

Joint Independent Audit Committee for Northumbria Police and Northumbria Police and Crime Commissioner.

Annual Report 2017 – 2018

1. 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 2017/18. 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 thanks to the officers of the PCC and CC along with the Internal Audit, External Audit, Finance and Corporate Development teams who have supported the work of the committee during the year.

This is my last report as Chairman of the Committee and I wish to express my thanks to my fellow members for their wise counsel and support over the last 5 years and to the Officers of both the PCC and CC who have supported our work, ensuring that we have all the necessary information to fully meet our responsibilities as an Audit Committee.

2. Committee Membership and Attendance

The members of the committee during the year were as detailed in the table below together with the attendance record.

		No of Meetings	% Attendance
Chairman	John Cooke MBE	4	100
Vice Chairman	Neil Mundy	3	75
Members	Peter Wood	4	100
	Philip Angier	2	50
	Kushil Amiani	4	100

3. Meetings

The committee met on 4 occasions during the financial year with the meeting in July 2018 to review financial, audit and governance performance for 2017/2018. Meetings are open to the press and public with minutes being published on the PCC website.

During the year the Chairman met informally with officers of the PCC and CC, Internal and External Auditors to ensure that their work programmes were relevant to the work of the committee, meeting with agreed deadlines and to provide an opportunity for them to raise any issues of concern. No issues of concern were raised at these meetings.

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 risk. A joint strategic risk register has been established 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 risks, together with an explanation of the rationale for any alteration.
- Additional risks arising during the year with an explanation of ownership of the risk and the likely effect to the organisation.
- Deletions of risks which are deemed to no longer have a strategic relevance. Again, a full explanation is provided.

During the year 3 strategic risks were removed from the register and 5 new risks added. The Risk Register was also re-aligned with the corporate Proud to Protect agenda.

The reports received by the committee during the year have given assurance that strategic risks reflect the current economic and operational environments.

HMIC inspections and internal audit reports on matters such as business continuity, cyber security, financial and treasury management have provided further assurance. The triangulation of the risk register, with both internal and external reports, has given the committee confidence that strategic risk is well and effectively managed.

5. External Audit.

Mazars LLP conducted the external audit for 2017/18 providing an unqualified audit opinion on the Financial Statements for both the PCC and the CC.

The Annual Completion Reports for the year were presented to the committee in July 2018 which set out the audit outcomes. There were no matters which Mazars felt should be brought to the attention of the committee.

In respect of the value for money conclusions for the PCC and CC, Mazars concluded that both had proper arrangements in place to ensure efficiency and effectiveness as well as securing the necessary economy in the use of resources.

The changes to the reporting timetable for 2017/18 had been carefully considered with internal audit, external audit and the finance team to ensure that key dates were met. The audit was completed by the required date without compromising the quality or integrity of the audit. The committee congratulate all involved in meeting the challenging time scales.

6. Internal Audit.

Independent Internal Audit services are provided by Gateshead Council under the terms of a service level agreement with both the PCC and the CC.

The annual audit plan is determined after an assessment of the risks associated with the various activities of the PCC and CC. The audit plan supporting the risk management process is agreed by the committee. This ensures that internal audit activity fully supports and provides assurance to our external auditors.

During the year the committee has closely monitored progress against the plan receiving copies of all completed audit reports as well as updates where there were significant findings. The committee continues to challenge sample size and scope within individual audits and has received assurances on the efficacy or has prompted a review.

Audit Plan 2017/18

Audits Planned	Audits Completed	Operating Well	Satisfactory	Requires Improvement
25 (27)	25 (27)	17(21)	8(5)	0(1)

() relate to 2016/17 audit outcomes.

The committee noted that there was a fall in the percentage of those areas operating well in comparison to previous years. Assurances were given that where this was the case these were associated with organisational change and development.

There were no in year investigations. However, the committee followed up on progress and actions relating to the 2 investigations in the last financial year. The committee were satisfied with the reports they received.

7. Corporate Governance.

The committee considered the draft of the Annual Governance Statements for the PCC and CC which accompany the Financial Statements. Recommendations for additions in the draft statements were made and accepted. The committee was able to recommend their adoption.

8. Treasury Management.

The committee is required to monitor and approve Treasury Management policies and strategy. Treasury management was undertaken by Gateshead Council under the terms of a service level agreement, but with effect from January 2018 Treasury Management was taken in-house. The committee monitored progress throughout the year and are pleased to report that the transfer was carried out effectively and efficiently with only positive benefits to the organisation. Capita Treasury Management were retained as treasury service advisers.

During the year training on Treasury management was provided by the Head of Finance. The objective was to ensure that members fully understood the current policies and strategies and were able to effectively question and challenge.

The 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 is content that Treasury management is well managed, operating within the agreed limits.

9. JIAC Self-Assessment.

A self-assessment of the committee's competencies was carried out in June 2018 and the following were highlighted.

- The committee were operating well and fully meeting the revised 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. (evidenced by training on Treasury Management, briefing on the results of the staff survey undertaken by Durham University and updates on Stop and Search).
- Support for the work of the committee comes from the Director of Finance. Chief of Staff to the PCC and the Deputy Chief Constable. This has greatly assisted the committee in its work.

10. JIAC Member Development.

The Director of Finance will review the structure of the committee following my resignation to ensure that the required skill, knowledge and experience is maintained so that the committee can meet its Terms of Reference.

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

John Cooke MBE
Chairman Joint Independent Audit Committee