



## AGENDA ITEM 10

### NORTHAMPTONSHIRE POLICE AND CRIME COMMISSION and NORTHAMPTONSHIRE CONSTABULARY

#### JOINT INDEPENDENT AUDIT COMMITTEE

19 JUNE 2017

<b>REPORT BY</b>	Chair of the Joint Independent Audit Committee
<b>SUBJECT</b>	Annual Report 2016-17
<b>RECOMMENDATION</b>	To approve the report and submit it to the Police and Crime Commissioner and Chief Constable and, possibly, the Police and Crime Panel.

#### 1. Purpose of report

This report fulfils three purposes:

- a) A review of the Committee's terms of reference;
- b) A self assessment by the Committee's members;
- c) An annual report, as required by the terms of reference, for inclusion in the Annual Accounts

#### 2. Role of the Committee

This is the fourth annual report of the Joint Independent Audit Committee (JIAC) created under the Home Office Financial Code of Practice for Police Services.

The purpose of the Committee is:

*'To support the Police and Crime Commissioner and the Chief Constable to discharge their responsibilities by providing independent assurance on the adequacy of their corporate governance, risk management arrangements and the associated control environments, treasury management and the integrity of financial statements and reporting.'*

The full responsibilities of the JIAC are contained in its terms of reference.

This audit committee became operational in November 2012.

#### 3. Committee membership

Membership of the Committee during the financial year, which has not changed, was:

<b>Name</b>	<b>Appointment</b>	<b>Qualifications</b>
John Beckerleg (Chair)	Appointed 1 October 2014	MA, CIPFA, MBA, SSA
Tony Knivett	Appointed December 2013	CQSW
Martin Pettitt	Appointed December 2013	CIPFA
Gill Scoular	Appointed 1 December 2014	CIPFA

The Office of the Police and Crime Commissioner (OPCC) undertook a recruitment process in 2016 to identify potential new members for the Committee. However this did not provide candidates with skills which complemented those of existing JIAC members. Nevertheless, a recent review of the committee has concluded that it would be beneficial to recruit a further member to the committee provided they have suitable skills and experience and this is shown as one of the actions for 2017-18.

#### **4. Committee's Terms of Reference**

The Committee has established terms of reference derived from the CIPFA best practice model. The Committee is required to review its terms of reference annually and the latest terms of reference are attached as Appendix 1. The version shown includes changes agreed at the JIAC meeting on 20 June 2016 to include reference to collaborations (see paragraph A(c)).

The JIAC covers two organisations: the Police and Crime Commissioner (PCC) and the Force. This has tended to produce long agendas and so, to make more effective use of officers' time, the sequence of the agenda has been changed to separate Force and OPCC items. The agenda and meetings remain too long and so it is proposed to reduce the frequency of reports (for example, reporting the risk register every 6 months to demonstrate that the risk management processes are working rather than each meeting).

No other changes in the terms of reference are proposed this year.

#### **5. How the Committee discharges its responsibilities**

The Committee's terms of reference drive the work programme and there is a well established approach to agenda planning.

The Committee held 4 formal meetings in the year. The meetings were open to the public although only one person has taken up this opportunity. No items were considered in private, which is viewed as good practice and will be continued as far as possible. Attendance at meetings was as follows:

<b>Name</b>	<b>Attendance attendance</b>	<b>/</b>	<b>Possible</b>
John Beckerleg (Chair)	4/4		
Tony Knivett	4/4		
Martin Pettit	4/4		
Gill Scoular	2/4*		

(\* Note: One meeting had to be rearranged at short notice which prevented attendance)

The Committee's meetings have been generally well supported by officers from both the Force and OPCC although the Committee was concerned about some planned reports not being produced or being so incomplete / late that the committee could not consider them.

In addition representatives of the Internal Auditor and the External Auditor regularly attended the meetings and the Committee took the opportunity to discuss topics in private with the auditors without officers being present.

To enable the Committee members to be effective, they need to understand the plans, priorities, programmes and issues facing the Force and OPCC. The established and very beneficial programme of workshops continued in 2016-17 which has allowed officers to brief the Committee members on a range of topics. Areas covered have included:

- Counter fraud
- Collaborations including 'Tri Force' and 'Strategic alliance'
- Value for money
- Change and programme management
- Medium term financial plan
- Service delivery model ( allocate police staffing in line with policing priorities)
- The development of an Estates Strategy
- The review of the finance function.

