

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

PAPER MARKED

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Report of	OFFICE OF THE POLICE AND CRIME COMMISSIONER AND OFFICE OF THE CHIEF CONSTABLE
Subject	DRAFT ANNUAL REPORT OF JARAP 2017/2018
Date	WEDNESDAY 20 JUNE 2018 – 10.00 A.M.
Author :	MR LUKE PULFORD, CHAIR OF THE JOINT AUDIT RISK AND ASSURANCE PANEL (JARAP)

Purpose of Report

1. This report outlines the Draft Annual Report of JARAP 2017/2018. The purpose of the report is to inform members of the panel and the wider audience of the work that has been undertaken over the last financial year.

Recommendation

3. The Panel is recommended to note the contents of the report.

Background

4. None

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 Attachments / Appendices

Annual report of JARAP 2017-18
Appendix A – Attendance at meetings
Appendix B – JARAP meetings 2017-18
Appendix C – Internal Audit Recommendations

Background Papers

None

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**Annual Report of Joint Audit Risk and
Assurance Panel
2017-18**

CHAIR'S REPORT TO THE JOINT AUDIT RISK AND ASSURANCE PANEL FOR THE YEAR ENDED 2017-18

Foreword by the Chair

I was lucky enough to be selected to take over from Mr Millet as the Chair of JARAP at the end of 2017 having previously served as vice-Chair to the Panel.

The 2017 -18 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.

There has again been many changes to personnel with new people joining us in important roles including a new CEO and CFO at the OPCC. We also have a new DCC to be working with following the retirement of Mr Bannister. We are all very much looking forward to working with our new colleagues to continue to drive forward the JARAP and keep making the progress I believe we have made over the last few years.

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. Panel members have been involved in many areas, the most significant of these being health and safety and community engagement.

We have continued to improve the documentation and processes that the Panel use, this has been incredibly valuable and has helped to keep our work and meetings as efficient as possible. I am grateful to officers for their support in this area and commitment to driving performance. Having visited other areas' panels and from speaking to their members I know we are more advanced than many and I know we will continue to seek improvements in this area.

We have managed to recruit two new members this year and also extend the terms of two existing members. This brings the Panel up to full capacity after a period of being low on numbers. I must offer special thanks to Ian and Leon who have put in significant work whilst the Panel was low on resource to allow that to not affect its performance. It is great to have two new members who bring new insight and experiences to the Panel, already both are adding value and having an impact.

As part of this recruitment process we revisited and made fairly significant changes to the induction process taking advantage of the learnings of the Panel over the last 4 years. Thanks to those from the Force/OPCC who helped us with that. Not only was that useful for the new members who joined this time around but I am sure it will ensure the induction process is better when we next recruit new members.

Following the first audit of our own effectiveness several areas were identified for improvements we can make, I am pleased to say that progress against these recommendations has been good as can be seen in the tracking documents.

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 the Panel, 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.

Now we are at full capacity of highly talented members I am excited about the year ahead and the opportunity for the Panel to continue its fantastic work and keep improving.

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

This report covers the activities of the JARAP for the year 2017/18.

Luke Pulford
JARAP Chair

1. Role of the Panel

- 1.1 This is the fifth 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 The terms of reference were last reviewed and amended in March 2017 and remained the same throughout the financial year 2017-18.

3. Panel Membership and Meetings

- 3.1 The Panel met four times during the year.
- 3.2 The meetings are open to members of the Public. Whilst two meeting in the year had observers there to witness how the meetings operate and what takes no general members of the public were in attendance throughout the year.
- 3.3 No items were considered in private over the year, therefore maximising public transparency. Agendas, meeting papers and minutes are placed on the OPCC website for the public to view.
- 3.4 The panel should have five members and there were several changes to the panel membership that took place throughout the year. These are detailed below:
 - Barrie Millett came to the end of his first term as Chairman and chose to step down from the role and leave the panel. His final meeting as panel member and chairman was 14 September 2017

- Luke Pulford who was the vice chairman of the panel went through an independent selection process and became chairman with effect from 1 November 2017
- Leon Dundas became vice chairman of the panel from 01 November for the rest of the financial year and Ian Prince will take over in this role from the start of the new financial year.
- Following Barrie Millett's departure from the panel the panel was temporarily down to three members. An independent and rigorous recruitment process was carried out and as a result Janette Pallas and Ashif Bhayat were appointed as panel members with effect from 1 November 2017.

3.5 Panel member attendance is summarised below with full detailed contained in Appendix A of all attendees at meetings in 2017-18.

