

<b>JOINT INDEPENDENT AUDIT COMMITTEE</b>	<b>24<sup>th</sup> August 2020</b>
<b>JIAC ANNUAL REPORT 2019 – 2020</b>	
<b>Report of Neil Mundy, JIAC Chair</b>	

## **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 2019/20. 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.

This year has been exceptional in so many ways not least the impact of COVID-19, which at the time of writing this report had claimed over 46,000 lives in the UK and is exercising the full resources of this Force and all Emergency services. It is times like this that the Local Resilience Forum has a key role in coordinating the combined response to the Pandemic within Northumbria.

The Committee welcomed our new PCC Kim McGuinness who was elected in July 2019 and expressed thanks and appreciation to Dame Vera Baird the outgoing PCC.

The Committee also wishes to record its gratitude to the CC Winton Keenan for his constant support and to those Officers of the PCC and CC who have regularly attended JIAC throughout the year. The Finance and Corporate Development teams have again facilitated the work of the Committee so well during the year, and along with the Internal Audit, External Audit have assisted the Committee to fulfil its role.

Thank you to fellow JIAC members for their wise advice and invaluable efforts 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 (Chair)	4	100
Kushil Amiani	3	75
Philip Angier	4	100

Janet Guy	3	75
Peter Wood	4	100

### **3. Meetings**

The Committee met on 4 occasions during the financial year with the meeting on 24 August 2020 scheduled to review financial, audit and governance performance for 2019/20. Meetings are open to the press and public with minutes being published on the PCC website.

During the year we were able to meet with the PCC and CC as well as other helpful informal meetings 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 so far, 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. However, the Committee expressed concern around the 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**

By the date of the next meeting, Mazars LLP will have completed the external audit for 2019/20 for both the PCC and CC.

As a consequence of the impact of COVID-19, the statutory deadline for the completion of the audit of the PCC and CC's Statements of Account and Value for Money assessments has been extended to 30 November 2020. The Audit Completion Reports for the financial year 2019/20 will be presented to the Committee on 16 November 2020, setting out the audit outcomes.

May I record the Committee's thanks to Cameron Waddell and his colleagues for their excellent support and advice throughout 2019/20 and look forward to receiving their completion report in November.

## 6. Internal Audit

Gateshead Council continues 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 Mazars.

COVID-19 lockdown had just started in March 2020 but it was clear that the approach to Internal Audit would be affected by the greater emphasis on remote working and that changes would be necessary in light of the unfolding situation. The focus was on the most efficient use of time and resources to reflect any emerging risk.

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.

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 2019/20.

### Internal Audit Plan 2019/20

Audits Planned	Audits Completed	Audits deferred to following year	Audit Reports Issued *	Operating Well	Satisfactory	Requires Improvement
28 (30)	*23 (25)	0 (2)	23 (27)	20 (23)	3 (4)	*0 (0)

The Committee noted that:

- \* 7 additional Reports to be reported to the Committee on 24 August 2020.
- There were no in-year investigations.
- \* The Committee was satisfied with the findings and opinions within the reports it received with the exception of that relating to ICT Patch Management regarding which it commented upon the ranking which it opined should be requires improvement

## 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.**

- **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 2019/20 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 May 2020 and 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.

### **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 2019/20. The report will be amended to include any changes arising from the meeting of the Committee on 24 August 2020; and subsequently any findings from the revised deadline for the completion of the Statements of Account and Value for Money assessment as a result of COVID-19, to be considered at its meeting on 16 November 2020.

**Neil Mundy**

**Chair of Joint Independent Audit Committee**

**24<sup>th</sup> August 2020**