

**Annual Report of Joint Audit Risk and  
Assurance Panel  
2013 - 2014**

## CHAIR'S REPORT TO THE JOINT AUDIT RISK AND ASSURANCE PANEL FOR THE YEAR ENDED 2013/14.

### FOREWORD BY THE CHAIR

*"As Chair of the Joint Audit Risk and Assurance Panel (JARAP), I am pleased to present the first annual report of the Panel, which has been produced in line with approaches undertaken by other Public Sector organisations and Treasury guidance.*

*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 Police and Crime Commissioner (PCC) and Chief Constable (CC).*
- *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 statutory 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.*

*This report covers the activities of the JARAP from their first meeting on the 26 June 2013 and which replaced the Interim JARAP (who met on the 13 May 2013) to the 31 March 2014. Handover arrangements took place at the 13 May 2013 meeting of the previous JARAP and, where possible, the work of the Interim JARAP has been included within the report for completeness."*

**Barrie Millett**  
**JARAP Chair**

## **1. TERMS OF REFERENCE**

- 1.1 The terms of reference of the Panel follow the guidance provided in the Corporate Governance Framework. The Terms of Reference were reviewed by the Panel at their meeting on the 26 March 2014.
- 1.2 The first meeting of the newly constituted JARAP took place on the 26 June 2013. Mr B Millett was appointed Chair, Mr L Pulford was appointed as a member and subsequently appointed as Vice Chair of the panel in March 2014. Ms K Daisley, Mr L Dundas and Mr I Prince were also appointed to the Panel as members.
- 1.3 Officers attending the meeting during the year included:
  - From the Office of the Chief Constable: Ms S Morgan, Acting DCC; Mr S Edens, DCC and Mr P Dawkins Finance Director.
  - From the Office of the Police and Crime Commissioner: Mr P Stock, Chief Executive; Mr P Lewis, Chief Finance Officer (until September 2013); Mr R Vickers, Chief Finance Officer (from Sept 2013 until November 2013) and Mrs H King, Chief Finance Officer (from November 2013).
- 1.4 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.

## **2. JARAP ACTIVITY FOR THE YEAR**

- 2.1 The Panel met six times during the year, once as the Interim JARAP and five meetings in the newly constituted form and representation. At these meetings, the Panel exercised a robust challenge function and demanded the highest levels of performance and accountability from those reporting to it.

### **2.2 Office of the Chief Constable (OCC) and the Office of the Police and Crime Commissioner (OPCC) Statutory Accounts**

The Panel scrutinised, questioned management and sought input from External Auditors on the 2012/13 OCC and OPCC accounts. This process included consideration of the Governance Statement. It also considered the external auditors' report to those charged with governance which raised no issues.

At the May 2013 meeting, the previous Panel considered a report on the Closure of Accounts for 2012/13.

### **2.3 Governance and Establishment of the OPCC and the Police and Crime Plan**

The Panel received reports at their meetings in May, June, September and December in respect of updates on the Police and Crime Plan and in June and September in respect of updates on the Commissioning Intentions.

In June 2013, the Panel received reports which included the Commissioner's 2012/13 Annual Report, an update on the establishment of the Office of the Police and Crime Commissioner (OPCC) and a progress report on Communications and Engagement Strategies, the latter of which will be reviewed in line with the joint Force and OPCC Communications Review. An update on the Governance Arrangements was considered in September 2013 and panel considered the first annual review of the Corporate Governance Framework in March 2014.

The Panel were apprised of key Strategic issues and in December 2013 the Panel considered updates on the Performance Reporting Structures and the Change Programme.

## 2.4 Control and Risk Issues

Risk Management was scrutinised by the Panel at each meeting during the year and a representative of JARAP attended the Strategic Organisational Risk Board (SORB). Throughout the year, the Panel considered and refined information submitted in respect of Risk reports and this included combining the OCC and OPCC Risks into one register, with exceptions highlighted to the Panel for consideration.

## 2.5 Internal Audit

Representatives from Baker Tilly (previously RSM Tenon) Internal Audit attended all of the Panel's meetings. The Panel reviewed and endorsed the Internal Audit Plan for 2014/15, approved the Internal Audit Charter and received regular progress reports on the outcome of audit work, recommendations made and management responses. Further scrutiny was applied to the recommendations and responses where appropriate and follow up audits highlighted as appropriate in response to the scrutiny applied.

