

POLICE & CRIME COMMISSIONER FOR LEICESTERSHIRE JOINT AUDIT, RISK & ASSURANCE PANEL

PAPER MARKED

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Report of	OFFICE OF POLICE AND CRIME COMMISSIONER AND OFFICE OF THE CHIEF CONSTABLE
Subject	ANNUAL REPORT OF THE JARAP 2016/2017
Date	TUESDAY 20TH JUNE 2017 – 10:00AM
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Purpose of Report

1. This report is prepared in line with the Terms of Reference to highlight the key activities, areas of oversight, sources of assurance and critical considerations undertaken by the Joint Audit Risk and Assurance Panel (JARAP) during 2016/17.
2. This report is the fourth report of the JARAP created under the Home Office Financial Code of Practice for Police Services.
3. The Internal Audit Annual Report for 2016/17 is tabled elsewhere on the agenda for this meeting and the JARAP Annual Report incorporates the details of that report.

Audit Committee Effectiveness

4. An Internal Audit and workshop has recently taken place to support the Internal Audit on Audit Committee Effectiveness. The Draft report for Audit Committee Effectiveness is tabled elsewhere on the Agenda and some of the aspects may be useful to consider alongside this report.
5. Following discussions as part of the Audit and Workshop, an Annual Report considered as “Good Practice” from another Regional Audit Committee has been reviewed.
6. Whilst the standing items and factual areas of the report reviewed follow a broadly similar approach to previous JARAP Annual reports, there are a number of differences for members to consider as follows:
 - Members set Aims and Objectives for the Committee each year and provide a self-assessment in respect of the performance of the Committee in line with those Aims and Objectives. For example, one of these includes an assessment of how the Committee is held to account by the

PCC and CC. The JARAP may wish to consider whether they wish to set Aims and Objectives (in addition to the requirements of the Terms of Reference) for 2018/19. If so, these could be built into the Annual Plan for 2018.

- In terms of the subject areas considered by the Committee, the Chair and Members give their view on the effectiveness of the areas considered during the year. The JARAP may wish to consider if they wish to adopt this approach.
 - The terms of reference are considered as part of the annual review as opposed to at the beginning of the year as is currently the case for the JARAP. The JARAP may wish to consider if they wish to continue to review their Terms of Reference in the March meeting for the year ahead or at the end of the year, together with the Annual Report. If the latter, this can be undertaken for the 2017/18 Annual Report.
7. To enable members to consider it alongside the DRAFT Audit Effectiveness Report, a first DRAFT of an Annual Report has been prepared taking into account a number of these good practice areas, together with potential sections for the Panel to complete.
 8. Members' are invited to consider and comment on the DRAFT or highlight other areas for consideration in line with good practice which reflect their views on performance of the JARAP and its workplan.
 9. Comments on this report can then be incorporated into a final text version of the report for discussion with the Chair. It is proposed that this would be circulated to members.
 10. Once finalised, the JARAP annual report will be produced in a format in keeping with other PCC and CC public documents (e.g. Police and Crime Plan, Ethics and Integrity Committee Annual Report); presented by the JARAP Chair to the Police and Crime Commissioner and the Chief Constable ; considered by the Strategic Assurance Board and published on the PCC website.
 11. Additionally, for 2016/17, it is proposed that a small number of Hard Copies are produced for circulation and information sharing as appropriate.

Recommendation

12. The Panel are recommended to note and comment on the report.

Implications

- Financial : There are no financial implications associated with this report.
- Legal : There are no legal implications associated with this report.
- Equality Impact Assessment : There are no Equality implications associated with this report.
- Risks and Impact : There are no separate Risk implications associated with this report. Risk has been considered by the JARAP under the Terms of Reference and this is covered within the report.
- Link to Police and Crime Plan : The Annual Report is in line with the Terms of Reference of the JARAP which is a key governance and assurance mechanism for the delivery of the Police and Crime Plan.