Part of one workshop was a facilitated session run by the Internal Auditor to review the effectiveness of the JIAC.

One topic which is outstanding is in relation to 'Information security and information management' which was requested by the Committee following instances elsewhere in the Country where information had not been used appropriately by Police Forces.

## **6. Assessment of the Audit Committee's performance against its plan and terms of reference**

The Committee is keen to be effective and in particular make a positive and constructive contribution to the work of the Force / OPCC and the achievement of their strategic priorities. The Committee has made progress in specific areas such as: gaining assurance about the governance and operation of the majority of the existing collaborations (excluding the multi function shared service); contributing to the change programmes (where a member of the committee has attended the change boards); the processes for responding to Her Majesty's Inspectorate of Constabulary (HMIC) reports' recommendation and a review of revised draft governance documents for the PCC (although these have yet to be introduced).

The Committee has undertaken its responsibilities as set out within the agreed terms of reference including consideration of the:

- The operation of risk management;
- Treasury Management policy and ongoing monitoring in 2016-17 although the required policy and strategy for 2017-18 has not been produced to date ;
- 2016/16 Accounts, the Annual Governance statements (including follow up) and the External Auditor's report; and

- Internal Audit Plan 2017/18, specific internal audit reports (recommendations and follow up) and the Internal Auditor's Annual Report for 2015/16.

In June 2017, the Committee is concerned about the lack of key documents which underpin the assurance framework and the financial control arrangements. More detail is given in Appendix 2. It is also concerned that the points it has sought to raise (for example, the need for a comprehensive capital programme and the concerns about the decision to vacate the Wootton Hall site – now being reviewed) have not been addressed. On a more positive note, in recent months there are indications that the key documentation will be produced shortly and the Committee will continue to monitor this.

During the year the Committee has gained assurance in relation to:

- Overall risk management
- Regional collaborations
- Responding to the HMIC reports.

The Committee has gained assurance from a specific report and discussion in relation to counter-fraud.

In the previous Annual Report the Committee set out its aims and objectives for 2016/17. These are described in Appendix 2 including the progress achieved.

The Internal Audit Plan 2017/18 included an internal audit review of the effectiveness of the JIAC. This was completed by May 2017 and is reported on this agenda. The actions arising from the recommendations have been included in the Actions planned for 2017/18 (see Appendix 3).

A draft of this report has been shared with the OPCC and CC so that officers with knowledge of the work of the JIAC have the opportunity to provide feedback and shape the way the Committee operates.

## **7. Identification of key issues**

During 2016/17 the Committee considered a range of topics and issues. Some of the key ones were:

Annual Accounts 2015/16 – completion of the closure of the Annual Accounts was satisfactory this year and final approval for the two organisations was achieved by the statutory deadline. The process was helped by the recruitment of additional finance staff and is expected to improve further in 2016/17 as the result of using a national tool to assist closedown.

Value for money – The JIAC is responsible for considering VFM arrangements. These can take many forms: for example, within resource planning, as part of programme management, and in everyday decision making. The Committee has been seeking to confirm the arrangements for value for money including using the conclusion of HMIC, internal audit and external audit. However, this is not an easy topic about which to gain full assurance and the exploration will continue into 2017/18.

Learning from elsewhere – the two regional meetings of the Chairs of the respective audit committees has enabled information to be shared on approaches, key issues, areas for joint working and governance. The aim will be to continue with these meetings with the intention of a further meeting in the Autumn 2017. Whilst it may be more difficult to achieve, some form of national forum for Chairs and CFOs, possibly under the auspices of CIPFA, would also be helpful.

Collaboration – there are many examples of collaborative working between forces involving Northamptonshire. The JIAC has gained assurance from the existence of legal agreements and the self-assessments undertaken using a framework devised by the previous internal auditors, Baker Tilley. In 2016-17 this assurance was progressively tested by Mazars undertaking joint internal audits of each of the East Midlands collaborations. Whilst these have provided some assurance, they have also identified areas for improvement, particularly regarding establishing adequate governance structures, appropriate business cases and clear outputs. Improvements have been promised which would provide further assurance; these will be kept under review.

One other collaboration, the multi-force shared services collaboration, has been reviewed recently and this has identified a number of governance concerns. These are being addressed and there is a plan, which the JIAC will monitor, to make better use of the MFSS services and improve Northamptonshire Police's involvement in its governance.