	Total meetings attended	Total meetings possible	Comment
Panel Members			
Barrie Millet	2	2	Stepped down as panel member and chairman. Final meeting was 14 September
Luke Pulford	3	4	Vice chairman until 1 November. Chairman from 1 November
Leon Dundas	4	4	Vice chairman from 1 November
Ian Prince	4	4	
Janette Pallas	2	2	Appointed as panel member with effect from 1 November 2017
Ashif Bhayat	2	2	Appointed as panel member with effect from 1 November 2017

3.6 Officers attending the meeting during the year included:

- From the Office of the Chief Constable:
 - Mr Roger Bannister (Deputy Chief Constable)
 - Mr Rob Nixon (Deputy Chief Constable from 5 March 2018)
 - Mr Paul Dawkins (Assistant Chief Officer – Finance and Resources)
 - Laura Saunders (Risk and Business Continuity Adviser)
 - Paul Hooseman (Professional Standards Department)
- From the Office of the Police and Crime Commissioner:
 - Mr Paul Hindson, Chief Executive (from 1 December)
 - Mrs Helen King, Chief Finance Officer
 - Mr Martin Henry, Chief Finance Officer (formally from 26 February 2018)

3.7 Every meeting was also attended by representatives from Internal Audit (Mazars) and External Audit (Ernst and Young).

3.8 Two meetings were attended by observers.

3.9 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.

4. How the Panel Discharges its Responsibilities

- 4.1 The Panel's Terms of Reference drive the Panel's workplan for the year and an Annual Plan was considered in December 2017 which set out all the areas which need to be considered within the Terms of Reference during the Year.
- 4.2 To the workplan, the Panel also add thematic reports or areas where further assurance is required 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 June and September the panel considered reports on the effectiveness of the panel. The conclusion being that the arrangements were sound but there were some areas that should be considered for improvement such as sharing best practice across the region. As a result the chairman has attended other audit committees across the region and a regional audit committee workshop was held in Leicester so that best practice could be shared and incorporated where appropriate. This was on top of a national best practice day hosted by CIPFA in September 2017 that the chair attended.
- 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)
 - Police and Crime Panel
 - The Force Health and Safety Committee
- 4.5 During the year there were continuing concerns relating to the staffing capacity of the OPCC. A new structure was approved and recruitment into the roles took place throughout the year. On the 1 December 2017 the new Chief Executive arrived and in January the new Chief Financial Officer started although was not formally confirmed in his role until towards the end of February. A number of other new staff arrived and at the time of writing this review there are only three posts that are still vacant although interviews have been held and jobs offered to preferred candidates.
- 4.6 In 2016-17 concern was expressed about the level and quality of administrative support the panel was receiving. The PCC and CC addressed these concerns and administrative support was brought back into the OPCC to support and administer the meetings. These improvements were made by the March 2017 meeting. However, with the turnover of staff in the OPCC

there has not been a great opportunity to review the new arrangements and focus on this improvement. Therefore this will continue to be monitored in 2018-19 and make further adjustments if required.

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

- 5.1 Detailed information regarding the meetings held in 2017-18, the attendees and the issues considered at each meeting is contained in Appendix B.
- 5.2 Specifically, the Panel discharged the required responsibilities from the Terms of Reference as follows:

Risk Management, Governance and internal control responsibilities

- 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.
- 5.4 The JARAP also considered in detail all of the outstanding audit recommendations that had been made over a number of years and the progress made against those recommendations.
- 5.5 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 Brian Welch from Mazars. The Panel were able to challenge and scrutinise the reports.
- 5.6 In June 2017, the Panel received the Internal Audit Annual Report for 2016-17 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 C.
- 5.7 In February 2018, the Panel considered, discussed and approved the Internal Audit Plan for 2018/19.

External Audit responsibilities

- 5.8 EY continued as the External Auditors during 2016/17 and Steve Clarke or Avtar Sohal attended each meeting and provided updates as appropriate until February 2018 when Mr Neil Harris and Helen Henshaw took over in this capacity.
- 5.9 At the December 2017 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 for the financial year 2016-17.

- 5.10 In December 2017 the panel considered a report on the Public Sector Audit Appointments (PSAA) which confirmed Ernst and Young as appointed external auditors for five years from the financial year 2018-19.

Annual Accounts of the PCC and Chief Constable

- 5.13 At the September 2017 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 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 September 17 and February 2018 meetings.
- 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.
- 5.18 In September 2017 a further update on progress against the recommendations in the Seized and Found property report was considered and the contents of the report were noted.

Ethics, Integrity and Complaints Committee

- 5.19 The panel has continued to work alongside the ethics, integrity and complaints committee and has brought matters to their attention if appropriate.

