

Meeting	Authority Meeting
Date	25 March 2020
Location	Tele-conference
Title of Paper	Amendments to Corporate Governance Framework
Presented By	Susan Montgomery, Senior Solicitor, SPA
Recommendation to Members	For Approval
Appendix Attached	Yes Appendix A – Terms of Reference, Audit, Risk and Assurance Committee Appendix B - Terms of Reference , Exceptional Circumstances Committee

PURPOSE

The purpose of this paper is to:

1. Seek approval of new terms of reference for the Audit, Risk and Assurance Committee;
2. Seek approval of the terms of reference for a new committee to deal with urgent Board business in exceptional circumstances,
3. Establish the Exceptional Circumstances Committee and appoint members to that Committee; and
4. Seek approval to stand down of the COP 26 Expenditure Committee.

1. BACKGROUND

- 1.1 It is appropriate and necessary to carry out some amendments to the SPA Corporate Governance Framework. These include updating the Audit, Risk and Assurance Committee terms of reference, setting up a new Committee to deal with Board matters in emergency situations when it is not practicable to have an ordinary or special meeting of the Board, and to stand down the Policing of COP26 Expenditure Committee if that Committee is no longer required.

2. FURTHER DETAIL ON THE REPORT TOPIC

Draft Terms of Reference for the Audit, Risk and Assurance Committee

- 2.1 Draft Terms of Reference for the Audit Risk and Assurance Committee (ARAC), formerly the Audit Committee, are shown at Appendix A and are presented for approval. The format and content are based on example terms of reference included within the Scottish Government Audit and Assurance Committee Handbook. They have been drafted at the request of Audit Committee Members who provided input during their development.
- 2.2 The draft terms of reference more accurately describe the roles/responsibilities of the committee which is also reflected in the committee name - Audit, Risk and Assurance Committee. In summary, the ARAC will advise the Board and Accountable Officer on:
- the strategic processes for risk, control and governance;
 - the accounting policies, the accounts, and the annual report of the organisation, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors;
 - the planned activity and results of both internal and external audit;
 - the adequacy of management response to issues identified by audit activity, including external audit's management letter/report;
 - the effectiveness of the internal control environment;
 - assurances relating to the corporate governance requirements for the organisation;

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- proposals for tendering for internal audit services or for purchase of non-audit services from contractors who provide audit services; and
- anti-fraud policies, whistle-blowing processes, and arrangements for special investigations.

Draft Terms of Reference for a new Exceptional Circumstances Committee

- 2.3 Draft terms of reference for a new committee, the Exceptional Circumstances Committee, are shown at Appendix B and are presented for approval. This new Committee is to be established to deal with urgent business of the Board which due to exceptional circumstances cannot practicably be dealt with through the normal process for an ordinary or special meeting of the Board.
- 2.4 The Committee will comprise the Committee Chair and two other Board members. The Vice Chair will propose membership of the Committee for approval by the Board on 25 March 2020. Any changes to the membership of the Committee rest with the Board.
- 2.5 It is for the Chair of the Committee to determine whether exceptional circumstances requiring urgent business of the Board to be dealt with by the Committee exist. The Committee chair will, on a case by case basis, decide the process to be followed in relation to the notice of the meeting, agenda and circulation of papers. Members may be able to join the meeting by video or teleconference if the technology is available.

Proposed Standing Down of the COP26 Expenditure Committee

- 2.6 The Policing of COP26 Committee was established to deal with approval of expenditure in connection with the policing of COP 26 until such time as the budget is approved. On the basis the budget is approved by the Board on 25 March 2020, the Committee is no longer required and is to be stood down.

3. FINANCIAL IMPLICATIONS

- 3.1 There are no financial implications in this report.

4. PERSONNEL IMPLICATIONS

- 4.1 There are no personnel implications associated with this paper.

5. LEGAL IMPLICATIONS

5.1 There are no further legal implications in this paper to those listed above.

6. REPUTATIONAL IMPLICATIONS

6.1 There are no reputational implications associated with this paper.

7. SOCIAL IMPLICATIONS

7.1 There are no social implications associated with this paper.

8. COMMUNITY IMPACT

8.1 There are no community implications associated with this paper.

9. EQUALITIES IMPLICATIONS

9.1 There are no equality implications associated with this paper.

10. ENVIRONMENT IMPLICATIONS

10.1 There are no environmental implications associated with this paper.

RECOMMENDATIONS

The Authority is requested to **APPROVE**:

- i) New terms of reference for the Audit, Risk and Assurance Committee;
- ii) Terms of reference for a new committee to deal with urgent Board business in exceptional circumstances,
- iii) Establishing the Exceptional Circumstances Committee and appoint members to that Committee; and
- iv) Standing down of the COP 26 Expenditure Committee.

