

Joint Independent Audit Committee	22 July 2019
JIAC Annual Report 2018 - 2019	
Report of: Neil Mundy , Chairman of Joint Independent Audit Committee	

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 2018/19. 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.

I wish to express profound thanks on behalf of the Committee to John Cooke who retired from his role as Chairman on 23rd July 2018. We all greatly appreciate his outstanding work as Chairman of the JIAC since its inception, and offer him our very best wishes for the future.

The Committee wishes to record its gratitude to all of the Officers of the PCC and CC who have attended JIAC throughout the year. The Finance and Corporate Development teams have supported 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 support 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.

		No of Meetings	% Attendance
Chairman	John Cooke MBE (To 23 rd July 2018)	2	100
	Neil Mundy (From 19 th Nov. 2018)	2	100
Vice Chairman	Neil Mundy (To 19 th Nov. 2018)	2	100
Members	Kushil Amiani	3	75
	Philip Angier	3	75

AGENDA ITEM 5

	Janet Guy (From 25 th Feb. 2019)	2	100
	Peter Wood	4	100

3. Meetings

The Committee met on 4 occasions during the financial year with the meeting on 13th May 2019 to review financial, audit and governance performance for 2018/19. Meetings are open to the press and public with minutes being published on the PCC website.

During the year, there were appropriate informal meetings with officers of the PCC and CC, Internal and External Auditors to ensure that their 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 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 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 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.

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. 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 meeting, Mazars LLP will have completed the external audit for 2018/19 for both the PCC and CC.

The Audit Completion Reports for the financial year 2018/19 will be presented to the Committee on 22 July 2019, setting out the audit outcomes. The proposed reports show there were no specific matters which Mazars felt should be brought to the attention of the Committee, and provide an unqualified audit opinion on the Financial Statements for both the PCC and the CC.

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 audit was completed by the required date without compromising the quality or integrity of the audit. The Committee congratulates all involved in meeting ever more challenging time scales.

6. Internal Audit

Gateshead Council provides 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.

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.

Audit Plan 2018/19

Audits Planned	Audits Completed	Audits deferred to following year	Audit Reports Issued *	Operating Well	Satisfactory	Requires Improvement
27 (25)	25 (25)	2 (0)	27 (25)	23 (17)	4 (8)	0 (0)

Note: * For 2 of the planned audits, 2 separate reports were issued relating to individual business areas.

() Relates to 2017/18 audit outcomes.

The Committee noted that:

- There was a significant improvement in the percentage of those areas operating well in comparison to previous years.
- There were no in-year investigations.
- The Committee was satisfied with the reports it received.

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

- **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

Recommendations for additions in the draft statements are made, and have been accepted, to enable the Committee to recommend adoption.

8. Treasury Management

The Committee is required to monitor and approve Treasury Management policies and strategy. With effect from January 2018 Treasury Management was taken in-house.

Link Asset Services (formerly: Capita Treasury Management) 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.

9. JIAC Self-Assessment

A self-assessment of the Committee's competencies was carried out in May 2019 and the following were highlighted:

- The Committee were operating well and fully meet 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 need for additional information, briefing or training.

The Committee welcomed Janet Guy as a new member to the Committee, appropriate training and briefings are being arranged to ensure she is fully able to contribute to discussions.

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 2018/19. The report will be amended to include any changes arising from the meeting of the Committee on 22 July 2019.

Neil Mundy
Chairman of Joint Independent Audit Committee