Whilst the current collaborations will continue, the future for additional collaborations is currently uncertain following decisions not to proceed with the strategic alliance option.

Risk management – The risk management processes are well established and the risk registers for the two organisations are regularly monitored (including by the JIAC). Related work on the assurance maps will continue to be developed and possibly involve exploring in depth one or two discrete areas to examine the way in which the 'three lines of defence' operate in practice.

Transformation / change programmes – There are number of change programmes which have been discussed and which are progressing currently. A key one is the new Service Delivery Model seeking to allocate resources, including staffing, to the highest policing priorities. A representative of JIAC sits on the Change Board which provides a helpful link.

Estates programme - The Committee has been seeking a comprehensive estates strategy for some time. A partial strategy was provided in 2015-16; this included some significant building projects. At the same time the JIAC was briefed and consulted on proposals surrounding the Force headquarters and the possibility of decanting from this site so that it could be sold. The Committee responded formally to this consultation and was broadly in support of securing a Police estate that was fit for the purpose. However the Committee also had concerns about the governance underpinning the decision making (including the speed with which a decision was being made and the extent to which all options had been examined) and its response sought a greater exploration of the options and assurance that those involved in making the decision had sought appropriate legal, financial and property advice. The previous PCC agreed the sale and consequential Force relocation.

Towards the end of 2016-17 there has been a review of the disposal / relocation agreement and this is expected to lead to a new decision which will see the Force remaining on the Wootton Hall site. In addition the need for a comprehensive estates strategy has been accepted and this is now being developed. The JIAC will maintain a close interest in these areas.

Key financial documents – following on from the work on the estates strategy, the OPCC has now accepted that a complete and affordable capital programme is required and this will be prepared. In turn there is a requirement to produce the 2017-18 Treasury Management statement (which should have been in place by 1 April 2017).

These are important documents and the JIAC will continue to press for their production and application.

Medium term financial plan (MTFP) – this is another key document which underpins the financial planning of the two organisations. It is particularly critical in this period of change and transition because it should draw together the various change programmes, showing their resource implications and ensuring plans are affordable. In its turn this informs the reserves policy which needs to be updated and clarified, possibly simplifying the various reserves which have been created in recent years. The JIAC will expect to see the MTFP, updated and with an associated reserves policy, at an early meeting.

Governance framework – considerable work was undertaken to redraft the Governance Framework for the OPCC, following a decision that there would be separate documents for the PCC and CC. More recently, that decision has been reviewed and it has been decided that there should be a single document covering both organisations.

This is again a key document underpinning the governance arrangements which is now urgently needed. The JIAC will take a close interest (both in drafting and operation).

Assurance arrangements – the JIAC welcomed the establishment of the Force Assurance Board with a remit to consider matters of governance and assurance across a wide spectrum of the Force's work. The Committee is represented on this Board, which is a helpful way of gaining an insight into matters directly covered by the Committee's terms of reference.

Lines of Accountability - The Committee has sought to explore the way in which accountability works between the two organisations. Specifically, how the PCC holds the Chief Constable to account. The arrangements are becoming clearer following the establishment of an Accountability Board with the purpose of exercising this accountability.

Benefit of the PCC governance model – Following the completion of the previous PCC's term of office, the Committee has tentatively begun to consider how to demonstrate that the new governance arrangements are effective and do provide value for money.

## **8. Assessment of Internal Audit**

Mazars were appointed as the internal auditor for three years with effect from 1 April 2015 following a competitive tendering process involving neighbouring Counties.

The internal audit plan for 2016/17 was approved by the JIAC in March 2016, and the Committee recommended the Commissioner and the Chief Constable to sign off the plan. Progress against the audit plan has been good.

Mazars include performance monitoring information in their regular reports to the Committee and the JIAC keep these under review.

The Force and OPCC have generally accepted the recommendations made in the internal audit reports (or explained why a particular recommendation has not been accepted). Managers have progressed the agreed actions in most cases to the agreed timescale and the Committee continues to monitor progress until actions have been completed.

The Audit Plan for 2017-18 was presented to the March 2017 meeting of the committee. The JIAC members asked the Internal Auditor and officers to consider whether the proposed plan gave sufficient weighting to the strategic issues facing the two organisations and whether the allocation of days reflected the risks. A revised plan has been agreed by the JIAC and will be formally endorsed at the June 2017 meeting. One benefit currently, is being able to co-ordinate internal audits across other forces, working partnership.

