

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

Paper
Marked

E

Report of	OFFICES OF THE POLICE AND CRIME COMMISSIONER
Subject	JARAP EFFECTIVENESS REVIEW
Date	TUESDAY 26 JANUARY 2021 – 10:00AM
Author	OPCC FINANCE DIRECTOR

Purpose of report

- 1.1 To review the effectiveness of JARAP using CIPFA guidance.

Recommendation

- 2.1 Members of the panel, along with the internal and external auditors are invited to consider and comment on the finding from the review and determine if they agree with the proposed outcome.

Information

- 3.1 It is good practice to carry out an effectiveness review from time to time on how the panel operates. The last effectiveness review was carried out in June 2019.
- 3.2 In December 2020 the Chairman of JARAP met with the Senior Audit Manager from Mazars and the Finance Director from the OPCC to consider the effectiveness of the panel using the framework set out in the CIPFA publication 'Audit Committees – A Practical Guide for Local Authorities and Police'. The guidance was reviewed and re-issued in 2018 and it is this latest guidance that has been used for the review.
- 3.3 The guidance includes a 'Self-assessment of good practice' as well as a further appendix on 'Evaluating the effectiveness of the audit committee'.
- 3.4 Appendix A to this report sets out the responses to the self-assessment that were considered at the meeting referred to in paragraph 3.2. The self-assessment asks a series of questions. The response can either be 'Yes', 'No' or 'Partly'. The more questions where the response is 'yes' the better. The CIPFA self-assessment includes 25 questions, one question (question 2) is not relevant to Policing bodies. The remaining 24 questions have all been answered 'Yes' with narrative included

underneath each one providing further information on why this is believed to be the case.

- 3.5 Appendix B to this report sets out the evaluation of the effectiveness of the audit committee (JARAP). The table below summarises the outcome of this part of the review with scores of four or five given to all of the areas considered.

Assessment Score	Assessment Description	Number of areas given this score	%
5	Clear evidence is available from a number of sources that the committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.	7	78%
4	Clear evidence from some sources that the committee is actively and effectively supporting improvement across some aspects of this area.	2	22%
3	The committee has had mixed experience of supporting improvement in this area. There is some evidence that demonstrates their impact but there are also significant gaps.	0	0%
2	There is some evidence that the committee has supported improvements, but the impact of this support is limited.	0	0%
1	No evidence can be found that the audit committee has supported improvements in this area.	0	0%
Total number of areas considered		9	100%

- 3.6 Again, narrative has been provided against each of the criteria justifying the score that has been given.

Findings

- 3.7 Given the results of the self-assessment and the evaluation as described above, it is believed that JARAP is operated in an effective manner.
- 3.8 Members of the panel, along with the internal and external auditors are invited to consider and comment on this finding and determine if they agree with the proposed outcome.

Appendices

Appendix A: Self-assessment of good practice

Appendix B: Evaluating the effectiveness of the audit committee

Person to contact

Paul Dawkins – Assistant Chief Officer (Resources) and Interim CFO for the OPCC

Paul.Dawkins@leicestershire.pnn.police.uk

Direct Line: 0116 248 2244

Self-assessment of Good Practice

This self-assessment tool provides a high-level review that incorporates the key principles set out in CIPFA's Position Statement: Audit Committees in Local Authorities and Police. Where an audit committee has a high degree of performance against the good practice principles then it is an indication that the committee is soundly based and has in place a knowledgeable membership. These are the essential factors in developing an effective audit committee.

A regular self-assessment can be used to support the planning of the audit committee work programme and training plans. It can also inform an annual report.

Can you please complete the following self-assessment, answering 'yes', 'partly' or 'no'. Where you feel further explanation is required, can you please include your comments in the 'Response' box directly following the question.

Good practice questions		Yes	Partly	No
Audit committee purpose and governance				
1	Does the Force / OPCC have a dedicated audit committee?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Response: The Joint Audit, Risk and Assurance Panel (JARAP)				
2	Does the audit committee report directly to full council (applicable to local government only)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Response: N/A				
3	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Response: The Terms of Reference (ToR) sets out the purpose and responsibilities of JARAP as per CIPFA's position statement. The ToR is reviewed annually and updated where applicable.				
4	Is the role and purpose of the audit committee understood and accepted across the Force / OPCC?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Response: The JARAP meetings are very well attended by senior members of the OPCC and Chief Officers team. Attendees of the meetings are aware of the panel's role. The panel invites guest speakers from the force/OPCC to brief the panel on different areas of				