Collaboration

- 5.20 In June 2017 the panel received an update on regional collaboration and the report was noted by the panel

Other Assurance Providers and Information

- 5.21 New for this year the Panel have made time within their pre-meeting to be briefed before every meeting on a subject that is either relevant to the upcoming meeting or future of the Force/OPCC. This has been very useful at increasing members understanding of issues and given the Panel greater insight.

- 5.22 The Vice-Chair attended the CIPFA development day for Police Audit Committee members again this year and updated the Panel and officers. This reflected the variation of arrangements throughout the Country and updated members on key areas. It has directly lead to action being taken by the Panel.
- 5.23 The Panel continue to receive COPACC and Policing Insight emails.
- 5.24 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. A particular focus of these meetings has been engagement with BAME and migrant populations within the force area.

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 strategic and 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 June 2017 and this was considered at the Strategic Assurance Board and presented to the PCC and CC.
- 6.4 The Chair met with the new OPCC Chief Executive and separately with the new CFO upon their arrival to outline the work of the Panel and plans to develop and improve the work of the panel in the future.
- 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 The panel members meet in immediately before panel meetings for personal development matters and to discuss topical issues.
- 6.7 The panel has introduced meetings with just the auditors, without any officers being present. This recommendation came from the effectiveness review and is included in the revised terms of reference.
- 6.8 There are plans to introduce panel member appraisals which will look back on an individual basis at work carried out by panel members and development requirements going forward.
- 6.9 There has been continuing focus on health and safety and attendance at health and safety meetings following on from the work carried out by I Prince last year.

Attendance at JARAP Meetings 2017-18

Appendix A

	20-Jun	14-Sep	21-Dec	21-Feb		Total meetings attended	Total meetings possible	Comment
Panel Members								
Barrie Millet	x	x				2	2	Stepped down as panel member and chairman. Final meeting was 14 September
Luke Pulford	x	x	x	Apologies		3	4	Vice chairman until 1 November. Chairman from 1 November
Leon Dundas	x	x	x	x		4	4	Vice chairman from 1 November
Ian Prince	x	x	x	x		4	4	
Janette Pallas			x	x		2	2	Appointed as panel member with effect from 1 November 2017
Ashif Bhayat			x	x		2	2	Appointed as panel member with effect from 1 November 2017
Officers								
Paul Hindson			x					Started 1 December 2017
Helen King	x	x						Left 8 November 2017
Martin Henry				x				Started 29 January 2018
Roger Bannister	x	x						Left 4 March 2018
Rob Nixon			x	x				Deputy Chief Constable with effect from 5 March 2018
Paul Dawkins	x	x	x	x				
Laura Saunders	x	x	x	x				
Paul Hooseman		x						
Auditors								
Stephen Clarke		x						
Neil Harris				x				
Avtar Sohal	x	x	x					
Helen Henshaw				x				
Brian Welch	x	x	x	x				
Observers								
Janette Pallas		x						
John Beckerieg			x					

**JARAP
2017-18 Meetings**

Date	Attendees	Agenda items
Tuesday 20th June 2017	<p>Panel: Barrie Millett, Leon Dundas, Luke Pulford and Ian Prince.</p> <p>Others: Helen King, Roger Bannister, Paul Dawkins and Laura Saunders</p> <p>Auditors: Avtar Sohal and Brian Welch</p> <p>Apologies: None given</p>	<ul style="list-style-type: none"> • Agenda - 20th June 2017 • Item 4 - Minutes of meeting held 17th March 2017 • Item 5 - Internal Audit Progress Report • Item 5 - Internal Audit Progress Report Appendix A • Item 6 - Internal Audit Recommendations and Tracking • Item 6 - Internal Audit Recommendations and Tracking Appendix A • Item 6 - Internal Audit Recommendations and Tracking Appendix B • Item 8 - Risk Register • Item 9 - Internal Audit Annual Report • Item 9 - Internal Audit Annual Report Appendix 1 • Item 10 - Annual Update Report on Collaboration • Item 11 - Audit Committee Effectiveness Draft Report • Item 11 - Audit Committee Effectiveness Draft Report Appendix F • Item 12 - Annual Report of the JARAP 2016-17 • Item 13 - JARAP Recruitment Update
Thursday 14th September 2017	<p>Panel: Barrie Millett, Leon Dundas, Luke Pulford and Ian Prince</p> <p>Observer: Janette Pallass</p> <p>Others: Helen King, Roger Bannister, Paul Dawkins, Laura Saunders and Paul Hooseman</p>	<ul style="list-style-type: none"> • Agenda - 14th September 2017 • Item 5 - Minutes of meeting held 20th June 2017 • Item 5 - Rolling Action Sheet • Item 6 - Patching Update • Item 7 - Internal Audit Tracking Report • Item 7 - Appendix A - Internal Audit • Item 8 - Risk Register September 2017 • Item 9 - Fraud and Corruption