## **9. Assessment of External Audit**

The external auditor is KPMG.

The Auditor has provided an unqualified report on the 2015-16 accounts which were closed this year by the statutory deadline.

In addition the Auditor has presented the External Audit Plan for 2016/17.

The Committee is satisfied about the effectiveness of the external audit process and grateful for the help and advice of the Auditor during the year.

The arrangements for appointing Auditors has been changed and new appointments are required for the 2017-18 accounts. The committee supported an officer recommendation to subscribe to the procurement process run by Public Sector Audit Appointments to select and appoint a new auditor. The outcome of this procurement will be known later in 2017 and the JIAC will be involved in the induction of new auditors.

## **10. Looking forward**

Appendix 3 sets out the draft Aims and Priorities for the Committee for 2017/18. These reflect the recommendations arising from the Internal Audit review of the effectiveness of the JIAC.

## **12. Conclusion**

The Committee has continued to develop its approach over the past 12 months. Some elements – risk management and review of the HMIC reports - have improved and provide a good basis for moving forward.

The JIAC will continue to undertake the responsibilities assigned to it in the agreed terms of reference and seek to ensure that it makes a constructive contribution to achieving the agreed priorities. It is important that the JIAC adds value to the organisations in discharging its responsibilities and so will continue to assess its own effectiveness. The ongoing work programme is set out in appendix 3.

The Committee has felt frustrated in some areas – particularly where concerns it has raised have not, until recently, been recognised. Members of the Committee are optimistic that recent changes, for example following the finance review, and the commitments made by officers will lead to improvements. Various key documents which are crucial to effective governance need to be put in place promptly.

Once again, the Committee wishes to record its appreciation for the support it has received from the Force and OPCC, as well as the internal and external auditors.

J Beckerleg  
Chair of Joint  
Independent Audit Committee

<b>EQUALITY, DIVERSITY AND HUMAN RIGHTS IMPLICATIONS</b>	None
<b>HUMAN RESOURCES IMPLICATIONS</b>	None
<b>ENVIRONMENTAL IMPLICATIONS</b>	None
<b>RISK MANAGEMENT IMPLICATIONS</b>	None
<b>Author:</b>	J Beckerleg – Chair of Joint Independent Audit Committee
<b>Chief Officer Portfolio Holder:</b>	xxx

## **Appendix 1**

### **Joint Independent Audit Committee - Existing terms of reference**

#### **NORTHAMPTONSHIRE OFFICE OF THE POLICE AND CRIME COMMISSIONER and CHIEF CONSTABLE**

#### **JOINT INDEPENDENT AUDIT COMMITTEE**

#### **TERMS OF REFERENCE**

##### **1 Purpose**

To support the Police and Crime Commissioner and the Chief Constable to discharge their responsibilities by providing independent assurance on the adequacy of their corporate governance, risk management arrangements and the associated control environments and the integrity of financial statements and reporting.

##### **2 Membership**

- a) The Commissioner and Chief Constable jointly will appoint the Committee.
- b) The Committee shall consist of no fewer than four members.
- c) A quorum shall be two members.
- d) At least one member shall have a CCAB qualified accountant with recent and relevant financial experience
- e) The Commissioner and Chief Constable jointly will appoint the Chair of the Committee, following discussion with the members of the Committee.
- f) The Chair shall normally be a CCAB qualified accountant, with recent and relevant financial experience.
- g) Members shall normally be appointed for a period of up to three years, extendable by no more than two additional three year periods, so long as members continue to be independent.
- h) In the absence of the Chair at any meeting of the Committee, the members attending the meeting will elect a Chair for the meeting.
- i)

##### **3 Secretary of the Committee**

The Chief Executive of the Commission will nominate an officer from the Commissioner's Office to act as Secretary to the Committee.

##### **4 Frequency of Meetings**

- a) Meetings shall be held at least four times each year, timed to align with the financial reporting cycle.
- b) Extra-ordinary meetings can held for specific purposes at the discretion of the Chair.
- c) External or internal auditors may request the Chair to call a meeting if they consider one is necessary.

