

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

Paper
Marked

Report of	OFFICE OF THE POLICE AND CRIME COMMISSIONER
Subject	JARAP EFFECTIVENESS REVIEW
Date	THURSDAY 20 JANUARY 2022 – 10:00AM
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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 January 2021.
- 3.2 In January 2022 the Chairman of JARAP met with the Senior Audit Manager from Mazars and the Interim Chief Finance Officer 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' or 'Partly' 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.	8	89%
4	Clear evidence from some sources that the committee is actively and effectively supporting improvement across some aspects of this area.	1	11%
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

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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. Actively engagement form DCC and use JARAP to provide support.</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 Corporate Governance 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. Performance of members is regularly reviewed and action taken if performance is not satisfactory. Terms of members reviewed based on performance.</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 Corporate Governance 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. In future change to meeting structure therefore there needs to consideration to how the JARAP cover core areas.				
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.				

Good practice questions		Yes	Partly	No
Membership and support				
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. The panel is currently in the process of recruiting a new member to the panel.</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. There has been a recent appointment of two new members who have gone through a fair and transparent process.</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 and training needs identified and considered. Regular meetings with OPCC to discuss any arising need. 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</p>				

Good practice questions		Yes	Partly	No
<p>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. The members have an opportunity for complete adequate training which is relevant to their role. An induction/training package is arranged for new members of the panel and it is also an opportunity for existing members to refresh on their knowledge.</p>				
16	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>Response: See Evaluating the effectiveness review</p>				
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"/>
<p>Response: The Chairman and members have a good working relationship with other key individuals of the organisation including the Deputy Chief Constable, the CFOs and both internal and external audit. Annually the panel meets with internal and external audit separately, outside of the committee meetings. The Chairman and CFOs also have regular updates when required.</p>				
18	Is adequate secretariat and administrative support to the committee provided?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p>Response: A service standards document is in place outlining the administrative requirements of the panel. Due to a number of changes to the OPCC structure and resourcing issues the administrative support has not always been adequate.</p>				
<p>Effectiveness of the committee</p>				
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"/>
<p>Response: The committee obtains feedback through the effectiveness review. Regular updates CFOs and through annual meeting with Internal Audit and External Audit. Annual meeting with DCC. Communications channels in place and communication on performance given during meetings. Panel also welcome feedback.</p>				
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"/>

Good practice questions		Yes	Partly	No
<p>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. There has recently been two new members recruited to the panel and therefore still learning. Pre-meet's are effective and used to evaluate appropriate discussions to be held in meeting.</p>				
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"/>
<p>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 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, IT, Power BI etc.</p>				
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"/>
<p>Response: The committee has access to other force meetings such as 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. JARAP look at ways to improve on own meeting e.g. asking for change to reports to be made so meetings can be more effective and information available.</p>				
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"/>
<p>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.</p>				
24	Does the committee have an action plan to improve any areas of weakness?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>Response: Yes the committee does have an action plan to improve areas of weakness including annual Professional Development Reviews for all members. An action log is maintained including an ideas sections whereby notes can be made on any areas JARAP</p>				

Good practice questions	Yes	Partly	No
would like to focus on. If there is a lack in knowledge in a certain area a briefing is scheduled to provide the JARAP with a better understanding of that area.			
25	Does the committee publish an annual report to account for its performance and explain its work?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Response: The panel produces an annual report which is presented to the Corporate Governance 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 	5

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	<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 	<ul style="list-style-type: none"> • Attendance at Regional best practice meetings which is attended by all regional audit committee chairs. 	
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 • Proposed closed are scrutinised by the panel • Risks are assigned to individual risk owners who are accountable and responsible for the risk • Internal Audit can provide an impartial view on the strength of risk management across the region as 	5

		<p>they audit all PCCs and forces across the East Midlands</p> <ul style="list-style-type: none"> • Attendance at best practice forums 	
<p>Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively</p>	<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
<p>Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence</p>	<ul style="list-style-type: none"> • Reviewing the audit charter and functional reporting arrangements • Assessing the effectiveness of internal audit arrangements, providing constructive challenge and supporting improvements • Actively supporting the quality assurance and improvement programme of internal audit 	<ul style="list-style-type: none"> • Receive an annual internal audit report • Ensures the attendance of internal audit at every meeting • 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 	5

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		<ul style="list-style-type: none"> • 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. 	
Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements	<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 to 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 feedback to the JARAP • JARAP have the opportunity to scrutinise and provide recommendation relating to closed risk. 	5
Supporting the development of robust arrangements for ensuring value for money	<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 • Members have an in-depth look into the draft financial accounts to gain an understanding and gain assurance of VFM 	5

<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 give due consideration to fraud in any work it carries out. • 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 • Any instances of fraud or corruption have been brought to the attention of JARAP and any learning identified and implemented. 	<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 and documents from previous meetings are publicly available • An annual report is prepared by the Chairman of the Panel and this is reported to the meeting and to the internal Corporate Governance Board • Promoting different types of communication with reporting e.g. communicating in different languages 	<p>4</p>