Good practice questions		Yes	Partly	No
the business and therefore raises the profile of JARAP and its purpose to the wider members of the force/OPCC.				
5	Does the audit committee provide support to the Force / OPCC in meeting the requirements of good service?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>Response: Yes it is believed that JARAP provide support to Force/OPCC in meeting the requirements of good service. The panel scrutinise and challenge where appropriate and take a pro-active role. They make recommendations where necessary and have regular briefings on the different aspects of the police service.</p>				
6	Are the arrangements to hold the committee to account for its performance operating satisfactorily?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>Response: Each member undergoes an appraisal to assess their performance. An annual effectiveness review is undertaken to assess the overall performance and efficiency of the panel. An annual report is produced and reported through the Strategic Assurance Board. The panel members attend a pre-meet before each meeting to discuss the papers beforehand and ensure that they operate as a cohesive panel.</p> <p>Each members undergoes an appraisal to assess their performance. An annual effectiveness review is undertaken to assess the overall performance and efficiency of the panel. An annual report is produced and reported through the Strategic Assurance Board. The panel members attend a pre-meet before each meeting to discuss the papers beforehand and ensure that they operate as a cohesive panel.</p>				
Functions of the committee				
7	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement? <ul style="list-style-type: none"> • Good governance • Assurance framework, including partnerships and collaboration arrangements • Internal audit • External Audit • Financial reporting 	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Good practice questions		Yes	Partly	No
	<ul style="list-style-type: none"> • Risk management • Value for money or best value • Counter-fraud and corruption • Supporting ethical framework 	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Response: The ToR addresses all areas stated above and provides an explanation of the panel's responsibilities within these areas.				
8	Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Response: An annual effectiveness review is undertaken to assess whether the panel is carrying out its role effectively or not. The ToR are reviewed annually and updated as appropriate with any issues arising as a result of the effectiveness review. An annual report is also produced and shared with the Strategic Assurance Board.				
9	Has the JARAP considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Response: The JARAP are involved in the wider areas identified in CIPFA's position statement except for Treasury Management. The wider areas which the panel are involved in includes: Considering governance, risk and control issues from other committees; working with local standards and ethics committees to support ethical values and oversight of other public reports.				
10	Where coverage of core areas has been found to be limited, are plans in place to address this?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Response: No coverage of core areas found to be limited				
11	Has the committee maintained its advisory role by not taking on any decision-making powers that are not in line with its core purpose?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Response: The panel provides advisory support but is not responsible for making decisions.				
Membership and support				

Good practice questions		Yes	Partly	No
12	<p>Has an effective audit committee structure and composition of the committee been selected?</p> <p>This should include:</p> <ul style="list-style-type: none"> • Separation from the executive • An appropriate mix of knowledge and skills among the membership • A size of committee that is not unwieldy • Consideration has been given to the inclusion of at least one independent member (where it is not already a mandatory requirement) 	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>Response: Wide breadth of knowledge, skills and expertise on the panel. All JARAP members independent and separate from the OPCC/force.</p>				
13	<p>Have independent members appointed to the Committee been recruited in an open and transparent way and approved by the full council or the PCC and chief constable as appropriate for the organisation?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>Response: JARAP members go through a transparent and open selection process and are approved by the PCC.</p>				
14	<p>Does the chair of the committee have appropriate knowledge and skills?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>Response: It is believed that the Chairman of the Committee does have the appropriate skills and knowledge to undertake the role effectively and lead the audit committee.</p>				
15	<p>Are arrangements in place to support the committee with briefings and training?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>Response: All new members have to undertake an induction course upon commencement of tenure. PDR development plans are undertaken. Members have the opportunity to attend CIPFA run webinars and events to keep up to date with current issues and new developments. Targeted briefings are given at the start of each meeting in order for the panel to get an understanding of the business and any new developments taking place in the OPCC/force.</p>				
16	<p>Has the membership of the committee been assessed against the core knowledge</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Good practice questions		Yes	Partly	No
	and skills framework and found to be satisfactory?			
Response:				
17	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the chief financial officer?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Response: The Chairman and members have a good working relationship with other key individuals of the organisation including the Deputy Chief Constable, the CFO and both internal and external audit. Annually the panel meets with internal and external audit separately, outside of the committee meetings. The Chairman and CFO also have regular updates when required.				
18	Is adequate secretariat and administrative support to the committee provided?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Response: Adequate administrative support is in place to support the committee. A service standards document is in place outlining the administrative requirements of the panel.				
Effectiveness of the committee				
19	Has the committee obtained feedback on its performance from those interacting with the committee on relying on its work?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Response: The committee obtains feedback through the effectiveness review.				
20	Are meetings effective with a good level of discussion and engagement from all the members?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Response: A pre-meet is scheduled prior to each meeting for the Chairman and panel members to discuss the papers for each meeting. This is an opportunity for the panel to highlight any areas of concerns, challenges which they want to raise in the main meeting or general comments. This ensures that that the panel are working cohesively and coherently as one. The main JARAP meetings are well attended and involves a good level of discussion. The panel apply an appropriate level of scrutiny and challenge.				
21	Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Response: The panel invites a number of guest speaker to the meetings such as area leaders whom specialise in specific areas which are being scrutinised, challenged or				