##### **5 Protocols for Meetings**

- a) Agenda and supporting papers will be circulated to members at least five working days prior to any meeting.
- b) Minutes shall be prepared and distributed to members of the Committee, regular attendees and the Commissioner and Chief Constable in draft, unapproved format within 10 working days of the meeting.
- c) All papers/minutes should be read prior to the meeting and the meeting will be conducted on this basis with papers being introduced concisely
- d) It is expected that all actions are reviewed prior to the meeting and updates provided even if individuals cannot attend the meeting.
- e) Standing Orders of the Commission and the Force as appropriate apply to formally established committees. As such, members of this Committee may requisition a meeting in writing in line with Standing Orders.
- f) The Chair of the Committee shall draw to the attention of the Commissioner and Chief Constable any issues that require disclosure or require executive action

## **g) QUESTIONS AND ADDRESSES BY THE PUBLIC**

### **i. General**

Members of the public, with the permission of the Chair of the Committee, may ask questions of members of the Committee, or may address the Committee, on an item on the public part of the agenda.

### **ii. Order of questions and address**

(a) Questions will be asked and addresses given in the order notice of them was received, except that the Chair of the Committee may group together similar questions or addresses.

(b) A list of questions and addresses of which notice has been given shall be circulated to members of the Committee at or before the meeting.

### **iii. Notice of questions and addresses**

A question may only be asked or an address given if notice has been given by delivering it in writing or by electronic mail to the Monitoring Officer no later than noon two working days before the meeting. Each notice of a question must give the name and address of the questioner and must name the person to whom it is to be put, and the nature of the question to be asked. Each notice of an address must give the name and address of the persons who will address the meeting and the purpose of the address.

### **iv. Scope of questions and addresses**

The Chair of the Committee may reject a question or address if it:

- Is not about a matter for which the Committee has a responsibility or which affects Northamptonshire;
- is defamatory, frivolous, offensive or vexatious;
- is substantially the same as a question which has been put or an address made by some other person at the same meeting of the Committee or at another meeting of the Committee in the past six months; or

- requires the disclosure of confidential or exempt information.

**v. Asking the question or making the address at the meeting**

The Chair of the Committee will invite the questioner to put the question to the person named in the notice. Alternatively, the Chair of the Committee will invite an address to the Committee for a period not exceeding three minutes. Every question must be put and answered without discussion but the person to whom the question has been put may decline to answer it or deal with it by a written answer. Every address must be made without discussion.

## **6 Attendance at Meetings**

- a) The Committee may invite any person to attend its meetings.
- b) The Commissioner and Chief Constable shall be represented at each meeting of the Committee.
- c) The Commissioner's representation will normally comprise the Assistant Commissioners – Justice and Resources [respectively Monitoring Officer and statutory Chief Financial Officer] and/or their respective deputies;
- d) The Chief Constable shall normally be represented by the Deputy Chief Constable and the Chief Financial Officer of the Force, and / or deputy Chief Financial Officer.
- e) Internal and External auditors will normally attend each meeting of the Committee.
- f) There should be at least one meeting each year where the Committee meets the external and internal auditors without the Commissioner's and Chief Constable's officers being present.

This need not be the same meeting; and such meetings would usually take place after the normal Committee meeting has concluded.

## **7 Authority**

- a) The Committee is authorised by the Commissioner and the Chief Constable to:
  - investigate any activity within its terms of reference;
  - seek any information it requires from any employee;
  - obtain outside legal or other independent professional advice;
  - secure the attendance of outsiders with relevant experience and expertise if it considers this necessary;
  - undertake training of its new members as required.
- b) All employees are directed to co-operate with any request made by the Committee.
- c) The Committee may only make decisions within the remit set out in these Terms of Reference. The Committee has no authority to reverse decisions made by the Commissioner or Chief Constable. It has no authority to incur expenditure.

## **8 Duties**

The duties of the Committee shall be:

## **A Corporate Governance, Risk Management, Internal Control and the Regulatory Framework**

To support the PCC, Chief Constable and statutory officers in ensuring effective governance arrangements are in place and are functioning efficiently and effectively, across the whole of the Commission's and Force's activities, making any recommendations for improvement, to support the achievement of the organisations' objectives.