List of Appendices

Appendix: DRAFT report of the Joint Audit Risk and Assurance Panel 2015/16

Background Papers

None

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**Annual Report of Joint Audit Risk and
Assurance Panel
2016 – 2017**

DRAFT

CHAIR'S REPORT TO THE JOINT AUDIT RISK AND ASSURANCE PANEL FOR THE YEAR ENDED 2016/17.

Foreword by the Chair

The 2016 -17 period has once again been a challenging year for both the Force and OPCC with both teams having to adapt to the varying operational challenges and also from an OPCC standpoint some considerable resourcing issues.

Both the OCC and OPCC have faced these challenges with considerable professionalism and should be proud of what they have achieved throughout the period and I would like to personally thank both teams for the support they have provided to the JARAP.

The JARAP, in my view, has once again provided the correct level of scrutiny and also support for the Force ensuring that adequate assurances have been provided in a number of areas outside of the formal JARAP meeting, these include, but not limited to;

1. Property
2. Health and Safety
3. Commissioning
4. Procurement
5. Business Continuity

As we move into the next period it is imperative that the OPCC resourcing issues are resolved as soon as possible to ensure that the team receives the right level of support to undertake its duties and not over burden key members of the Office. Additionally, the recruitment of replacements in to the JARAP also needs to be fulfilled in a timely manner with an adequate induction program implemented to ensure future effectiveness of the Panel.

I am truly proud of what the JARAP has achieved during this period with members often going over and above their responsibilities for the good of all. There has, in my opinion, been the right level of tension between the Members and the OCC and OPCC to ensure appropriate challenge but also more importantly support through a "Critical Friend" focus.

The relationship between internal and external audit has been exceptional during this period and feel that all members have a very healthy relationship and engagement that I hope will continue.

I am excited for the JARAP going forward and I am sure that the future is bright for all members.

I commend this annual report and the work undertaken by all.

This report covers the activities of the JARAP for the year 2016/17.

Barrie Millett
JARAP Chair

1. Role of the Panel

- 1.1 This is the fourth annual report of the Joint Audit Risk and Assurance Panel (JARAP) created under the Home Office Financial Code of Practice for Police Services.
- 1.2 The purpose of the JARAP as an independent body is to seek assurance over the adequacy of the following:
- The risk management and the internal control framework operated by the PCC and Chief Constable.
 - The effectiveness of their respective governance arrangements.
 - The appointment, support and quality of the work of internal and external auditors as they provide assurance on risk management, internal controls and the annual accounts through their work.
 - Financial and non-financial performance to the extent that it affects the PCC and Chief Constable's exposure to risk, weakens the control environment and undermines their ability to provide good value for money.
 - The financial reporting process.
- 1.3 The full responsibilities of the JARAP are contained within the Terms of Reference.
- 1.4 The JARAP were appointed in April 2013 and became operational during the 2013/14 financial year.

2. Panel's Terms of Reference

- 2.1 The terms of reference of the Panel follow the guidance provided in the Corporate Governance Framework.
- 2.2 During 2016/17, the Terms of Reference were reviewed three times in May 2016, September 2016 and March 2017. Amendments to the Terms of Reference were as follows:

May 2016	To reflect the protocol between the JARAP and the Ethics Committee to minimise duplication and maximise assurances.
	To reflect that a lead member was appointed to consider collaboration developments in more depth and they, together with information from the Chair in respect of regional meetings will update the JARAP on regional and collaboration arrangements as deemed appropriate.
September 2016	To reflect changes to tenure arrangements for the Chair.
March 2017	To reflect practical recruitment arrangements for Members and the Chair, together with practical arrangements for second term appointments and the role of the vice-chair.

- 2.3 During the March 2017 Review, Members were advised that the outstanding area which needed progressing in 2017 was that of Member Training, Development and Appraisals. Furthermore, self-assessment of the Committee was also discussed.
- 2.4 The Panel agreed to take forward an Internal Audit and workshop on Audit Committee Effectiveness which would highlight any developments to consider further in the Terms of Reference.

