

JOINT INDEPENDENT AUDIT COMMITTEE	26 SEPTEMBER 2022
DRAFT JIAC ANNUAL REPORT 2020 – 2021	
REPORT OF: CARRIE YOUNG, CHAIR OF THE JOINT INDEPENDENT AUDIT COMMITTEE	

I. INTRODUCTION

The Joint Independent Audit Committee (JIAC) provides independent assurance that adequate corporate and strategic risk management arrangements are in place for the Police and Crime Commissioner for Northumbria (PCC) and the Chief Constable (CC). It jointly advises the PCC and the CC on governance matters as well as good practices.

The Chartered Institute of Public Finance and Accounting (CIPFA) guidance, recommends that the JIAC report annually on how they have discharged their duties and responsibilities.

This report provides the PCC and CC with a summary of the Committee's activities in the financial year 2021/22. It also seeks to provide assurance that the Committee has fulfilled its terms of reference, and added value to the overall governance arrangements that were in place for both the PCC and the CC.

2021/22 continued to be a challenging year for Policing with managing the phased exit from the COVID-19 lockdown restrictions, as well as the impacts of international events on supply chains and inflation on operational budgets.

The Committee wishes to record its gratitude to the CC Winton Keenen, DCC Debbie Ford and Ruth Durham for their constant support and to those Officers of the PCC and CC who have regularly attended JIAC throughout the year. Mike Tait, Kevin Laing and the Finance and Corporate Development teams have again facilitated the work of the Committee well during the year, along with the Internal Audit and External Audit have assisted the Committee to fulfil its role.

I pay tribute to Neil Mundy, who I succeeded as chair, who stepped down earlier this year. Neil made a significant contribution to the work of the JIAC during his tenure. Also, to my fellow committee members who have continued to provide challenge, advice, and support throughout this year.

2. COMMITTEE MEMBERSHIP AND ATTENDANCE.

The members of the Committee during the year were as detailed in the table over the page, along with their attendance record.

Member	No of Meetings	% Attendance
Neil Mundy (ex-Chair, stepped down following the 19 July 2021 meeting)	1	100% (Meetings whilst in post)
Carrie Young (Chair from 22 November 2021)	2	100% (Meetings whilst in post)
Kushil Amiani	3	100%
Janet Guy	3	100%
Peter Wood	2	67%

3. Meetings

The Committee met on 3 occasions during the financial year with the meeting on 27 September 2021 scheduled to review financial, audit and governance performance for 2020/21 cancelled due to COVID-19 and the delay in appointment of a replacement External Auditor. Meetings are open to the press and public with minutes being published on the PCC website.

Due to COVID-19 all meeting have been virtual, with no face-to-face contact with officers of the PCC or CC. The Committee has relied on helpful informal meetings online with officers of the PCC and CC, along with Internal and External Auditors. This gave the Committee the ability to ensure that work programmes met agreed deadlines, and to provide an opportunity to comment and raise any issues of concern.

4. Risk Management.

The Committee has a role to ensure that the PCC and CC have in place robust and effective arrangements for the identification and management of strategic risks. A joint strategic risk register is maintained, which is reviewed at each meeting of the Committee. Regular reports are received from the Head of Corporate Development on:

- Escalation and de-escalation of identified strategic risks.
- Additional strategic risks arising during the year and the likely effect to the organisation.
- Deletions of risks, which are deemed no longer to have a strategic relevance.
- In each case, a full explanation is provided for any change of risk status.

The Strategic Risk Register is aligned with the corporate Transformation 2025 agenda.

The reports received by the Committee during the year have given assurance that strategic risks reflect the current economic and operational environments. The Committee sought assurances throughout the period of the Pandemic, that those associated risks are appropriately managed. Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) inspections, and internal audit reports on areas such as business continuity; cyber security; financial and treasury management have provided further assurance. The Committee was pleased to note the more rapid pace that recommendations for some areas for improvement (AFIs) were actioned. The assurances of the Executive, together with triangulation of the risk register, with both internal and external audit reports, has provided reasonable assurance to the JIAC that strategic risks are managed effectively.

5. External Audit

During the financial year Mazars LLP withdrew from providing external audit services to both the PCC and CC. This service was contracted through the national external audit arrangements provided by the Public Sector Audit Appointments (PSAA) panel. New external Auditors were appointed in December 2021, the appointed auditors being Grant Thornton UK LLP.

Due to the change in external auditors the audit of the 2020/21 Financial statements was delayed and work did not commence until January 2022.

As a consequence, the completion of the external audit was not presented to the Committee until the meeting on 18 July 2022. The outcome of which were unqualified opinions for both the PCC and CC. It is expected that the Value for Money (VFM) assessment for 2020/21, similarly delayed, will be presented to the Committee on 22 September 2022. I look forward to receiving the VFM report at the meeting.