Appendix A

TERMS OF REFERENCE AUDIT RISK AND ASSURANCE COMMITTEE

Introduction

The Authority has established an Audit, Risk and Assurance Committee (ARAC) as a Committee of the Board

The overall purpose of the ARAC is to provide oversight and scrutiny of all significant audit and risk matters concerning the Authority and Police Scotland.

The ARAC will seek evidence and provide advice and assurance to the Board that the appropriate levels of internal controls are in place across both Police Scotland and SPA.

In addition, the ARAC will provide advice and assurance to the Accountable Officer and Board on these matters and any other specific items which the SPA Board requests of it in relation to audit, risk management and assurance and the integrity of annual reports and financial statements.

Membership

The ARAC will comprise no more than five members including a Chair.

The Committee will be supported by the Accountable Officer, SPA staff and Police Scotland staff/officers as appropriate to the agenda.

The Committee may invite representatives of related partner organisations, as appropriate, to Committee meetings to assist with the work of the Committee.

Reporting

- The Chair of the ARAC will report in writing to the Board after each meeting. A copy of minutes of the meeting may form the basis of the report.
- The committee will provide the Board and Accountable Officer with an Annual Report, timed to support finalisation of the accounts and the governance statement, summarising its conclusions from the work it has done during the year.

Responsibilities

The ARAC will advise the Board and Accountable Officer on:

- the strategic processes for risk, control and governance;
- the accounting policies, the accounts, and the annual report of the organisation, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors;
- the planned activity and results of both internal and external audit;
- the adequacy of management response to issues identified by audit activity, including external audit's management letter/report;
- the effectiveness of the internal control environment;
- assurances relating to the corporate governance requirements for the organisation;
- proposals for tendering for internal audit services or for purchase of non-audit services from contractors who provide audit services; and
- anti-fraud policies, whistle-blowing processes, and arrangements for special investigations.

The ARAC will also periodically review its own effectiveness and report the results of that review to the Board and Accountable Officer.

Rights

The ARAC may:

- co-opt additional members (such persons are not entitled to vote at meetings) for a specified period of time to provide specialist skills, knowledge and experience; and
- procure specialist ad-hoc advice at the expense of the organisation, subject to budgets agreed by the Board or Accountable Officer.

Access

The Head or representative of Internal Audit and the representative of External Audit will have free and confidential access to the Chair of the ARAC.

Meetings

The procedures for meetings are:

- the ARAC will meet at least four times a year. The Chair of the Committee may convene additional meetings, as he/she deems necessary;
- a minimum of two voting members of the committee will be present for the meeting to be deemed quorate;
- committee meetings will normally be attended by the Accountable Officer, the Finance Director, the Head of Internal Audit, a representative of External Audit and at least one senior representative of Police Scotland;
- 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 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 Board or Accountable Officer may ask the committee to convene further meetings to discuss particular issues on which they want the committee's advice.

The Chief Executive will ensure that appropriate support is provided to the meeting by SPA officers through a dedicated Secretariat comprising subject specialist and other committee expertise.

Information requirements

For each meeting the committee will be provided with:

- a report summarising any significant changes to the organisation's Risk Register; (move to when appropriate)
- a progress report from the Head of Internal Audit summarising:
 - work performed (and a comparison with work planned);
 - key issues emerging from Internal Audit work;
 - management response to audit recommendations;
 - significant changes to the audit 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:

- business update reports from the Accountable Officer;
- the Charter / Terms of Reference of the Internal Audit Directorate;

- the Internal Audit Strategy;
- the annual Internal Audit Plan
- the Head of Internal Audit's Annual Opinion and Report;
- quality assurance reports on the Internal Audit function;
- the draft accounts of the organisation;
- the draft governance statement;
- a report on any changes to accounting policies;
- External Audit's management letter/report;
- a report on any proposals to tender for audit functions;
- a report on co-operation between Internal and External Audit;
- a report on the Counter Fraud and Bribery arrangements and performance;
- reports from other sources within the "three lines of assurance" integrated assurance framework (eg Best Value self-assessment Reviews, Gateway Reviews, Health Check Reviews, ICT Assurance Reviews, Digital 1st Service Standard Reviews, Procurement Capability Reviews, Procurement Key Stage Reviews).