3. Panel Membership and Meetings

- 3.1 The Panel met five times during the year in line with the Terms of Reference. The meetings are open to members of the Public although in keeping with other Audit Committees no-one has taken up this opportunity. Only one item was considered in private which maximised public transparency and agendas, meeting papers and minutes are placed on the OPCC website for the public to view.
- 3.2 Membership of the Panel during the financial year, which has not changed was as follows

Name:	Role:	Attendance /Possible Attendance
Mr L Dundas	Vice-Chair/Member	4 out of 5 meetings
Mr B Millett	Chair	4 out of 5 meetings
Mr I Prince	Member	5 out of 5 meetings
Mr L Pulford	Vice-Chair/Member	5 out of 5 meetings

- 3.3 Mr L Dundas was replaced by Mr L Pulford during the year as Vice-Chair in line with the annual rotation arrangements.
- 3.4 Officers attending the meeting during the year included:
- From the Office of the Chief Constable: Mr R Bannister as DCC and Mr P Dawkins Finance Director, supported by key staff at meetings including Mrs L Saunders in respect of Risk Management and Business Continuity. Additional staff attended for thematic areas.
 - From the Office of the Police and Crime Commissioner: Mr P Stock, Chief Executive and Mrs H King, Chief Finance Officer.
- 3.5 Members were recruited to ensure that the JARAP has all the necessary skills and experience to fulfil its terms of reference, in accordance with the job description for JARAP members. The JARAP comprises of members who are independent of the Office of the Police and Crime Commissioner and of the Office of the Chief Constable.
- 3.6 All members agreed to serve a second tenure on the JARAP with effect from the 1/4/17 for up to four years. Due to work commitments, the Chair was unable to take up the offer for a second term but remains in post until a replacement is appointed.
- 3.7 During the year, members highlighted their concerns that the vacancy of JARAP member which arose in 2015/16 was held until after the

commencement of the new Police and Crime Commissioner in May 2016. The Panel felt this key role was needed and in March 2017 the Panel were advised that the PCC had approved the recruitment and the member and chair vacancy and recruitment of the Chair and this recruitment is now underway.

4. How the Panel Discharges its Responsibilities

- 4.1 The Panel's Terms of Reference drive Panel's workplan for the year and an Annual Plan was considered in December 2016 which set out all the areas which need to be considered within the Terms of Reference during the Year. To the workplan, the Panel also add thematic reports or areas where Assurance is required to the workplan and each meeting there is an item on the agenda to enable further reports to be requested for the next meeting.
- 4.2 To enable Panel members to be effective, they need to understand the plans, priorities and issues facing the Force and the OPCC. The Terms of Reference provides for members to undertake "deep dives" into thematic areas to ensure assurance and discharge their responsibilities.
- 4.3 In May 2016 the Panel considered a report which outlined where assurances for key areas of business were obtained and the meetings where key areas were discussed to ensure coverage of key issues whilst minimising duplication.
- 4.4 To supplement this, the Panel also attend Force and other public meetings where appropriate to gain an understanding of how the Force and OPCC are delivering the business and how they consider key issues and risks. Meetings attended by members have included:
 - The Force Change Board
 - The Force Performance Delivery Group (PDG)
 - The Ethics, Integrity and Complaints Committee
 - The Strategic Organisational Risk Board (SORB)
 - The Force Health and Safety Committee
- 4.5 During the year members highlighted their concerns with the staffing capacity and resilience in the OPCC and wrote to the PCC outlining these. The PCC acknowledged and responded to their concerns and members of the Panel continued to monitor this throughout the year, supporting staff in the OPCC.
- 4.6 During the year members highlighted their concerns with the capacity and resilience of the administrative support to the Panel. The PCC and CC addressed these concerns and administrative support was brought back into the OPCC to support and administer the meetings. Whilst early improvements were made by the March 2017 meeting, the Panel, OPCC and OCC will continue to monitor this in 2017/18.

