

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 2018-2019
Date	WEDNESDAY 24 JULY 2019 – 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 2018/2019. 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 2018-19
Appendix A – Attendance at meetings
Appendix B – JARAP meetings 2018-19
Appendix C – Internal Audit Recommendations

Background Papers

None

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**Annual Report of Joint Audit Risk and
Assurance Panel
2018-19**

CHAIR'S REPORT TO THE JOINT AUDIT RISK AND ASSURANCE PANEL FOR THE YEAR ENDED 2018-19

Foreword by the Chair

The 2018-19 period has once again been a challenging year for both the Force and OPCC with both teams having to adapt to varying challenges. Again there have been changes through the year to key people who we work with as a panel from both the OCC and OPCC.

The JARAP, in my view, has once again provided the correct level of scrutiny as well as support for the Force and the PCC ensuring that adequate assurances have been provided in a number of areas.

Panel members have been involved in many areas and have taken on a portfolio of services in which they have sought to develop their understanding and delve into in a little more detail. Members have also attended regional and national best practice events. Over the last year I also carried out appraisals for the panel members and used the results to provide development and support for the individual members. The panel have held several visits to different areas of the Force to be able to understand how different areas function and the impacts of risk on their work.

I too have sought to develop further in my role by attending a number of courses relevant to my role and the world of governance and assurance as well as visiting other JARAP equivalent meeting across the region and wider in order to be able to ensure that best practice is developed in our JARAP. These views are scheduled to continue and by the end of 2019 all regional forces JARAP equivalents will have been visited. Finally I also attended the EY Audit Committee Forum in March this year.

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. This year again my visits to other regional equivalents show how well our systems and processes work compared to others and at every meeting we see first hand the benefits this brings to our work.

In particular we have re-considered the whole approach to risk management and have cemented the links between internal force risk management meetings, the risk register and the work of my panel.

We have also fundamentally reviewed the approach taken in relation to the management and monitoring of internal audit recommendations and have streamlined the process significantly to ensure we are focussing on the key recommendations and the plans to address the perceived weaknesses highlighted within them.

In 2017-18 we recruited two new members who have continued to give invaluable insight into the pre-meeting activity that takes place, focussing on their particular strengths and areas of expertise as well as contributing effectively to the meeting. These members have complemented the skills and expertise of the other two panel members.

Over the year we reviewed, once again, our terms of reference to make further improvements to the way the panel operates. I believe strongly in continuous improvement and will review the terms of reference each year to make sure they reflect the way the panel works and incorporates good practice wherever possible.

I am really proud of The progress and success of JARAP during my first full year as Chair. I am hugely grateful to Ian Prince for his work and support as Vice-Chair during this period. I am also looking forward to working with Janette Pallas next year as she becomes Vice-Chair.

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 I feel that all members have a very healthy relationship and engagement that I hope will continue.

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

This report covers the activities of the JARAP for the year 2018-19.

Luke Pulford
JARAP Chair

1. Role of the Panel

- 1.1 This is the sixth 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 and are reviewed on an annual basis.
- 2.2 The terms of reference were last reviewed and amended in June 2018 and remained the same throughout the financial year 2018-19.

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. At the September meeting of the Panel two observers were present being an officer from Her Majesty's Inspector of Constabulary and Fire and Rescue Service (HMICFRS) and a member of the press.
- 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 has five members. There were no changes to the membership during the year.
- 3.5 Panel member attendance is summarised below with full detailed contained in Appendix A of all attendees at meetings in 2018-19.

Panel Member	Total meetings attended	Total meetings possible
Luke Pulford	4	4
Leon Dundas	3	4
Ian Prince	4	4
Janette Pallas	3	4
Ashif Bhayat	3	4

3.6 Officers and staff attending the meeting during the year included:

- From the Office of the Chief Constable:
 - Mr Rob Nixon (Deputy Chief Constable)
 - Mr Paul Dawkins (Assistant Chief Officer – Finance and Resources)
 - Ms Suzanne Nicholls (Force Liaison Officer)
 - Ms Ruth Gilbert (Head of Finance)
 - Ms Samantha Lamb (Finance Manager)
 - Mr Matt Jones (Health and Safety Advisor)
 - Mr Roy Mollett (Policy and Strategy Officer)
 - Adam Streets (Corporate Services)
 - Emma Matts (Staff Officer)
 - Colinette Heath (Staff Officer)
- From the Office of the Police and Crime Commissioner:
 - Mr Martin Henry (Finance Director)
 - Nisha Pabari (Business Support Officer)