The above list suggests minimum requirements for the inputs which should be provided to the committee. In some cases more may be provided.

Secretariat

A proactive forward looking workplan for the year will be established, and agreed by the Board, distinguishing between standing, cyclical and ad-hoc items.

Twenty one calendar days prior to each meeting the Committee chair will determine, in consultation with others as necessary, the items that are to be included on the agenda for that meeting. Any items received after this date will be accepted at the Committee chair's discretion. The agenda will be circulated to all Board Members for information. Final papers for each meeting must be submitted to the secretariat no later than 10 calendar days prior to the meeting and circulated to Board Members and other invited attendees no later than 7 calendar days prior to the meeting. Papers received after this date will be accepted at the Committee chair's discretion.

With the agreement of the Committee Chair and the availability of technology Board Members may be able to join the meeting by video or teleconference.

A draft rolling action log will be available no later than 5 calendar days after each meeting. Draft minutes will be available to the Committee Chair no later than 14 calendar days after the meeting. Once agreed with the Committee Chair, draft minutes will be circulated to all Board Members noting that they are still subject to formal approval at the next Committee meeting.

Authority Meeting

25 March 2020

Amendments to SPA Corporate Governance Framework

The Secretariat will be responsible for all arrangements associated with supporting the meeting.

Appendix B

TERMS OF REFERENCE – Exceptional Circumstances Committee

PURPOSE AND SCOPE

1. The purpose of this committee is:
 - To deal with urgent business of the Board when, in exceptional circumstances, it is not practicable for an ordinary meeting or special meeting of the Board to be convened, or for the business to be dealt with by all members of the Board by correspondence. The Committee is authorised to perform on behalf of the Board all of the Authority's functions.
2. Meetings will be used to:
 - Consider and deal with urgent business of the Board and recommendations from its committees when it is necessary for the fulfilment of the Authority's functions and it is not practicable to convene an ordinary or special meeting of the Board, or to have the business dealt with by all members of the Board by correspondence.

MEMBERSHIP AND ATTENDEES

3. The Committee will comprise the Chair of the Authority who will be the Committee Chair and three other Board Members.
4. The quorum of the Committee will be three members including the Committee Chair.
5. In the event that members (including the Chair) appointed to the Committee are unable to participate in a Committee meeting and the Committee is no longer quorate, other members of the Board shall be appointed to the Committee as a temporary measure to make the Committee quorate.
6. Members of Authority staff and Police Scotland representatives may be invited to attend Committee meetings. The Chief Executive has a standing invitation to attend meetings. Any other Board Member may attend with the agreement of the Committee Chair.

7. The Committee Chair may invite external experts or representatives from external stakeholders or partner organisations for consideration of specific agenda items or subject areas.

MEETINGS

8. The procedures for the Committee meeting are as follows:
 - (i) The number of meetings will be dependent upon the nature and extent of the Committee's business. Meetings will be held where necessary in matters of urgency, at short notice, and/or by correspondence.
 - (ii) Items of business must be submitted with a clear rationale explaining the exceptional circumstances and the urgency that make it necessary for the Committee to deal with the business. The Committee Chair shall determine whether exceptional circumstances requiring urgent business of the Board to be dealt with by the Committee exist.
 - (iii) Meetings of the Committee will be held to deal with matters of urgency and the Committee Chair will, on a case by case basis, provide details of the procedures to be followed in relation to notice of the meeting, agenda, and circulation of papers.
 - (iv) Members may be able to join the meeting by video or teleconference if the technology is available.
 - (v) A draft rolling action log will be available no later than 5 calendar days after each meeting. Draft minutes will be available to the Committee Chair no later than 14 calendar days after the meeting. Once agreed with the Committee Chair, draft minutes will be circulated to all Board Members noting that they are still subject to formal approval at the next Committee meeting.
 - (vi) A summary report will be prepared and used as the basis of reporting to the SPA Board in public.

SECRETARIAT

9. The Chief Executive will ensure that appropriate support is provided to the meeting by SPA officers through a dedicated Secretariat comprising subject specialist and other committee expertise.
10. The Secretariat will be responsible for all arrangements associated with supporting the meeting.