6. Internal Audit

Gateshead Council continue to provide Independent Internal Audit services under the terms of a service level agreement with both the PCC and the CC.

The Annual Internal Audit Plan is determined after an assessment of the risks associated with the various activities of the PCC and CC. The Committee agrees the audit plan supporting the risk management process. This ensures that internal audit activity supports and provides appropriate assurance to the PCC and CC, as well as the external auditor Grant Thornton.

During the year the Committee has monitored progress against the Annual Internal Audit Plan receiving summaries of all completed internal audit reports setting out the findings, recommendations and updates on actions taken by management where necessary.

The Committee has challenged in some reports the sample size and scope within individual audits. The Committee has received in those cases assurances on their efficacy or has prompted a review.

IT and Cyber security continue to be areas of heightened risk and therefore of particular focus by the JIAC. The Committee received helpful presentations and strong assurance

AGENDA ITEM 5

from Executive colleagues and independent advisers regarding the positive actions and the investment the Force is making in addressing this priority.

The Committee is most appreciative of the efforts of Robert Bowmaker and his colleagues in Internal Audit for their efforts in fulfilling their role throughout 2021/22

Internal Audit Plan 2021/22

Audits Planned	Audits Completed	Audits deferred to following year	Audit Reports Issued *	Operating Well	Satisfactory	Requires Improvement
24	24	0	24	23	1	0

The Committee noted that:

- There were no in-year investigations.
- The Committee was satisfied with the findings and opinions within the reports.
- During 2020/21 there were delays in relation to the timely completion of IT audits, provided on a sub contract basis by Newcastle Council. These were due to resource pressures and staff turnover. The Committee has received assurances during 2021/22 that the backlog of audits has been cleared and that Newcastle have identified additional resources to deliver the audit programme and are currently recruiting to help provide additional resilience in this area.

7. Corporate Governance

In reviewing the draft Annual Governance Statements, which accompany the Financial Statements the Committee, takes into consideration the following:

- **Senior Managers' Assurance Statements** - Report of the Internal Audit Manager.
- **The Reports of HMICFRS and other external inspectorates** - Report of the Head of Corporate Development.
- **Review of the Effectiveness of Internal Audit** - Report of the Internal Audit Manager.
- **Internal Audit Annual Report** - Report and opinion of the Internal Audit Manager.
- **External Audit Report** - Report and opinion of the External Auditor.
- **Corporate Risk Management Annual Report** - Report of the Head of Corporate Development.
- **Performance and Data Quality Assurance Annual Report** - Report of the Head of Corporate Development.
- **Self-assessment of the Chief Finance Officer** - Report of the Joint Chief Finance Officer.

- **Legal and Regulatory Assurance** - Report of the Chief of Staff and Joint Chief Finance Officer.
- **Other Thematic areas, including:** Partnership Arrangements; Business Planning; Wellbeing; ICT; and Fraud, Corruption and Money Laundering - Reports of the Chief of Staff and Joint Chief Finance Officer.

Recommendations for additions in the draft statements are made, to enable the Committee to recommend adoption.

8. Treasury Management

The Committee is required to monitor and approve Treasury Management policies and strategy.

Link Asset Services are retained as Treasury service advisers.

The Treasury Management Strategy is agreed annually and reviewed during the year. Challenge is provided on borrowing and the timing of redemptions to ensure that the best use of reserves is made. The Committee has monitored progress throughout the year and are pleased to report that Treasury Management is operating well and within the agreed limits.

The Treasury Management Annual Report for 2020/21 has been reviewed and recommended to the PCC for publication.

9. JIAC Self-Assessment

A self-assessment of the Committee's competencies was carried out in July 2022 as part of the review of the activities of the Committee by Internal Audit, during the review of annual assurance, the following were highlighted:

- The Committee was operating well and meets the terms of reference. They demonstrate the necessary skills, knowledge, and experience to perform their function.
- Where additional knowledge is required, both the PCC and CC representatives are able and willing to provide the necessary briefing/training.
- Support for the work of the Committee comes from the Joint Chief Finance Officer and his Team, Chief of Staff to the PCC, and the Deputy Chief Constable, which has greatly assisted the Committee in its work.

10. JIAC Membership and Development

The Committee is committed to developing its skills and knowledge and constantly reviews its composition and need for additional information, briefing or training.

11. Recommendation

The Committee is recommended to consider, comment on, and note the above report and agree it as an appropriate summary of the activities of the Committee for financial year 2021/22. The report will be amended to include any changes arising from the meeting of the Committee on 26 September 2022; and subsequently any findings from the completion of the Value for Money assessment for 2020/21, to be considered at its meeting on 26 September 2022.

Carrie Young

Chair of Joint Independent Audit Committee