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

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 June 2018 which set out all the areas which need to be considered within the Terms of Reference during the Year.
- 4.2** There is a work programme which is updated for each meeting and sets out the areas that are planned to be considered on each of the agenda.
- 4.3** To the workplan, the Panel also added 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.
- 4.4** Prior to each meeting there is a briefing which provides the panel members with an opportunity to receive a briefing on a particular matter, to meet

privately with the internal and external auditors or to be shown around a particular department or departments.

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.

4.4 To supplement this, members of the Panel 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. There is an open invitation for JARAP members to attend certain force and PCC meetings, these include:

- The Force Change Board
- The Force Performance Delivery Group
- The Ethics, Integrity and Complaints Committee
- The Strategic Organisational Risk Board (SORB)
- The Police and Crime Panel
- The Force Health and Safety Committee

4.5 Over 2018-19 the Office of the PCC has continued to recruit to the structure that was approved towards the end of the 2017-18 financial year. Over the year there have been new members of staff joining the team as well as staff leaving the team. At the time of writing this report there are currently three posts vacant in the office and one member of the team on maternity leave.

5 Assessment of the Panel’s performance against its Terms of Reference

5.5 Detailed information regarding the meetings held in 2018-19, the attendees and the issues considered at each meeting is contained in Appendix B.

5.6 Specifically, the Panel discharged the required responsibilities from the Terms of Reference as follows:

Risk Management, Governance and internal control responsibilities

5.7 The JARAP considered the Strategic Risk Register at every meeting. This included scrutinising and challenging assessments and scores and discussing timeliness of identified actions. The Panel suggested that JARAP meetings be scheduled around other reporting deadlines so the panel received regular updates and as much relevant information as possible. It was also agreed that one member of the JARAP would always attend meetings of the Strategic Organisation Risk Board.

5.8 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.

5.9 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 2018, the Panel received the Internal Audit Annual Report for 2017-18 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.

External Audit responsibilities

- 5.8 Ernst and Young continued as the External Auditors during 2018-19 and Neil Harris and Helen Henshaw attended three of the four meetings and provided updates.
- 5.9 At the September 2018 meeting, the Panel considered the Annual Audit letter which identified no significant matters.

Report to those charged with governance – ISA260

- 5.10 The Panel received the audit results report from the external auditors at their July 2018 meeting. The Panel were informed of an issue in relation to the Pension Fund however the Panel agreed that this did not have an impact upon the accounts and agreed with the Chief Finance Officers that the accounts should not be adjusted.

Annual Accounts of the PCC and Chief Constable

- 5.11 At the July 2018 meeting, the Panel considered the Statement of Accounts 2017-18 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 Panel approved the accounts and the respective Chief Finance Officers and Chair signed the letter of Management Representation.

Information Requirements

- 5.12 The Panel considered reports at each meeting updating on progress of implementing Internal Audit Recommendations. The panel also had pre-meeting briefings on a number of areas of particular interest to them such as the development of collaborative arrangements and the emerging target operating model as well as meeting with the internal and external auditors in private.

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

- 5.13 The Panel considered reports on Fraud and corruption at the June and

September 2018 meetings.

- 5.14 At the September 2018 meeting, the Panel received an update on Seized and Found property relating to an issue regarding a missing firearm and the actions taken. The Panel also requested that reality testing be undertaken regarding the use of Body Worn Videos which were used to capture cash handling to ensure that policies were being followed.

Sharing Good Learning from Police Operations

- 5.15 The Panel received information from Chief Superintendent Adam Streets on sharing good learning from police operations, particularly in relation to Operation Rowan and Operation Lakes. It was noted that any risks identified from such operations would be reported to the JARAP at future meetings.

Force Management Statement and Force Planning Cycle

- 5.16 The Panel received a report from the Deputy Chief Constable on the Force Management Statement and the Force Planning Cycle. The Panel suggested a colour coding scheme for ease of reference in the document. They noted the position in relation to the Statement and the planning cycle.

Ethics, Integrity and Complaints Committee

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

Collaboration

- 5.18 The panel received an update on collaborative arrangements across the region as a briefing session prior to the meeting that took place in December 2018.