Appendix B

	Auditors: Stephen Clarke, Avtar Sohal and Brian Welch	<ul style="list-style-type: none"> • Item 10 - Statement of Accounts Covering Report • Item 10 - PCC Statement of Accounts • Item 10 - Chief Constable Statement of Accounts • Item 11 - Report to those Charged with Governance ISA260 Covering Report • Item 11 - Report to those charged with Governance ISA260 • Item 12 - Update on Information Assurance Covering Report • Item 12 - Appendix A - IMS org chart • Item 13 - Seized and Found Property Update • Item 14 - Recruitment Update • Item 15 - Audit Committee Effectiveness Report • Item 16 - Internal Audit Progress Report Covering Report • Item 16 - Internal Audit Progress Report
Thursday 21st December	<p>Panel: Luke Pulford (Chairman) Leon Dundas, Ian Prince, Ashif Bhayat and Janette Pallas</p> <p>Observer: John Beckerieg</p> <p>Others: Paul Hindson, Rob Nixon, Paul Dawkins and Laura Saunders.</p> <p>Auditors: Avtar Sohal and Brian Welch</p>	<ul style="list-style-type: none"> • Agenda - 21st December 2017 • Item 4 - Minutes of meeting held on 14th September 2017 • Item 5 - Internal Audit Progress Report • Item 5 - Appendix - Internal Audit Progress Report 2017-18 • Item 6 - Internal Audit Recommendations and Tracking • Item 6 - Appendix - Audit Recommendations and business updates • Item 7 - Risk Register • Item 8 External Annual Audit Letter 2016-17 • Item 9 - JARAP Annual Plan 2018 - Draft • Item 9 - Appendix - Draft JARAP Annual Plan 2018 • Item 11 - PSAA Appointments
Wednesday 21st February	Panel: Leon Dundas, Ian Prince, Ashif Bhayat, Janette Pallas	<ul style="list-style-type: none"> • Agenda - 21st February 2018

Appendix B

	<p>Others: Martin Henry, Rob Nixon, Paul Dawkins, Laura Saunders.</p> <p>Auditors: Neil Harris, Helen Henshaw and Brian Welch</p> <p>Apologies: Luke Pulford</p>	<ul style="list-style-type: none">• Item 04 - Minutes of the meeting held on 21st December 2017 and Rolling Action Sheet• Item 05 - Internal Audit Progress Report• Item 06 - Internal Audit Recommendations and Tracking• Item 07 - Risk Register• Item 08 - Anti Fraud & Corruption• Item 09- Internal Audit Plan 2018-19• Item 11 - Force & OPCC Meetings for 2018
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Appendix C – Summary of Internal Audit Recommendations and Assessments 2017/18

Leicestershire 2017/18 Audits	Report Status	Assurance Opinion	Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total
Audit Committee Effectiveness	Final	N/A		6	2	8
Workforce Planning	Final	Significant			2	2
Business Continuity	Final	Significant			1	1
Commissioning	Final	Significant			1	1
Health & Safety	Final	Limited	1	8	3	12
Risk Management	Final	Satisfactory		1	5	6
Estates Management	Final	Significant			2	2
Payments & Creditors	Final	Satisfactory		3		3
General Ledger	Final	Significant				0
Cash & Bank	Final	Significant				0
Income & Debtors	Final	Significant				0
Payroll	Final	Satisfactory		3	1	4
Payroll Project	Final	N/A				0
Seized & Found Property	Final	Limited	1	4	2	7
Payroll Provider	Final	Satisfactory		2		2
Counter Fraud	Final	N/A				
Total			2	27	19	48

Collaboration Audits 2017/18	Status	Assurance Opinion	Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total
EMCHRS Learning & Development ¹	Final	Satisfactory		2	3	5
EMSOU Forensic Services ¹	Final	Significant			3	3
EMCHRS Occupational Health ¹	Final	Significant			3	3
Criminal Justice (EMCJS) ¹	Final	Satisfactory		1	2	3
POCA ¹	Draft					
Total			-	3	11	14

¹ Denotes those collaborative arrangements which Leicestershire are a part of.

Leicestershire Only

Assurance Gradings	2017/18	
Significant	7	54%
Satisfactory	4	31%
Limited	2	15%
Nil	0	0%
Sub-Total	13	
No opinion	3	
Total¹	16	

Collaboration Audits

Assurance Gradings	2017/18	
Significant	2	50%
Satisfactory	2	50%
Limited	0	0%
Nil	0	0%
Total	4	