

**Police and Crime Commissioner for Derbyshire**  
**Chief Constable for Derbyshire**

**JOINT AUDIT RISK AND ASSURANCE COMMITTEE**

**ANNUAL REPORT 2018/19**

**Policing Governance**

Police governance is vested in the elected Police and Crime Commissioner for Derbyshire, Hardyal Dhindsa. It is the responsibility of the Commissioner to appoint the Chief Constable and to hold him to account for the efficient delivery of policing in the area. The Commissioner also produces a Police and Crime Plan and sets the budget and policing precept. The Police and Crime Panel holds the Commissioner to public account between elections.

The Chief Constable retains responsibility for operational policing, and has direction and control of all police officers and staff who do not directly support the Commissioner. The Police and Crime Commissioner appointed Peter Goodman as Chief Constable with effect from 1<sup>st</sup> June 2017.

Current Home Office guidance is that Chief Constables and Commissioners will be supported by independent Audit Committees. In Derbyshire, this is the Joint Audit Risk and Assurance Committee or JARAC.

The purpose of the JARAC is to provide independent assurance to the Chief Constable and the Commissioner on:

- The adequacy of risk management and the internal control framework operated by the Commissioner and the Chief Constable.
- The effectiveness of their respective governance arrangements including providing for value for money services.
- The appointment, support and review of the work of internal and external auditors in their provision of assurance on risk management, internal controls and the annual accounts through their work.
- The financial reporting process, including undertaking appropriate scrutiny of annual accounts, with advice from External Audit.

For the first time during 2018/19 the terms of reference have been amended to give the Audit Committee some oversight of arrangements for anti fraud and corruption. Previously employee/police officer fraud or ethics has been managed by the Constabulary Professional Standards Department and overseen by scrutiny carried out directly by the Police and Crime Commissioner through his Head of Compliance and/or Chief Executive.

The JARAC is a non-executive committee and works to Terms of Reference approved by the Commissioner and the Chief Constable, based on national professional guidance from the Chartered Institute of Public Finance & Accountancy. The JARAC operates in line with the principles of good governance and reviews its terms of reference and self appraises its performance each year.

### **JARAC membership**

The In Derbyshire, there are 5 JARAC members, all independent of the Commissioner and the Chief Constable. The members are appointed through an open recruitment process and selected on the basis of experience and expertise. They have been appointed for a term of 5 years. The members for the 2018/19 financial year were:



*(from left to right)*

David Morgan, Sue Sunderland (Chair), Andrew Jenkinson, Lee Harrold

## **JARAC meetings**

The JARAC meets in public at least 4 times a year, usually at Constabulary HQ at Ripley. A programme for the annual cycle of JARAC meetings has been established and the meetings for 2018/19 were as follows:

<b>Month</b>	<b>Main topic(s)</b>
May	Risk Management (Force) Internal Audit Annual Report including opinion on internal control framework Annual Governance Statements Anti fraud & corruption activity GDPR update
July	Financial reporting - final accounts and external auditors report Data quality Risk Management (OPCC) JARAC annual report, forward plan & review of Terms of Reference
November	Risk Management (Force & OPCC) External Audit Annual Letter HMICFRS inspection activity (value for money) HMICFRS Value for Money profiles GDPR update Updated approach to follow up of IA recommendations
February	Internal & External audit plans Financial reporting – budget and precepting process as well as yearend accounting arrangements and policies EU exit preparations

The detailed papers and minutes are available via the Commissioner's website <https://www.derbyshire-pcc.gov.uk/News-and-Events-Meetings/Meeting-Information/JARAC-Meetings.aspx>

## **Specific issues of note**

### **Links with Police and Crime Commissioner and Chief Constable**

As the key aim of the JARAC is to provide the Commissioner and Chief Constable with the assurances that they need we have welcomed the sustained links that we now enjoy, specifically:

- the annual meeting between the JARAC Chair and Deputy Chair, the Commissioner and the Chief Constable which provides an opportunity to review the focus of the JARAC and identify any areas where further assurance would be appreciated.
- the regular attendance of both the Deputy Commissioner and Deputy Chief Constable at JARAC meetings. Their presence and input has added to the effectiveness of the meetings.

### **Follow up**

The Committee continued its focus on ensuring that recommendations from Internal Audit and other inspections were followed up and acted upon. In particular, this year our focus has been on ensuring that there are appropriate arrangements to internally monitor implementation. Since November a specific report has been presented to each JARAC to demonstrate the progress being made in implementing recommendations. There is a clear expectation that even if the due date has not yet been reached, updates will indicate the progress to date and whether or not it remains on target for full implementation. This report should then form the starting point for more formal follow up by Internal or External Audit.

As a result of the greater attention being paid to the implementation of recommendations we are hoping to see more realistic implementation dates being agreed and improvements in the quality of management responses so that they clearly set out the action that is to be taken.