Other Assurance Providers and Information

- 5.19 The Panel continue with their pre-meetings 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.
- 5.20 The Panel continue to receive COPACC and Policing Insight emails.

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 Chairman continued to visit other JARAP equivalent meetings across the region to understand how they operate and to learn from and use the experience to instil best practice at this JARAP where appropriate.
- 6.3 The JARAP considered their annual Report in June 2018 and this was considered at the Strategic Assurance Board in July 2018 and presented to the PCC and CC.
- 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.
- 6.8 This year saw the introduction of Panel members appraisals which have been used to provide support and development opportunities for the panel members.

	20-Jun	24-Jul	19-Sep	11-Dec		Total meetings attended	Total meetings possible*
Panel Members							
Luke Pulford	x	x	x	x		4	4
Leon Dundas	Apologies	x	x	x		3	4
Ian Prince	x	x	x	x		4	4
Janette Pallas	x	x	Apologies	x		3	4
Ashif Bhayat	x	Apologies	x	x		3	4
Officers and Staff							
Martin Henry	x	x	x	x		4	4
Nisha Pabari		x	x			3	4
Rob Nixon	x	Apologies	Apologies	x		2	4
Paul Dawkins	x	x	x	x		4	4
Suzanne Nicholls	x					1	4
Ruth Gilbert		x				1	4
Samantha Lamb		x				1	4
Adam Streets			x			1	4
Emma Matts			x	x		2	4
Roy Mollett			x	x		2	4
Matt Jones			x	x		2	4
Colinette Heath				x		1	4
Auditors							
Neil Harris	x	x	Apologies	x		3	4
Helen Henshaw	Apologies	x	Apologies			1	4
Brian Welch	Apologies	Apologies	x	x		2	4
Mark Lunn	x						
Observers							
Edward Henriet (HMICFRS)			x			1	4
Amy Orton (Leicester Mercury)			x			1	4

* Note - Not all attendees are expected to attend all of the meetings

**JARAP
2018-19 Meetings**

Date	Attendees	Agenda items
Tuesday 20th June 2018	<p>Panel: Janette Pallas, Luke Pulford, Ian Prince, Ashif Bhayat</p> <p>Others: Martin Henry, Rob Nixon, Paul Dawkins, Suzanne Nicholls.</p> <p>Auditors: Neil Harris, Mark Lunn.</p> <p>Apologies: Leon Dundas, Helen Henshaw, Brian Welch.</p>	<ul style="list-style-type: none"> • Agenda - 20th June 2018 • Item 5 - Minutes of meeting held 21 February 2018 • Item 6 - Internal Audit Progress Report • Item 7 - Internal Audit Recommendations and Tracking • Item 8 – Risk Register • Item 9 – Draft Annual Report of JARAP • Item 10 – JARAP Terms of Reference Annual Review • Item 11 – Internal Audit Annual Report 2017/18 • Item 12 – External Audit Plan • Item 13 – External Audit Progress Update • Item 14 – Annual Plan and Work Programme • Item 15 – Force Management Statement and Force Planning Cycle • Item 16 – Fraud and Corruption
Tuesday 24 July 2018	<p>Panel: Janette Pallas, Leon Dundas, Luke Pulford and Ian Prince</p> <p>Others: Martin Henry, Nisha Pabari, Paul Dawkins, Ruth Gilbert, Samantha Lamb</p> <p>Auditors: Neil Harris, Helen Henshaw</p> <p>Apologies: Ashif Bhayat, Rob Nixon, Brian Welch</p>	<ul style="list-style-type: none"> • Agenda – 24 July 2018 • Item 4 - Minutes of meeting held 20th June 2018 • Item 5 – Annual Governance Statement • Item 6 – Report to those charged with Governance - ISA260 • Item 7 – Statement of Accounts 2018-18 • Item 8 – Work Programme

