

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

Annual Report 2016 – 2017

1. Introduction.

The Joint Independent Audit Committee (JIAC) provides independent assurance on the adequacy of the corporate and strategic risk management arrangements 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 2016/17. 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 and Treasury Management teams who have supported the work of the committee during the year.

2. Committee Membership.

The members of the committee during the year were: -

Chairman	John Cooke MBE
Vice Chairman	Neil Mundy
Members	Peter Wood
	Philip Angier
	Kushil Amlani

3. Meetings.

The committee met on 4 occasions during the year. Meetings are open to members of the press and public and minutes of meetings are published on the PCC website.

During the year the Chairman has met informally with officers of the PCC and CC, Internal and External Auditors to ensure that their work programmes, relevant to the work of the committee, are on track and to provide an opportunity for them to raise any matters of concern. No matters of concern were raised during the year.

4. Risk Management.

The committee has a role to ensure that the PCC and CC have in place robust and effective arrangement 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 occasioning the 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 and the necessary challenge made.

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, value for money, cyber security, financial and treasury management have provided further assurance. The triangulation of the risk register with both Internal, External and HMIC reports has given the committee confidence that strategic risk is well and effectively managed.

5. External Audit.

Mazars LLP conducted the external audit for 2016/17 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 September 2017 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 have been carefully considered with Internal audit, External audit and the Finance team thus ensuring that the key dates will be met. The committee are supportive of the plan.

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 has challenged sample size and scope within individual audits and has received assurances on the efficacy or has prompted a review.

Audit Plan 2016/17

Audits Planned	Audits Completed	Operating Well	Satisfactory	Significant Weaknesses
27	25	21(19)	5(7)	0(1)

() relate to 2015/16 audit outcomes. The audits not completed, 2, were both in draft form awaiting management responses.

The committee were pleased to note the general improvement in the number of audits now classified as operating well.

This year there were two (2) investigations resulting from (a) a significant data loss and (b) a loss of cash from a secure area. In both cases internal procedures highlighted the issue and remedial action was immediately taken. Internal audit was asked to complete reports on both incidents, reviewing the proposed additional measures introduced and making recommendations for additional safeguards. Both reports were well received by management and subsequent follow up has happened and is planned for 2017/18. The committee were informed of both incidents, have reviewed both reports and are content that sufficient remedial action has been taken to eliminate a further occurrence.

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 is undertaken by Gateshead Council under the terms of a service level agreement. Further advice is provided by Capita Treasury Management.

During the year additional 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 and does not exceed the set limits.

The committee were informed that Treasury Management with effect from January 2018 will be brought in house. We are content that the necessary expertise exists within the Finance section and that additional staff resource will be recruited. We have required that the strategic risk register be updated to reflect potential short-term risk. We have received confirmation that the contract with Capita Treasury Management will continue.

9. JIAC Self-Assessment.

A self-assessment of the committee's competencies was carried out in June 2107 and the following were highlighted.

- The committee were functioning well and fully meeting the revised terms of reference.
- Where additional knowledge is required both the PCC and CC representatives are able and willing to provide the necessary briefing/training. (evidenced by briefing on the staff survey and arrangements made for a visit to the Firearms facility).
- Once again, the committee highlighted that neither the PCC nor the CC had never attended meetings of the committee which exists to provide assurance to the named positions. However, we do have the PCC's Chief Executive and the Deputy Chief Constable present at each meeting and we are grateful for their input.

10. JIAC Member Development.

During the year a member of the committee has attended the Northern Governance Forum.

Training has been provided on Treasury Management.

Presentations have been made on the results of the Staff Survey conducted by Durham University and on Stop and Search by the Chief Superintendent responsible for this aspect of business.

The committee received a presentation from the Force's IT Manager giving assurance of the capability to withstand a cyber-attack and the security of data.

John Cooke MBE

Chairman Joint Independent Audit Committee.