5. Assessment of the Panel's performance against its Terms of Reference

5.1 The Panel discharged its required responsibilities from the Terms of Reference as follows:

Risk Management, Governance and internal control responsibilities

5.2 To ensure the establishment and maintenance of an effective system of risk management, integrated governance and internal control, across the whole of the PCC and Chief Constable activities that supports the achievement of the objectives of the Police and Crime plan, ensuring probity, value for money and good governance.

5.3 The JARAP considered the Strategic Risk Register at every meeting. This included scrutinising and challenging assessments and scores and discussing timeliness of identified actions. Furthermore, the JARAP were provided with both pre and post audited sets of accounts and the opportunity to review the Statements within them.

Internal Audit responsibilities

5.4 Mazars continued as the OPCC and OCC Internal Auditors for the year, therefore, the Panel were not required to make recommendations in respect of appointment of auditors.

5.5 The Panel received an Internal Audit progress report at each meeting, presented by Mr Brian Welch from Mazars. The Panel were able to challenge and scrutinise the reports.

5.6 In July 2016, the Panel received the Internal Audit Annual Report for 2015/16 and reviewed the Head of Internal Audit's opinion on the reports assessments contained within which had been discussed in detail throughout the year. The summary assessments are attached at Appendix A.

5.7 In March 2017, the Panel considered, discussed and approved the Internal Audit Plan for 2017/18.

External Audit responsibilities

5.8 EY continued as the External Auditors during 2016/17 and Mr Steve Clarke or Mr Avtar Sohal attended each meeting and provided updates as appropriate.

5.9 At the December 2016 meeting, the Panel considered the Annual Audit letter, which identified no significant matters and confirmed that EY issued unqualified conclusions on the arrangements for securing economy, efficiency and effectiveness of the CC and the PCC in their respective use of resources in September 2015.

5.10 In March 2017, the Panel considered and Approved the External Audit Plan for 2017/18.

- 5.11 In September 2016 the Panel considered the proposal to recommend the PCC and CC support the adoption the Public Sector Audit Appointments (PSAA) to inform the PCC and CC in their decision making. Additionally, the Panel highlighted some aspects for consideration at a later stage in the tendering process.
- 5.12 The PCC and CC in line with most other Public Sector Authorities and other PCCs and CCs supported the PSAA proposal.

Annual Accounts of the PCC and Chief Constable

- 5.13 At the September 2016 meeting, the Panel considered the Accounts in full for both the OCC and the OPCC, in conjunction with the letter of representation and the report to those charged with governance. The Panel were advised that there were no significant issues which needed to be brought to the attention of members, no fundamental control issues or adjusted audit differences. The Chair signed the letter of Management Representation.

Information Requirements

- 5.14 In line with the Information Requirements contained within the terms of Reference the Panel considered the following:

A summary report of actions being tracked and progress made in connection with their implementation on significant risk, governance Internal controls matters. Thereby providing for an on-going process of follow-up.

- 5.15 The Panel considered reports at each meeting updating on progress of implementing Internal Audit Recommendations. The Panel scrutinised these and sought greater detail on a number of recommendations before agreeing for them to be closed. Additionally, the Panel highlighted their wish for more considered updates in the recommendation responses.

Fraud and Corruption will be reported at least every other meeting.

- 5.16 The Panel considered reports on Fraud and corruption at the May, July, September and December 2016 meetings and amended the Terms of Reference in March 2017 to table this at every other meeting.
- 5.17 At the July 2016 meeting, the Panel received a report by the Deputy Chief Constable on Seized and Found property. The Panel reiterated their concerns in this area and requested a presentation at the March 2017 meeting where members highlighted their appreciation for the improvements made so far in this area and their wish to be updated on future progress.

Ethics, Integrity and Complaints Committee

- 5.18 In September 2016 both the JARAP and the Ethics, Integrity and Complaints Committee received and considered the Joint protocol to ensure workplans were complementary and did not duplicate. The Ethics, Integrity and Complaints Committee workplan was shared with JARAP members and the Vice-Chair of the Panel attended a meeting to review their operating arrangements.

