

The Annual Report of the Joint Independent Audit Committee for the Northumbria Police and Crime Commissioner and Chief Constable.

I am pleased to present this first Annual Report of the Joint Independent Audit Committee (JIAC), which describes the Committee's work and achievements over the period to September 2014.

The JIAC is fully engaged in the strategic processes of risk, financial control and governance. We have also had close involvement in agreeing the Annual Internal and External Audit Plans, the Statements of Accounts and in the completion of the Annual Governance Statement; as well as in reviewing specific matters that arise from time to time.

External Audit.

The Committee has established an effective working relationship with Mazars and the external audit team who attend the meetings of the JIAC.

The Committee has reviewed the work and findings of the external audit and considered the implications and management responses to their work. Key actions have included:

- Review of all external audit reports, including agreement of the Annual Audit Letter before submission to the Board.
- Undertaking a review during the year of the independence, objectivity and effectiveness of external audit.

The Committee conclude that the performance of the External Auditors had been to a satisfactory standard in terms of independence, objectivity and effectiveness.

Internal Audit.

The Committee has ensured that there is an effective Internal Audit function that meets the Internal Audit standards and provides appropriate independent assurance. This has been achieved by:

- Review, input and approval of the Internal Audit Strategy, annual operational plan, detailed work programme and Internal Audit's Annual Report.
- Undertaking a regular review of the independence, objectivity and effectiveness of Internal Audit
- Consideration of the major findings of internal audit work including continued emphasis on securing and improving assurance.

2013/14 Review.

We are content that corporate governance arrangements are sound and effective based upon our work and the findings of internal and external audits during the year. We have been involved in the monitoring of the Medium Term Financial Strategy (MTFS), which we are content has been delivered effectively. In particular we are delighted that, based upon reports and assurances we have received, the Forth Banks Police Station in Newcastle has been delivered on time and under budget within a period of significant change in police governance. We will continue to scrutinise delivery of the MTFS taking into consideration the financial constraints that the Chief Constable (CC) and Police and Crime Commissioner (PCC) are under.

The JIAC continues to monitor the shared Strategic Risk Register, which we agree is the most appropriate way to effectively apportion the level of risk and responsibility between the PCC and the CC. In addition we are pleased to report that the internal audit findings this year have been satisfactory or better in all but one area of business process. We are content that the right level of senior management attention has been given to addressing the internal audit recommendations where improvements were required and reparatory work has been done.

We are confident that the Committee has people with the right mix of skills and experience and that it operates in an effective manner in support of the PCC, CC and their respective senior management teams.

Membership of the Joint Independent Audit Committee.

Philip Angier

John Cooke (Chair)

Eleanor Hayward

Neil Mundy (Vice Chair)

Jill Remnant

Looking Forward.

The Committee plans to meet 4 times in the coming year at which it will review the following:

- Reports from the External Auditors
- Internal Audit Reports together with progress reports where there were findings
- Oversight of the Joint Strategic Risk Register
- Scrutiny of the Medium Term Financial Plan
- Treasury management
- Reports on significant projects
- Agreeing the Annual Governance Statement.

- Review of HMIC and other statutory body reports on matters pertaining to the PCC and CC.
- Reviewing our own Terms of Reference.

Key Challenges for the Coming Year.

1. Ensuring that effective information flows are developed to gain knowledge about current issues relating to the PCC's office and the CC.
2. Within the context of operating as a 'corporation sole' how should the Committee 'hold to account' the PCC and the CC and how is this reconciled when providing assurance to both parties.
3. Establishing the Committee, not just in identifying risk/issues but assisting to drive change within the organisations in the interest of good governance.

John Cooke MBE

Chair of the Independent Audit Committee

4th October 2014

