

JOINT INDEPENDENT AUDIT COMMITTEE	17 JULY 2023
DRAFT JIAC ANNUAL REPORT 2022 - 2023	
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 2022/23. 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.

The Committee wishes to record its gratitude to the former Chief Constable Winton Keenan who was in post for the entirety of 2022/23, along with Deputy Chief Constable Debbie Ford, Joint Chief Finance Officer Kevin Laing, and PCC Chief of Staff Ruth Durham for their constant support. Along with the Officers of the PCC and CC who have regularly attended JIAC throughout the year, the Finance and Corporate Development teams who have again facilitated the work of the Committee well during the year, along with the Internal and External Audit have assisted the Committee to fulfil its role.

2. COMMITTEE MEMBERSHIP AND ATTENDANCE.

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

Member	No of Meetings	% Attendance
Carrie Young (Chair)	4	80%
Kushil Amiani	4	80%
Janet Guy	5	100%
Peter Wood	5	100%

3. Meetings

The Committee met on 5 occasions during the financial year with an extraordinary meeting arranged on 25 April 2022. The additional meeting was scheduled to receive the delayed audit report and final Annual Governance Statements for the financial year 2020/21, as a result of the delay in the appointment of a replacement External Auditor by the Public Sector Audit Appointments Panel (PSAA).

All meetings are open to the press and public with minutes being published on the PCC website. During 2022/23 meetings reverted to face-to-face following the movement to on-line as part of the response to COVID-19.

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 challenging economic and operational environments. Along with His 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. Along with the publication in September 2022 of the HMICFRS 2021/22 PEEL Assessment (Police Effectiveness, Efficiency, and Legitimacy), where Northumbria was rated overall 'Good' with seven of the graded areas 'Good', one as 'Adequate' and only one 'Requires Improvement', overall, a significant improvement on the previous PEEL Assessment.

Overall, 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 2021 Mazars LLP withdrew from providing external audit services to both the PCC and CC, new external Auditors were appointed in December 2021, the appointed auditors

being Grant Thornton UK LLP. As a result, the audit of the 2020/21 Financial statements were delayed, an extraordinary meeting of JIAC was arranged in April 2022 to receive an update on the audit and review the final Annual Governance Statements for 2020/21. For 2020/21 the final completion of the external audit was not presented to the JIAC until the meeting on 18 July 2022, the outcome being unqualified opinions for both the PCC and CC, along with a Value for Money assessment that there were no significant weaknesses.

There have again been delays in the external audit of the 2021/22 financial statements, the audit not being completed by the statutory deadline of the end of November 2022, acknowledging the PCC and CC met the statutory deadlines. The delay being due to the unfortunate resourcing constraints affecting the external auditor. This has been compounded by the audit of the Local Government Pension Scheme (LGPS) also being delayed, which our external auditor relies upon, and the release of the latest pension schemes triennial valuation report which has resulted in further work by the external auditors. It is recognised this is a national issue which has impacted many other public sector bodies in the same position, and their respective audit firms. However, the JIAC is concerned that the delays on the external audit are putting significant additional pressure on the finance team as well as seeking assurances that any additional costs need to be challenged locally as well as nationally.

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, scope within individual audits and final assessments to ensure a greater level of assurance. 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 is appreciative of the efforts of Robert Bowmaker and his colleagues in Internal Audit for their efforts in fulfilling their role throughout 2022/23

Internal Audit Plan 2022/23

Audits Planned	Audits Completed	Audits deferred to following year	Audit Reports Issued *	Operating Well	Satisfactory	Requires Improvement
27	22	0	22	17	5	0

* The remaining 5 reports will be reported at the July 2023 meeting of the JIAC.

The Committee noted that:

- There were no in-year investigations.
- The Committee was satisfied with the findings and opinions within the reports.

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 2021/22 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 April 2023 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.

As part of the November 2022 JIAC meeting, an additional member training session was also arranged to ensure both new and existing members were briefed on current and relevant areas of business relevant to the role of JIAC. This was well received and included:

- Treasury Management.
- Financial Cycle and JIAC involvement.
- Internal Audit and how audit findings are assessed.
- Risk Management.
- External Inspection regimes.
- Force Governance.
- OPCC Governance and Scrutiny Oversight.

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 2022/23. The report will be amended to include any changes arising from the meeting of

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the Committee on 17 July 2023; and subsequently any findings from the completion of the 2022/23 financial statements as they are completed by the external auditor.

Carrie Young

Chair of Joint Independent Audit Committee