Good practice questions		Yes	Partly	No
discussed in the meeting. The panel have a number of different briefings prior to each meeting whereby responsible officers give updates on their specific area of business such as fraud and corruption, wellbeing, IT etc.				
22	Does the committee make recommendations for the improvement of governance, risk and control and are these acted on?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Response: The committee has access to other force meetings such as the Strategic Organisational Risk Board and Health and safety meetings whereby they can feed directly into those areas. The committee make recommendations for improvements which are taking into account by the OPCC/force and implemented where appropriate.				
23	Has the committee evaluated whether and how it is adding value to the organisation?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Response: It is believed that the committee adds significant value to the organisation. The committee provides challenge, scrutiny and advice when required. The committee scrutinise the audit findings and recommendations, review the draft statement of accounts for both the PCC and Chief Constable, review and scrutinise risk registers.				
24	Does the committee have an action plan to improve any areas of weakness?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Response: Yes the committee does have an action plan to improve areas of weakness including annual Professional Development Reviews for all members.				
25	Does the committee publish an annual report to account for its performance and explain its work?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Response: The panel produces an annual report which is presented to the Strategic Assurance Board.				

Evaluating the Effectiveness of the Audit Committee

Appendix E of the CIPFA publication Audit Committees – A Practical Guide for Local Authorities and Police sets out nine areas where it should be evaluated if an Audit Committee (JARAP) can add value by supporting improvement. It then provides examples of how this can be demonstrated. The chairman of the panel, the internal audit manager and the OPCC’s CFO met to self-evaluate against the criteria and provide an evaluation score on the scale set out below.

Assessment Key

5 – Clear evidence is available from a number of sources that the committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.

4 – Clear evidence from some sources that the committee is actively and effectively supporting improvement across some aspects of this area.

3 - The committee has had mixed experience of supporting improvement in this area. There is some evidence that demonstrates their impact but there are also significant gaps.

2 – There is some evidence that the committee has supported improvements, but the impact of this support is limited.

1 – No evidence can be found that the audit committee has supported improvements in this area.

Areas where the panel can add value by supporting improvement	Examples of how the panel can add value and provide evidence of effectiveness	Self-evaluation, examples, areas of strength and weakness	Overall assessment (5-1 See key above)
Promoting the principles of good governance and their application to decision making	<ul style="list-style-type: none"> • Supporting the development of a local code of governance • Providing robust review of the AGS and the assurances underpinning it • Working with key members/PCC and Chief Constable to improve their understanding of the AGS and their contribution to it 	<ul style="list-style-type: none"> • Separate consideration of the AGS • Separate AGS for the OPCC and the Force • Considers internal audit reports on Corporate Governance and considers recommendations • Corporate Governance arrangement in place • Effectiveness review carried out • Terms of reference reviewed annually • Visits to other JARAP equivalent meetings across the region and beyond 	5

Appendix B

	<ul style="list-style-type: none"> • Supporting reviews/audits of governance arrangements • Participating in self-assessments of governance arrangements • Working with partner audit committees to review governance arrangements in partnerships 		
Contributing to the development of an effective control environment	<ul style="list-style-type: none"> • Actively monitoring the implementation of recommendations from auditors • Encouraging ownership of the internal control framework by appropriate managers • Raising significant concerns over controls with appropriate senior managers 	<ul style="list-style-type: none"> • Regular report considered on internal audit recommendations. • Audit recommendations only closed upon agreement by JARAP • Internal audit recommendations assigned to relevant managers who are responsible and accountable for their implementation • Management responses are scrutinised by members of the Committee and challenged where appropriate • Recommendations not signed off until panel members are satisfied that they have been fully and properly discharged and evidence is provided to demonstrate this 	5
Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks	<ul style="list-style-type: none"> • Reviewing risk management arrangements and their effectiveness, e.g. risk management benchmarking • Monitoring improvements • Holding risk owners to account for major/strategic risks 	<ul style="list-style-type: none"> • Risk management updates are received at each meeting • Movements in risk scores and addition of new risks are reported to the Panel. • Full risk registers are reported periodically to the panel • Risk are only closed when the panel are satisfied that they have reduced to a sufficient level or are no longer a risk • Risks are assigned to individual risk owners who are accountable and responsible for the risk 	5

