

JOINT INDEPENDENT AUDIT COMMITTEE	20 MAY 2024
DRAFT JOINT INDEPENDENT AUDIT COMMITTEE ANNUAL REPORT 2023/24	
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 2023/24. 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 Deputy Chief Constable Debbie Ford who was in post until October 2023, and welcomed Deputy Chief Constable Jayne Meir to the Committee. Also, the 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)	5	100%
Janet Guy	5	100%
Kushil Amiani	5	100%
Peter Wood	5	100%

3. Meetings

The Committee met on 5 occasions during the financial year with an extraordinary meeting arranged on 26 May 2023. The additional meeting was scheduled to receive the Annual Assurance Review and agree the draft Annual Governance Statements (AGS's) for 2022/23. This followed the national guidance change to return to a deadline of 31 May 2023 to publish the draft Statements of Account and AGS's.

All meetings are open to the press and public with minutes being published on the PCC website.

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 reports received by the Committee during the year have given assurance that strategic risks reflect the current challenging economic and operational environments, along with public confidence challenges. Along with His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) inspections, and internal audit reports on areas such as vetting; cyber security; financial and treasury management have provided further assurance.

The Committee welcomed the development of a Risk Appetite Statement to supplement the existing risk management framework, identifying the amount of risk it is prepared to accept, tolerate, or be exposed to at any point in time for each of the thematic areas.

The Committee was pleased to note the more rapid pace that recommendations for some areas for improvement (AFIs) were actioned.

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

Grant Thornton UK LLP provide external audit services, there were continued 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 audit of the Local Government Pension Scheme (LGPS) being delayed, which the external auditor relies upon. The Committee

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recognised this was a national issue, however, it expressed concern that the delays on the external audit were putting significant additional pressure on the finance team. The outcome of the audit was reported at the September 2023 meeting, the outcome being unqualified opinions for both the PCC and CC, along with a Value for Money (VFM) assessment that there were no significant weaknesses.

In relation to 2022/23, there was a knock-on effect due to the delay of the audit of the previous year's financial statements due to the national pension issue, requiring the significant restating of pension related entries within the 2022/23 statements. The revised draft financial statements were audited with the Audit Findings Report presented at the February 2024 meeting, showing an unqualified opinion. The outcome of the VFM will be reported as part of the Auditor's Annual Report (AAR), which will be delayed until the May 2024 JIAC meeting, which will be the end of Grant Thorntons tenure as our external auditors.

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, for this year this included the addition of audits for vetting and pensions remedy, in response to specific areas of focus. 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 findings where appropriate. IT and Cyber security continue to be areas of heightened risk and therefore of particular focus by the JIAC.

As part of the annual governance review, the findings and opinion of the Internal Audit manager are taken into account. The Internal Audit Plan 2023/24 shows to date:

Audits Planned	Audits Completed	Audits deferred to following year	Audit Reports Issued *	Operating Well	Satisfactory	Requires Improvement
26	22	0	22	15	4	0

* The remaining reports will be reported at the May 2024 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.

The Committee is appreciative of the efforts of Robert Bowmaker and his colleagues in Internal Audit for their efforts in fulfilling their role throughout 2023/24.

The Committee has asked for the provision of Internal Audit services to be reviewed and the market tested in order to receive assurance of the continuation of an appropriate internal audit service meeting future need.

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. The draft and final AGS's for 2022/23 were agreed at the Committee.

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 2022/23 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 2024 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 Terms of Reference, Membership and Development

During the year a review of the Terms of Reference (ToR) for the Committee was undertaken. Minor changes have been agreed to the ToR, these were:

- To ensure that the JIAC membership has the appropriate level of financial experience and in light of difficulty in recruiting members with such experience, to allow appointment for an initial four-year term with the option of a second and third year term, each term being four years.
- The Chief Constable and the Police and Crime Commissioner to attend one meeting a year in person alongside their representative.

The Committee is committed to developing its skills and knowledge and constantly reviews its composition and need for additional information, briefing or training. Suitable induction training will be provided to new members of the committee and for specific topics as appropriate.

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 2023/24. The report will be amended to include any changes arising from the meeting of the Committee on 20 May 2024; and subsequently any findings from the completion of the 2023/24 financial statements as they are completed by the external auditor.

Carrie Young
Chair of Joint Independent Audit Committee