Collaboration

- 5.19 The Panel requested regular updates on Collaboration and the following were considered:
- The whole Regional Collaboration landscape
 - Strategic Alliance Updates and where this was not taken forward
 - Tri-Force updates
- 5.20 Updates on collaboration were considered at the May, July, September and December 2016 meetings.

Other Assurance Providers and Information

- 5.21 To support the existing assurance mechanisms and reports, the Panel sought and were apprised of Key Strategic issues and the Panel requested and/or considered reports on the following strategic and thematic areas:
- Partnership and Commissioning
 - First 100 days of the PCC
 - Police and Crime Plan Update
 - Property Rationalisation
 - Force Meetings
 - Development Day for Police Audit Committee Members
- 5.22 The Vice-Chair attended the development day for Police Audit Committee members and updated the Panel at the December 2016 meeting. This reflected the variation of arrangements throughout the Country and updated members on key areas.
- 5.23 The CFO continued to circulate CIPFA briefings and Police and Crime Panel papers to members to assist them in their information requirements.
- 5.24 During the year, the PCC decided to subscribe to COPACC and the benefits of this full online subscription subscription were made available to JARAP members.
- 5.25 Individual scrutiny meetings were undertaken by Panel members in respect of key areas to enhance understanding and provide challenge and support to both the OCC and OPCC. This included attending key public and assurance meetings for future consideration to ensure a complementary approach with existing governance frameworks already in place.

6. Other Activities

- 6.1 The Chair and the Vice-Chair of the Panel met on a number of occasions during the year with the Deputy Chief Constable and/or the Chief Finance Officer as appropriate to discuss the role and work of the JARAP.
- 6.2 Where appropriate, the Chair has been personally updated on confidential operational issues to ensure the right level of scrutiny has been applied and issues are being managed effectively and tracked via the risk management process.

- 6.3 The JARAP considered their annual Report in July 2016 and this was considered at the Strategic Assurance Board and presented to the PCC and CC.
- 6.4 The Chair met with the new PCC in the Spring of 2016 to outline the work of the Panel and discussed concerns in relation to Seized and Found Property in addition to the work of members and deep dives into thematic areas.
- 6.5 The Panel reviewed actions of meetings and sought additional assurances or supplementary information throughout the year which was responded to and circulated as appropriate.
- 6.6 During the year, the lead member for Health and Safety attended two Health and Safety Committees and the JARAP highlighted these concerns to the PCC and CC in April 2017 who are taking these comments forward.

7. Overall JARAP Assessment for 2016/17

- 7.1 To be completed by the Panel

Appendix A: Internal Audit Opinions and Recommendations 2016/17

Leicestershire or Regional Audit	Opinion	Actions Agreed (by priority)		
		Fundamental	Significant	Housekeeping
Leicestershire Audits				
Business Continuity	Significant	-	-	3-
Complaints Management	Satisfactory	-	3	-
Vetting Procedures	Satisfactory	-	5	2
Pensions Provider	Satisfactory	-	1	1
Core Financial Systems	Satisfactory	-	1	4
Payroll	Satisfactory	-	2	2
Victims Code of Practice	Satisfactory	-	4	4
ICT Review	Satisfactory	-	2	2
Payroll Provider	Satisfactory		1	3
East Midlands Collaborative Audits				
EM Shared HR Service Centre	Satisfactory	-	1	3
EM Legal Services	Limited	1	3	2
EMOpSS	Satisfactory	-	3	3
EMS Commercial Unit	Satisfactory	-	3	-
EMSOU	Satisfactory	-	3	1

Summary of Opinion Assurance Gradings:

Assurance Gradings	Leicestershire		Region	
	Count	Percentage	Count	Percentage
Satisfactory	1	89%	4	80%
Significant	8	11%	-	-
Limited	0	-	1	20%
Deferred	2	-	-	-