting policies have been followed and any changes to them.

Inspection and Review

- 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 the WMPCC and/or WMP.

Freedom of Information

- Act as the review body for Freedom of Information appeals.

JOINT COMMITTEE WORKING PROTOCOLS.

Reporting

- The Audit Committee will formally report in writing to the PCC and CC after each meeting, summarising the business taken by the Committee, and offering the views of, and advice from, the Committee on issues which they consider the WMPCC/CC should be taking action. Scope, content and format of report to be determined.

If the minutes of the Audit Committee meeting are used as the report, care should be taken in their presentation to highlight the advice being provided. These reports should normally be copied to the Internal Audit Manager and the External Auditor (especially if the report contains advice about or to the auditors).

- The Audit Committee will provide the PCC and CC with an Annual Report, timed to support finalisation of the accounts and the Annual Governance Statement, summarising its conclusions from the work it has undertaken during the year.

This internal report needs to be open and honest in presenting the Audit Committee's views if it is to be of real benefit to the WMPCC and CC. The Annual Report should summarise the Audit Committee's work for the year past, and present the Audit Committee's opinion about:

the comprehensiveness of assurances in meeting the WMPCC/CC's needs;

the reliability and integrity of these assurances;

whether the assurance available is sufficient to support the WMPCC/CC in their decision taking and their accountability obligations;

the implication of these assurances for the overall management of risk;

any issues the Audit Committee considers pertinent to the Annual Governance Statement and any long term issues the Committee thinks the WMPCC/CC should give attention to;

financial reporting for the year;

the quality of both Internal and External Audit and their approach to their responsibilities; and

the Audit Committee's view of its own effectiveness, including advice on ways in which it considers it needs to be strengthened or developed.

Bilateral Communications

- There should be mutual rights of access among each of the Chair of the Audit Committee, the Chief Executive, the Chief Financial Officer(s), the Internal Audit Manager, and the External Auditor. Whether or not that right of access is exercised, there should be an annual bilateral meeting between the Chair of the Audit Committee and each of these parties to ensure that there is clear understanding of expectations and mutual understanding of current issues.

Rights

The Audit Committee may co-opt additional members for a period not exceeding a year to provide specialist skills, knowledge and experience.

The Audit Committee may procure specialist ad-hoc advice at the expense of the organisation, subject to budgets agreed by the WMPCC and Chief Constable.

Access

The Internal Audit Manager and the representative of External Audit will have free and confidential access to the Chair of the Audit Committee.

Meetings

The Audit Committee will meet at least four times a year.

The Chair of the Audit Committee may convene additional meetings, as they deem necessary;

A minimum of 2 members of the Audit Committee will be present for the meeting to be deemed quorate. At least 1 of these 2 members needs to be an independent member (either the chair or another member);

Audit Committee meetings will normally be attended by representatives of the Executive of the WMPCC and the WMP Force Executive Team, the Internal Audit Manager, and a representative of External Audit.

The Audit Committee may ask any other officials of the organisation to attend to assist it with its discussions on any particular matter.

The Audit 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.

The Audit Committee may hold separate meetings with External Auditors/Internal Auditors, without CFO's or executive representatives. The Committee should hold one such meeting annually.

The WMPCC/CC may ask the Audit Committee to convene further meetings to discuss particular issues on which they want the Committee's advice.

Information requirements

For each meeting the Audit Committee will be provided with:

- A report summarising any significant changes to the organisation's Risk Register/Assurance Framework
- A progress report from the Internal Audit Manager summarising work performed (and a comparison with work planned)
- Key issues emerging from Internal Audit work including management response to audit recommendations
- Changes to the Periodic Plan
- Any resourcing issues affecting the delivery of Internal Audit objectives
- A progress report from the External Audit representative summarising work done and emerging findings.

As and when appropriate the Committee will also be provided with:

- Treasury Management Strategy and progress reports
- Statutory Accounts approval and publication reports
- Draft Annual Governance Statement(s)
- External Audit Governance and Management reports
- Inspection reports of HMIC and other external agencies
- The Internal Audit Strategy/Internal Audit Charter
- The Internal Audit Manager's Annual Opinion and Report
- Quality Assurance reports on the Internal Audit function
- A report on any changes to accounting policies
- Effectiveness and monitoring reports, around the policies on fraud, irregularity and corruption
- A report on any proposals to tender for audit functions
- Information reports on issues of best practice that impact on the effectiveness of the Committee or are of general interest.

The above list suggests minimum requirements for the inputs which should be provided to the Audit Committee.

March 2018