### **GDPR**

The General Data Protection Regulation (GDPR) became legislation in the UK on 25th May 2018 and not only is there a risk of significant financial penalties for failing to comply with the regulations but they provide an important opportunity to improve the quality of stored data. The JARAC was therefore keen to ensure that it had sufficient assurance regarding compliance with the new requirements.

In line with most public sector bodies full compliance by the due date was not achieved. However the force had an action plan in place following completion of a gap analysis using ICO and National Police guidance. Regular updates of progress against the action have been provided to the JARAC during the year and an Internal Audit report was presented in February. This report which gave 'satisfactory assurance' confirmed the progress made but highlighted a significant number of outstanding actions and a lack of overall governance oversight. As a consequence, the JARAC has not been able to provide the Chief Constable and Commissioner with satisfactory assurance in this area and will continue to monitor progress.

### **Risk management**

The Commissioner's office has adopted the same system of Risk Management as the Force. This has helped the JARAC to see a clear link (and any gaps or overlaps) between the OPCC and Force Risk registers and for us to gain further assurance that risk mitigation is effectively managed and coordinated.

The Chair and Deputy Chair attended the two-day Risk Summit in December 2018 and a member of the JARAC continues to attend the Force Risk Board once a year to gain assurance that the Board is actively managing risk. The Committee has continued to receive confidential briefings on non-specific operational risks.

### **External Audit**

The External Audit was completed successfully and in the requisite timescale. The audit proceeded smoothly and the committee was satisfied that the accounts were of an excellent standard. The auditors' opinion was unqualified and they confirmed that the Chief Constable and Commissioner satisfied the requirement to provide value for money.

Throughout the year the committee had constructive discussion with Ernst Young (the external auditors) as to how they would manage the audit for 2018/19 in what was their first year as external auditors under the new contract. The Committee expressed concern about resourcing of the audit following issues elsewhere around the auditors meeting the reporting deadline, but were reassured that locally this was not an issue.

## **Internal Audit**

The Internal Auditors issued an overall report for the year that there was adequate and effective risk management, control and governance arrangements to manage the achievement of the organisation's objectives for the Chief Constable and Commissioner.

All the Internal Audit reports provided either satisfactory or significant assurance. However, JARAC members have raised particular concerns in relation to:

- Health and safety report – where a number of significant recommendations had been made and where the management response did not provide sufficient information to assure members that appropriate and timely action was being taken. Subsequently additional information was provided which addressed member concerns.
- Recruitment report – withdrawn following further evidence being provided in response to a member query prior to the meeting. This has resulted in more robust arrangements being agreed to facilitate internal audit reporting in future.

## **HMICFRS including Value for money**

The summary of the Her Majesty's Inspectorate of Constabulary, Fire and Rescue Services (HMICFRS) Value for Money indicators again provided assurance that the Force's performance is generally good given the level of resources available. There has been no further PEEL Police Effectiveness assessment since the 2017 report with its overall effectiveness rating of 'Good'. However the inspection of crime data integrity based on 2018 data has been assessed as inadequate and a significant number of recommendations to improve arrangements have been made. The JARAC will monitor progress in addressing the concerns raised.

## **Committee effectiveness**

Since the end of the financial year the membership of the Committee has changed as one member stepped down due to pressure of other commitments. Following a successful, open recruitment process we identified two individuals with different skill sets who would compliment the existing skill set of the committee. After discussion with the PCC it was agreed to appoint both.

The effectiveness of the JARAC is greatly influenced by the commitment and experience of its members and I would like to thank each of the members for their valuable contributions over the last 12 months.

In order to help Member's keep up to date a development session has been added to the end of each JARAC meeting to allow briefings on a range of issues including; police funding settlement, police pensions and collaboration developments. In addition, the Chair attended the Public Sector Audit Appointments (PSAA) event in December which focused on the effectiveness of Audit Committees and fed back key messages to other members.

As a consequence of the changing membership it was decided to defer the committee's annual self-appraisal until October by which time the new members will have joined and had their induction training.

However reviewing the two points arising from last year's self assessment progress has been made as follows:

- The agendas have been revised to include a development session after the public meeting. This has enabled committee members to receive useful briefings on a wide range of issues.
- As already mentioned the previous gap in our responsibilities around assurance over anti fraud and corruption arrangements has been addressed.

### **Looking forward**

In 2019/20 the JARAC will:

- Review its terms of reference to:
  - ensure that it now has an effective, appropriate and proportionate role in providing assurance in relation to anti fraud and corruption arrangements.
  - add a role in providing assurance in relation to financial planning and monitoring.
- To seek further assurance that satisfactory arrangements have been implemented to comply with the new General Data Protection Regulation requirements.
- To seek further assurance on data quality following the HMICFRS inspection
- To seek assurance that collaboration arrangements continue to operate effectively.
- To develop a process to obtain formal feedback from stakeholders on the performance of the JARAC

Sue Sunderland

Chair JARAC

July 2019