Reports on the progress and management tracking of Audit Recommendations were considered by the Panel during the year to enable assurance to be gained. The panel received detailed information on the high and medium risk recommendations as detailed in the table below and a complete list of recommendations is attached at Appendix A.

### Recommendations - Priority Actions

Not prioritised	Actions Agreed (by priority)		
	High	Medium	Low
7	0	16	37

The panel received updates from Baker Tilly on the sixteen internal audits undertaken in the year (of which two were advisory audits). The audits gave good audit coverage and assurance was received from the levels of opinion received, as detailed in the table below:

### **Opinion**

<b>Opinion</b>	<b>No:</b>
Green	7
Amber/Green	5
Adequate	1
Amber/Red	1
Red	0
Advisory	2

## **2.6 External Audit**

Representatives from Pricewaterhouse Coopers the external auditors attended the Panel's meetings and the Panel considered External Audit progress reports and the 2013/14 External Audit Plan in addition to the reports in respect of the Annual Statement of Accounts.

At the September 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.

At the December meeting, the Panel considered the Annual Audit letter, which highlighted that the audit letter identified no significant matters and confirmed that PWC issued unqualified conclusions on the arrangements for securing economy, efficiency and effectiveness of the CC and the PCC in their respective use of resources on 26 September 2013 and 30 September 2013 respectively.

## **2.7 Other Assurance Providers**

The Panel received two reports on the Force Internal Audit Function during the year, which complements the External and Internal Audit Plans and work of Her Majesty's Inspector of Constabulary (HMIC).

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.

Furthermore, JARAP members have each adopted roles as key portfolio leads to progress this targeted assurance and scrutiny further in the future. Portfolios will develop and change over time but those currently highlighted to progress and scrutinise further include:

- Procurement and Contracts
- Commissioning
- Whistleblowing
- Complaints
- Change
- Audit and Risk
- Commissioning
- Diversity
- Public Reassurance in line with community consultation and public communication.

### **3. OTHER ACTIVITIES**

- 3.1 The Chair of the Panel met on a number of occasions during the year with the Police and Crime Commissioner, the Deputy Chief Constable and other officers as appropriate to discuss the role and work of the JARAP.
- 3.2 Members of the panel undertook familiarisation meetings with key force stakeholders and departments, including operational offices to gain an understanding of the work and context of the force and the OPCC.
- 3.3 The Panel reviewed actions of meetings and sought additional assurances or supplementary information throughout the year as required.

### **4. JARAP ASSURANCE**

- 4.1 The Panel considers that, during the period of this report, it fully discharged its responsibilities in accordance with its terms of reference. The Panel is also satisfied that it was able to provide the OCC and the OPCC with assurance on all areas of Corporate Governance.
- 4.2 The Panel attended Regional Training on the role of Audit Committees and the Chair is working together with members, the OPCC Chief Finance Officer and Force Finance Director to consider further training, development and assurance plans for members and to progress further work and relationships with members of Regional Audit Committees.

## Appendix A: Internal Audit Opinions and Recommendations 2013/14

Audit	Opinion	Actions Agreed (by priority)		
		High	Medium	Low
Payroll Provider Review	Green	0	0	2
Health and Safety	Amber / Green	0	1	3
Zanzibar (P2)	Advisory	1 not prioritised		
Winsor Review - Payments for Unsocial Hours	Green	0	0	0
Human Resources - Absence Management	Amber / Green	0	3	4
Publication Scheme	Advisory	6 not prioritised		
Collaboration - Governance & Financial Framework <small>(This audit includes a contribution from each of the East Midlands Audit Plans and has been reported across each of these)</small>	Amber / Red	0	5	2
Change Programme	Amber / Green	0	1	5
Risk Management	<b>Force</b> Amber / Green <b>OPCC</b> Amber / Green	0	2	4
General Ledger	Green	0	0	1
Payroll and Expenses	Green	0	1	0
Budget Setting, Control, Monitoring and Reporting	Green	0	0	0
Follow Up of Previous Internal Audit Recommendations 2012/13 & 2013/14 (Draft)	Adequate	0	1	4
Monitoring and Delivery of the Police and Crime Plan (Draft)	Green	0	0	3
Governance	<b>Force</b> Green <b>OPCC</b> Green	0	0	5
Mobile Device Security	Amber / Green	0	2	4
<b>Total</b>		<b>0</b>	<b>16</b>	<b>37</b>