		<ul style="list-style-type: none"> • Internal Audit can provide an impartial view on the strength of risk management across the region as they audit all PCCs and forces across the East Midlands • The chairman attends other audit committees across the region to seek to learn and develop the effectiveness of the panel here 	
Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively	<ul style="list-style-type: none"> • Specifying its assurance needs, identifying gaps or overlaps in assurance • Seeking to streamline assurance gathering and reporting • Reviewing the effectiveness of assurance providers, e.g. internal audit, risk management, external audit 	<ul style="list-style-type: none"> • Gains assurance from the Deputy Chief Constable, respective CFO's from the force and the OPCC, internal audit, external audit and various staff and police officers • Standard agenda items ensure the main areas of assurance (internal audit recommendations, risks, internal and external audit progress) are updated, reviewed and considered on a regular basis. • Internal audit annual review provides significant assurance • External audit annual reports provided significant assurance • Annual Governance Statement describes and reports upon all of the assurance provided to the panel and is considered as a separate agenda item • Responsible senior managers are brought into the panel to provide advice and response to queries from panel members on any areas of particular concern. 	5
Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence	<ul style="list-style-type: none"> • Reviewing the audit charter and functional reporting arrangements • Assessing the effectiveness of internal audit arrangements, 	<ul style="list-style-type: none"> • Receive an annual internal audit report • Ensures the attendance of internal audit at every meeting 	5

	<p>providing constructive challenge and supporting improvements</p> <ul style="list-style-type: none"> Actively supporting the quality assurance and improvement programme of internal audit 	<ul style="list-style-type: none"> Meets privately with the internal auditor at least once a year Has a direct line to Internal Audit if required on any matters Considers the internal audit plan on an annual basis Receives a regular update from Internal Audit as a standard agenda item CFOs meet regularly with Internal Audit to discuss work plan, progress and so on. 	
<p>Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements</p>	<ul style="list-style-type: none"> Reviewing how the governance arrangements support the achievement of sustainable outcomes Reviewing major projects and programmes to ensure that governance and assurance arrangements are in place Reviewing the effectiveness of performance management arrangements 	<ul style="list-style-type: none"> Risks relating to major projects are reported through the SORB and then onto JARAP where appropriate Internal audit work programme looks at areas of highest risk Internal audit review previous audits the following year where they have been given 'limited' or 'no' assurance Regular reports from Internal and External audit Attendance at all meeting of internal audit, external audit, Deputy Chief Constable, CFOs and other relevant police officers and staff Lead members attend various meetings such as H&S and Sorb and feedback to the JARAP 	<p>5</p>
<p>Supporting the development of robust arrangements for ensuring value for money</p>	<ul style="list-style-type: none"> Ensuring that assurance on value for money arrangements is included in the assurances received by the Audit Committee Considering how performance in value for money is evaluated as part of the AGS 	<ul style="list-style-type: none"> Value for money judgement provided by external audit and reported to the panel on an annual basis Value for money judgements are contained within the Annual Governance Statement Annual Governance Statement is considered as a separate agenda item by the panel Briefings received by the panel on the budget and other financial matters including regional collaboration and the target operating model 	<p>4</p>

Appendix B

<p>Helping the authority to implements the values of good governance, including effective arrangements for countering fraud and corruption risks</p>	<ul style="list-style-type: none"> • Reviewing arrangements against the standards set out in the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014) • Reviewing fraud risks and the effectiveness of the organisation’s strategy to address those risks • Assessing the effectiveness of Ethical Governance arrangements for both staff and governors 	<ul style="list-style-type: none"> • Regular agenda item on counter fraud and corruption • Briefings organised on fraud • Internal audit carry out work on fraud • Declarations made about actions taken to minimise fraud and corruption through the accounts closedown process • Meeting between the chairman of JARAP and the chairman of the Ethics Committee 	<p>5</p>
<p>Promoting effective public reporting to the authority’s stakeholders and local community and measures to improve transparency and accountability</p>	<ul style="list-style-type: none"> • Improving how the authority discharges its responsibilities for public reporting; for example, better targeting at the audience, plain English • Reviewing whether decision making through partnership organisations remains transparent and publicly accessible and encourages greater transparency • Publishing an annual report from the committee 	<ul style="list-style-type: none"> • All JARAP meetings are public meetings • An annual report is prepared by the Chairman of the Panel and this is reported to the meeting and to the internal Strategic Assurance Board • Promoting different types of communication with reporting e.g. communicating in different languages 	<p>4</p>