Specific annual activities of the Committee will include:

- a) Review of corporate governance arrangements against the 'Good Governance framework';
- b) Consideration of the framework of assurances to assess if it adequately reflects the Commission's and Force's priorities and risks;
- c) Consideration of the processes for assurances in relation to collaborations, partnerships and outsourced activities.
- d) Consideration of the processes for assurances that support the Annual Governance Statement;
- e) Consideration of VFM arrangements and review of assurances;
- f) To review any issue referred to it by the statutory officers of the Commission and the Chief Constable and to make recommendations as appropriate;
- g) To monitor the effective development and operation of risk management and to make recommendations as appropriate;
- h) To be responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies
- i) Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.

## **B External Financial Reporting**

To scrutinise the draft statements of accounts and annual governance statements prior to approval by the Commissioner and Chief Constable and publication. The Committee will challenge where necessary the actions and judgements of management, and make any recommendations as appropriate, to ensure the integrity of the statements.

Particular attention should be paid to the following:

- Critical accounting policies and practices, and any changes in them;
- Decisions requiring a significant element of judgement;
- The extent to which the financial statements are affected by unusual transactions in the year and how they are disclosed;
- The clarity of disclosures;
- Significant adjustments resulting from the audit;
- Compliance with accounting standards;
- Compliance with other legal requirements

## **C Internal Audit**

The Committee shall monitor and review the internal audit function to ensure that it meets mandatory Internal Audit Standards and Public Sector Internal Standards and provides appropriate independent assurance to the Audit Committee, Chief Executive of the Commission, the Commissioner and Chief Constable.

This will be achieved by:

- a) Overseeing the appointment of the internal auditors and making recommendations to the Commissioner and Chief Constable, who will make the respective appointments;
- b) Consideration of the internal audit strategy and annual plan, and making recommendations as appropriate;
- c) Consideration of the head of internal audit's annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over corporate governance arrangements, and make recommendations as appropriate;
- d) Consideration of summaries of internal audit reports, and Management's responses, and make recommendations as appropriate;
- e) Consideration of the management and performance of internal audit, and its cost, capacity and capability, in the context of the overall governance and risk management arrangements, and to make recommendations as appropriate;
- f) Consideration of a report from internal audit on agreed recommendations not implemented within a reasonable timescale and make recommendations as appropriate;
- g) Consideration of the effectiveness of the co-ordination between Internal and External Audit, to optimise the use of audit resources;
- h) Consideration of any issues of resignation or dismissal from the Internal Audit function.

## **D External Audit**

The Committee shall review and monitor External Audit's independence and objectivity and the effectiveness of the audit process.

This will be achieved by consideration of:

- a) the Commission's and Force's relationships with the external auditor;
- b) proposals made by the Audit Commission regarding the appointment, re-appointment and removal of the external auditor;
- c) the qualifications, expertise and resources, effectiveness and independence of the external auditor annually;
- d) the external auditor's annual plan, annual audit letter and relevant specific reports as agreed with the external auditor, and make recommendations as appropriate;
- e) the draft Management Representation letters before authorisation by the Commissioner and Chief Constable, giving particular consideration to non-standard issues;

- f) the effectiveness of the audit process;
- g) the effectiveness of relationships between internal and external audit other inspection agencies or relevant bodies;
- h) the Commissioner's and Chief Constable's policies on the engagement of the External Auditors to supply non-audit services, taking into account relevant ethical guidance and the Audit Commission's requirements.

## **E Other Assurance Functions**

The Committee shall review the findings of other significant assurance functions, both internal and external to the organisation.

## **F Counter Fraud**

The Committee shall satisfy itself:

- a) that the Commission and Force have adequate arrangements in place for detecting fraud and preventing bribery and corruption;
- b) that effective complaints and whistle blowing arrangements exist and proportionate and independent investigation arrangements are in place.

## **9 Reporting**

- a) The Chairman shall be entitled to meet with the Commissioner and Chief Constable prior to their approving the accounts each year;
- b) The Committee shall annually review its Terms of Reference and its own effectiveness and recommend any necessary changes to the Commissioner and Chief Constable;
- c) The Committee shall prepare a report on its role and responsibilities and the actions it has taken to discharge those responsibilities for inclusion in the annual accounts;
- d) Such a report shall specifically include:
  - A summary of the role of the Committee
  - The names and qualifications of all members of the Committee during the period
  - The number of Committee meetings and attendance by each member; and
  - The way the Committee has discharged its responsibilities
  - An assessment of the Committee's performance against its plan and terms of reference;
  - Identification of the key issues considered by the Committee and those highlighted to the Commissioner and Chief Constable
  - An assessment of Internal and external Audit
- e) If the Commissioner and / or the Chief Constable do not accept the Committee's recommendations regarding the appointment, re-appointment or removal of the external auditor the Committee shall include a statement regarding explaining its recommendation and the reasons why the

Commissioner / Chief Constable has taken a different stance in its annual report.