<p>Wednesday 19 September 2018</p>	<p>Panel: Luke Pulford (Chairman) Leon Dundas, Ian Prince, Ashif Bhayat.</p> <p>Observers: Edward Henriet (HMICFRS), Amy Orton (Leicester Mercury)</p> <p>Others: Martin Henry, Nisha Pabari, Adam Streets, Emma Matts, Roy Mollett, Matt Jones, Paul Dawkins.</p> <p>Auditors: Brian Welch</p> <p>Apologies: Janette Pallas</p>	<ul style="list-style-type: none"> • Agenda – 19 September 2018 • Item 4 - Minutes of meeting held on 24 July 20198 • Item 5 - Internal Audit Progress Report • Item 6 – Internal Audit Recommendations and Tracking • Item 7 – External Audit – Annual Audit Letter • Item 8 - Risk Register • Item 9 – Fraud and Corruption • Item 10 – Sharing Good Learning from Op Rowan and Op Lakes • Item 11 – Work Programme
<p>Tuesday 11 December 2018</p>	<p>Panel: Luke Pulford (Chairman), Leon Dundas, Ian Prince, Ashif Bhayat, Janette Pallas</p> <p>Others: Martin Henry, Rob Nixon, Paul Dawkins, Matt Jones, Emma Matts, Roy Mollett, Colinette Heath.</p> <p>Auditors: Neil Harris and Brian Welch</p> <p>Apologies: None</p>	<ul style="list-style-type: none"> • Agenda – 11 December 2018 • Item 04 - Minutes of the meeting held on 19 September and Rolling Action Sheet • Item 05 - Internal Audit Progress Report • Item 06 - Internal Audit Recommendations and Tracking • Item 07 – External Audit Progress Update • Item 08 – Risk Register • Item 09- OPCC Risk Register • Item 11 – Work Programme

Appendix C – Summary of Internal Audit Recommendations and Assessments 2018/19

Leicestershire 2018/19 Audits	Report Status	Assurance Opinion	Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total
Procurement	Final	Satisfactory		2	1	3
Firearms Licensing	Final	Satisfactory		1	1	2
Governance	Final	Satisfactory		2	1	3
Data Quality	Final	Satisfactory		3	1	4
Fleet Management	Final	Satisfactory		4	1	5
IT Strategy	Final	Significant			2	2
Core Financials	Final	Satisfactory				
• Payments & Creditors		Satisfactory		1		1
• General Ledger		Significant				0
• Cash & Bank		Significant			1	1
• Income & Debtors		Satisfactory		1		1
Payroll	Final	Satisfactory		1	2	3
Payroll Provider	Final	Satisfactory		2		2
Health & Safety	Final	Satisfactory		3	1	4
GDPR	Final	Satisfactory	1		3	4
Property Management	Final	Satisfactory		1	2	3
Archive Management	Final	Significant				0
Total			1	21	16	38

Collaboration Audits 2018/19	Status	Assurance Opinion	Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total
Strategic Financial Planning	Final	Satisfactory		4		4
Risk Management	Final	Satisfactory		3	3	6
Business Planning	Final	Satisfactory		2	1	3
Projected Underspend	Draft					
Total				9	4	13

Leicestershire Only

Assurance Gradings	2018/19	
Significant	4	25%
Satisfactory	12	75%
Limited	0	0%
Nil	0	0%
Total	16	

Collaboration Audits

Assurance Gradings	2018/19	
Significant	0	0%
Satisfactory	3	100%
Limited	0	0%
Nil	0	0%
Total	3	

Definitions of Assurance Levels		
Assurance Level	Adequacy of system design	Effectiveness of operating controls
Significant Assurance:	There is a sound system of internal control designed to achieve the Organisation's objectives.	The control processes tested are being consistently applied.
Satisfactory Assurance:	While there is a basically sound system of internal control, there are weaknesses, which put some of the Organisation's objectives at risk.	There is evidence that the level of non-compliance with some of the control processes may put some of the Organisation's objectives at risk.
Limited Assurance:	Weaknesses in the system of internal controls are such as to put the Organisation's objectives at risk.	The level of non-compliance puts the Organisation's objectives at risk.
No Assurance	Control processes are generally weak leaving the processes/systems open to significant error or abuse.	Significant non-compliance with basic control processes leaves the processes/systems open to error or abuse.

Definitions of Recommendations	
Priority	Description
Priority 1 (Fundamental)	Recommendations represent fundamental control weaknesses, which expose the organisation to a high degree of unnecessary risk.
Priority 2 (Significant)	Recommendations represent significant control weaknesses which expose the organisation to a moderate degree of unnecessary risk.
Priority 3 (Housekeeping)	Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk.