



Police and Crime Commissioner for Derbyshire
Chief Constable of Derbyshire

JOINT AUDIT RISK AND ASSURANCE COMMITTEE

ANNUAL REPORT 2014/15

POLICING GOVERNANCE: A NEW MODEL

November 2012 saw a fundamental change in the governance of Policing with the abolition of Police Authorities and the election of Police and Crime Commissioners (except in London where the elected Mayor is responsible for policing). This new model was heralded as a shift from a bureaucratic to an accountable model, with Police and Crime Commissioners elected every 4 years.

It is the responsibility of the Commissioner to appoint and if necessary dismiss the Chief Constable and to hold him/her to account for the efficient delivery of policing in the area. Commissioners must produce a Police and Crime Plan and set the budget and policing precept.

The Chief Constable retains responsibility for operational policing, and has direction and control of all police officers and all police staff who do not directly support the Commissioner.

As part of the 2012 change, the Home Office produced new guidance and expected that Chief Constables and Commissioners would 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 of the adequacy of the following:

- Risk Management and internal control framework of Commissioner and Chief Constable.**
- Governance arrangements including providing for value for money**
- Support and review work of audit providing assurance on risk management, internal controls and the annual accounts.**
- Appointment of internal audit & recommendations on external audit provision**
- Scrutinise the annual accounts, especially the financial reporting process**

It 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. Therefore the JARAC operates in line with the principles of good governance.

In addition to an audit committee, there is a Police and Crime Panel, hosted in this case by the Derbyshire County Council made up of 17 members to achieve political balance; this panel holds the Commissioner to public account between elections; it has other statutory functions from time to time.

DERBYSHIRE JOINT AUDIT RISK AND ASSURANCE COMMITTEE (JARAC)

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 periods between 3 and 5 years.

The current members are



(clockwise from bottom right)

Kate Alcock, Chair; Mike Carrington, Vice Chair; Tony Salt; Samantha Hart; Steve Cook

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 cycle for 2014/15 was as follows

| Quarter | Approx month | Main topic(s) |
|----------------|---------------------|------------------------------------------------------------------|
| Spring meeting | around March | Value for Money |
| Summer meeting | around June | Risk Management & Review and Advice on Internal Controls |
| Autumn meeting | around September | Financial reporting / Final Accounts /Data Quality and Appraisal |
| Winter meeting | around December | Risk Management |

The Committee have carried out two one-off pieces of work in addition to its programmed activities.

- Steve Cook was nominated to represent the Derbyshire JARAC to work with the other East Midlands Treasurers/CFO's and Audit committee representatives in the selection of new internal auditors as part of a regional framework arrangement. Mazars were subsequently appointed by Nottinghamshire for the framework; the Chief Constable and the Commissioner used that framework to appoint for Derbyshire.
- During 2014/15 the Committee has invested time in developing its own governance and assurance map showing the key players in the oversight and delivery of policing in Derbyshire. The map will help inform the public about key relationships. It will also be used as a tool throughout the year to supplement the programme and help identify its progress in obtaining assurance.

The attached schedule summarises the conclusions from the work of the JARAC during 2014/15.

The committee will continue with these programmed activities and in 2015/16 we will also focus on the following areas:

1. Following up on issues highlighted in action plans to ensure that they are addressed.
2. The JARAC will seek greater understanding of how assurance is established where the Force is working in collaboration with other Forces.
3. Improved communication with the Police and Crime Panel to ensure good governance.
4. Completing a self-appraisal using the model issued by CIPFA in 2013 to monitor its performance and to establish training needs.

Agendas are published in advance on the Commissioner's website <http://www.derbyshire-pcc.gov.uk/Home.aspx> and Minutes are published with Strategic Governance Board papers as well as on the next following JARAC agenda.

SUMMARY OF ASSURANCE GAINED 2014/15

Risk Management and Internal Control

| Meeting | Minute | Decision / Assurance Gained |
|------------|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 17/07/2014 | 17/14 | <u>FORCE RISK MANAGEMENT</u> RESOLVED: 1. The Committee gained direct assurance that risk is being managed efficiently and effectively. |
| 17/07/2014 | 27/14 | <u>ASSURANCE MAP 2013/14</u> RESOLVED: 1. The Committee noted the level of assurances gained over the last financial year and recognised the need to further develop an assurance map. |
| 23/09/2014 | 39/14 | <u>OPCC RISK REGISTER – MID YEAR 2014</u> RESOLVED: 1. Assurance was taken that the mid-year risk register review had taken place. 2. Assurance was taken that an up to date OPCC risk register had been produced. 3. Commentary to be added to the Risk Register for any high/red risks or any other risks in which added narrative would improve an understanding of the risks or movement of risk. |
| 11/12/2014 | 50/14 | <u>HMIC INSPECTION ACTIVITY</u> RESOLVED: 1. Direct reassurance was gained that there is a process in place to implement, where relevant, HMIC recommendations. |