## **10 Standing Agenda Items**

The agenda for each meeting of the Committee shall normally include the following:

### **Procedural items:**

Apologies for absence  
Declaration of Interests  
Minutes of the last meeting  
Matters Arising Action Log  
Date, time and venue of next meeting

### **Business items:**

Progress Reports

- Internal Audit
- External Audit

Update on implementation of Audit Recommendations  
Items for escalation to the Commissioner and / or Chief Constable  
Agenda Plan for the next four meetings

## **11 Accountability**

The Committee is accountable to the Commissioner and Chief Constable.

\* \* \* \* \*

## The Joint Independent Audit Committee's – Aims and Objectives 2016/17

Aims and objectives	Comment
<p>Continue to fulfil its accountabilities as set out in the agreed terms of reference, including communicating the role to a wider group of people and assessing possible steps to promote effective public reporting. In part this may be by developing the link with the Police and Crime Panel.</p>	<p>The Committee has continued to fulfil its accountabilities.</p> <p>The possibility of providing the Committee's annual report to the Police and Crime Panel was discussed with the Panel's clerk who advised that this might confuse the roles of the Panel and the JIAC. A circulation of the report outside of the formal Panel meeting is being considered.</p> <p>The Committee has not published its work more widely but this is included in the actions for 2017/18 including providing more information via the OPCC website.</p>
<p>Further develop the approach to assurance mapping including examining the other potential sources of assurance (e.g. HMIC) and the extension to regional collaboration. Further work will be undertaken to ensure all major risks (Corporate / programme / operational) are identified to the Committee.</p>	<p>The Committee has received written reports on the HMIC review which are undertaken and has been assured by the processes to address the key recommendations.</p> <p>Assurance regarding collaborations has been derived from a programme of internal audit reviews of collaborations. Further work remains to be undertaken on this including the collaboration knows as the multi-force shared services.</p> <p>The Force has established a Change Board which has brought together the various programmes being undertaken and allows an overview of the risks and inter-dependencies. A JIAC member sits on this board.</p>
<p>Planning to review the effectiveness of internal and external auditor</p>	<p>This was not undertaken in 2016-17</p>
<p>Pursue assurance in the areas of force collaboration including ensuring all areas have</p>	<p>Assurance regarding collaborations has been derived from a systematic programme of internal audit reviews of collaborations. Further work remains to be</p>

<p>been considered and, if appropriate, more detailed examination is undertaken in selected areas. It will also consider the potential impact of the strategic alliance if this is agreed.</p>	<p>undertaken on this including the collaboration known as the multi-force shared services.</p> <p>The decision was taken not to proceed with the strategic alliance.</p>
<p>Seeking involvement with partner audit committees – this will be further shaped during 2016/17.</p>	<p>A regional meeting was held in July 2016 to discuss, in particular, the assurance to be gained from work undertaken in relation to regional collaborations (excluding MFSS). This was a helpful discussion which agreed some shared actions such as validating the full list of collaborations and checking that partnership agreement exist, joint follow up audits and making sure that the self assessments are regularly undertaken.</p>
<p>Seeking reports on the effectiveness of internal controls. This will be discharged mainly from Internal Auditor reviews but may include reviews specifically instigated by the Committee.</p>	<p>The Committee has continued to monitor the effectiveness of internal controls. The main approach to this has been via the reports of the Internal Audit based on the Internal Audit Plan but has extended to include reports from HMIC. Specific programmes, such as the new Service Delivery Model, have been discussed.</p> <p>The PCC decided to revise his governance framework documents in 2016-17 and separate this from the equivalent document for the Chief Constable. Although the PCC documents were drafted they have not been implemented and a recent decision has been made to produce a new governance framework which covers both organisations. The Committee will monitor the introduction of this.</p> <p>The Committee has been briefed on a review of the Finance function which has led to changes being implemented to co-ordinate finance work, put in place permanent staffing and improve reporting arrangements. The committee will monitor the implementation of this review.</p> <p>The Committee welcomed the establishment by the Force of the Force Assurance Board which reviews governance matters on a regular basis and should streamline the work of the JIAC.</p> <p>By the beginning of 2017-18 the Committee would have expected to see evidence</p>

	<p>of the following key documents:  Estates strategy  Capital Programme  Treasury Management Strategy and outturn report  Reserves policy  Medium term financial plan.</p> <p>Following discussions with officers the Committee has been re-assured that these documents are being developed but, until they and the revised governance framework are in place, the foundation for effective financial control is weakened.</p>
<p>Maintain an overview of the governance arrangements of the transformation programme. This will be done by regular reports to the Committee on the programme, involvement of a Committee member on the programme board and by shared discussions between Audit Committee chairs across the area of the potential strategic alliance.</p>	<p>The Committee has maintained an oversight of the main change programmes being implemented. It is represented on the Transformation Board (now the Change Board).</p> <p>The Strategic Alliance is not being progressed.</p>
<p>Develop its work in terms of considering the VFM arrangements building initially on the Home Office Financial management code of practice. The aim is to be able evidence ways in which the OPCC and CC have considered value for money in the delivery of service to the public.</p>	<p>The Committee has considered a report on securing value for money using, as a basis the Financial Management Code of Practice. In addition the external auditor provided an unqualified opinion, albeit based on a limited definition, on the organisations' approach to value for money.</p> <p>In respect of collaborations, as many have been in place for some years, a review should be considered to test their overall effectiveness and vfm.</p> <p>It would be fair to say that Committee has not found it easy to robustly establish that value for money is embedded in decision making. The Committee has had concerns, particularly in relation to the decision to vacate the Wootton Hall site (a review of this decision is underway) and planning of capital expenditure.</p>

	This area of assurance will continue to be considered by the JIAC.
To keep the preparation and content of the Annual Accounts under review, not least to ensure the earlier reporting deadline in 2016/17 is met.	The processes to close the 2016/17 accounts were kept under review through the year (although the closure process is not due to be completed by the time of this report). The organisations have increased the capacity of the finance teams involved with closure (initially on a temporary basis and more recently, following an internal review, on a permanent basis). The organisations are also piloting a CIPFA tool to automate the closure process; if it is successful this will help with the earlier closedown timetable for the 2017-18 accounts.

### The Joint Independent Audit Committee's – Draft Aims and Objectives 2017-18

(Note: \*IA indicates that this is also a recommendation from the Internal Audit review of JIAC effectiveness)

<b>Aims and objectives</b>
Recruit a fifth member for the JIAC to provide a wider range of skills and experience and ensure that there is an appropriate induction programme (Autumn 2017) [*IA]
Monitor the implementation of the finance review (throughout 2017-18)
Review the revised government frameworks for the PCC and CC (expected by September 2017) and monitor the implementation of the governance documents (during 2017-18)
Press for the production of appropriate documents which underpin the governance framework and financial control arrangements (including the estates strategy, capital programme, treasury management strategy, medium term financial plan and reserves policy) (by September 2017)
Continue the JIAC involvement in the Change Board and the Force Assurance Board (ongoing)
Ensure that JIAC members' disclosure of interests is complete and up to date (September 2017)
Consider improvements in the provision of information about JIAC particularly on the OPCC website and including: terms of reference; disclosed interests: minutes and annual report (October 2017) [*IA] and the possibility of some form of document repository for JIAC members.
Review JIAC governance arrangements [*IA]: <ul style="list-style-type: none"> <li>• Terms of reference possibly incorporating items excluded</li> <li>• Regular meetings with PCC and CC</li> <li>• Presenting the Annual report to the PCC Board</li> <li>• Inviting PCC and CC to attend the JIAC meetings at least on an annual basis</li> <li>• Keeping the JIAC agenda under review and develop the annual work plan</li> <li>• Providing greater clarity about matters on which the JIAC wishes further assurance</li> <li>• Consider repeating a skills audit for JIAC</li> <li>• Consider, as appropriate, involving other officers or independent experts to present to the committee</li> </ul>
To monitor the capacity risk in respect of increasing workloads re the implementation and monitoring of the SDM, the upgrade and migration to the Fusion operating system, implementation of the estates strategy and the potential inclusion of the fire Service within the OPCC remit.
Continue to seek input / insight from other audit committees in the region with a view to driving best practice (2017/18)