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| 11/12/2014 | 51/14 | <u>FORCE RISK MANAGEMENT</u> RESOLVED: 1. Direct reassurance was gained that this area of business is being managed efficiently and effectively. |
| 11/12/2014 | 55/14 | <u>NETWORK SECURITY FOLLOW UP</u> RESOLVED: 1. The committee took partial reassurance that the controls upon which the organisations rely to manage risk management are suitably designed, consistently applied and effective. 2. A further report providing detail on the delay in acting upon recommendations be provided to a future meeting of the committee. |
| 12/03/2015 | 15/15 | <u>FORCE RISK MANAGEMENT</u> RESOLVED: 1. Assurance was gained that this area of business is being managed efficiently and effectively. |

Governance and Value for Money Arrangements

| Meeting | Minute | Decision / Assurance |
|----------------|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 23/09/2014 | 45/14 | <u>NCRS AND NSIR COMPLIANCE REPORT</u> RESOLVED: 1. The Committee gained direct assurance that this area of business is being managed efficiently and effectively. |

Oversight of Internal and External Audit

| Meeting | Minute | Decision / Assurance |
|------------|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 17/07/2014 | 20/14 | <p><u>INTERNAL AUDIT ANNUAL REPORT 2013/2014</u></p> <p>RESOLVED:</p> <ol style="list-style-type: none"> 1. The Committee gained assurance on the outcome of the work undertaken by Internal Auditors Baker Tilly on the adequacy and effectiveness of the arrangements for governance, risk management and control at Derbyshire Constabulary and the OPCC for Derbyshire and should be included in the respective Annual Governance Statements. |
| 17/07/2014 | 21/14 | <p><u>INTERNAL AUDIT: PROGRESS REPORT</u></p> <p>RESOLVED:</p> <ol style="list-style-type: none"> 1. The Committee gained assurance that the internal audit plan addressed relevant matters and was being delivered as expected. |
| 17/07/2014 | 22/14 | <p><u>INTERNAL AUDIT: PRIORITY BASED BUDGETING</u></p> <p>RESOLVED:</p> <ol style="list-style-type: none"> 1. The Committee gained substantial assurance that the controls upon which the organisation relies to manage Priority Based Budgeting as a means of managing budgets to address expected future budget shortfalls are suitably designed, consistently applied and effective. |
| 17/07/2014 | 24/14 | <p><u>INTERNAL AUDIT REPORT: ESTATES BUILDING DESIGN CONSULTANTS</u></p> <p>RESOLVED:</p> <ol style="list-style-type: none"> 1. The Committee gained assurance that the controls upon which the organisation relies to manage design consultancy are suitably designed, consistently applied and effective, but that action needs to be taken to ensure the risk is managed. |

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| 17/07/2014 | 25/14 | <u>INTERNAL AUDIT REPORT: RISK MANAGEMENT</u> RESOLVED: 1. The Committee gained substantial assurance that the controls upon which the organisations rely to manage risk management are suitably designed, consistently applied and effective. |
| 17/07/2014 | 26/14 | <u>INTERNAL AUDIT REPORT: PAYROLL</u> RESOLVED: 1. The Committee gained substantial assurance that the controls upon which the organisations rely to manage payroll are suitably designed, consistently applied and effective. |
| 11/12/2014 | 54/14 | <u>PROGRESS REPORT – DECEMBER 2014</u> RESOLVED: 1. Direct reassurance was gained that the internal audit plan addresses relevant matters and is being delivered as expected. |
| 12/03/2015 | 06/15 | <u>INTERNAL AUDIT PROGRESS REPORT</u> RESOLVED: 1. Assurance was taken that the internal audit plan addresses relevant matters and is being delivered as expected. |
| 12/03/2015 | 07/15 | <u>INTERNAL AUDIT REPORT: GENERAL LEDGER</u> RESOLVED: 1. Assurance was taken that the controls upon which the organisation relies to manage this area are suitably designed, consistently applied and effective. |

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| 12/03/2015 | 08/15 | <u>INTERNAL AUDIT REPORT: CASH RECEIPTING AND TREASURY MANAGEMENT</u> RESOLVED: 1. Assurance was taken that the controls upon which the organisation relies to manage this area are suitably designed, consistently applied and effective. |
| 12/03/2015 | 09/15 | <u>INTERNAL AUDIT REPORT: ASSET MANAGEMENT</u> RESOLVED: 1. Assurance was taken that the controls upon which the organisation relies to manage this area are suitably designed, consistently applied and effective. |
| 12/03/2015 | 12/15 | <u>REVENUE BUDGET AND PRECEPT REPORT 2015/16</u> RESOLVED: 1. The JARAC received assurance that due process was followed and noted the Commissioners decision and the Police and Crime Panels' approval to raise the precept by 1.99%. |

The Financial Reporting Process

| Meeting | Minute | Decision / Assurance |
|------------|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 23/09/2014 | 42/14 | <u>STATEMENT OF ACCOUNTS</u> RESOLVED: 1. Members provided a final overview of the Commissioner and Group Statement of Accounts as set out at Appendix A to the report and provided assurance to the Police and Crime Commissioner prior to him signing his statements of accounts. 2. Members provided a final overview of the Chief Constable Statement of Accounts as set out at Appendix B to this report. |