

Police and Crime Commissioner for Derbyshire
Chief Constable for Derbyshire

JOINT AUDIT RISK AND ASSURANCE COMMITTEE

ANNUAL REPORT 2020/21

Policing Governance

Police governance is vested in the elected Police and Crime Commissioner for Derbyshire, Hardyal Dhindsa, throughout 2020/21. It is the responsibility of the Commissioner to appoint the Chief Constable and to hold the Chief Constable 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 elections due for May 2020 were postponed for 12 months in response to the COVID 19 pandemic and a new Commissioner, Angelique Foster was elected.

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 Rachel Swann as Chief Constable with effect from August 2020 following the retirement of Peter Goodman.

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 and
 - Review of budget setting process and assumptions and in-year monitoring
- The arrangements to detect fraud and prevent bribery and corruption. Including ensuring that effective complaints and whistle-blowing arrangements exist, together with proportionate and independent investigative arrangements.

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 6 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 2020/21 financial year were:

- Sue Sunderland (Chair)
- Andrew Jenkinson (Deputy Chair)
- Lee Harrold
- Barry Mellor
- Leanne Gelderd
- Joanne Charlton (with effect from May 20)

JARAC meetings

The JARAC meets in public at least 4 times a year, usually at Constabulary HQ at Ripley, however as a result of the COVID pandemic all meetings in 2020/21 have been held online via MS Teams. A programme for the annual cycle of JARAC meetings exists and this was reviewed and extensively updated in January 2021. Changes were implemented with immediate effect but the full year impact will be seen in 2021/22.

The meetings for 2020/21 were as follows:

Month	Main topic(s)
May	Internal Audit Annual Report including opinion on internal control framework Internal Audit reports External Audit fees Draft Annual Governance Statements COVID impact update Force Management statement Financial, Risk & Treasury management arrangements
August	Financial reporting - final accounts - external auditors update Internal Audit reports Anti Fraud & Corruption Forward Plan HMICFRS PEEL – Force update & action plan Financial assurance – 2019/20 outturn reports, Treasury Management & prudential indicators JARAC annual report, forward plan & review of Terms of Reference

October	Risk Management (Force & OPCC) Internal Audit reports External Audit – verbal update on audit of the accounts HMICFRS activity update Financial monitoring and planning report COVID impact update Complaints performance
December	Budget planning workshop Update on position re External Audit of the financial statements
March	Internal Audit plans Internal Audit reports External Audit verbal update Financial reporting – budget and precepting process as well as year-end accounting arrangements and policies HMICFRS improvement plans & Force Management Statement – verbal update OPCC risk management review Financial handbook

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, supplemented by the attendance of the Commissioner and Chief Constable when they are able. Their presence and input has added to the effectiveness of the meetings.

We look forward to developing an effective working relationship with the new Commissioner.

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 remained on ensuring that there are appropriate arrangements to internally monitor implementation. We have continued 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. The number of recommendations yet to be implemented has also substantially reduced.

COVID impact

The JARAC has sought assurance from the Force and the OPCC as to how effectively they have been able to adapt working arrangements to mitigate the impact of the pandemic. The JARAC have been assured that existing business continuity and command structures have facilitated the necessary changes. In addition, the committee has sought assurances around revised governance arrangements, cyber security and information governance arrangements especially linked to increased remote working.

The COVID 19 pandemic has also had a significant impact on how the JARAC has operated, with a switch to virtual meetings via MS Teams. Whilst the virtual meetings have enabled the JARAC to continue its' work it has reduced the transparency of our work to the public. Our agenda and reports remain available via the website link above but our meetings during the pandemic have not been available for members of the public to attend and it has not proved possible to make recordings available. It is hoped that we will be able to return to face to face meetings in September.

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.

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

Throughout the year the committee had constructive discussion with Ernst Young (the external auditors) as to how they would manage the audit for 2019/20 following national concerns regarding the ability of the external auditors to resource and deliver the audit of the financial statements before the reporting deadline.

The JARAC held a final accounts workshop in June and was satisfied that the draft accounts produced by the deadline were of their usual high standard. Unfortunately, the External Auditors did not produce their report on the audit until November 2020 and were still not in a position to conclude the audit.

The auditors' opinion was as expected unqualified, highlighting a few relatively minor issues and they confirmed that the Chief Constable and Commissioner satisfied the requirement to provide value for money. Unfortunately the audit opinion was significantly delayed, being finally issued 1 March 2021 nearly a year after the year end to which the opinion relates.

Whilst we appreciate that there were some delays relating to the audit of the local authority pension fund which impacted on the audit, other delays were due to resourcing issues within Ernst Young. As a committee we are concerned about the scale of the delay which significantly diminishes the value of the opinion in providing the Committee with assurance around the financial statements.

Looking to the future we are not assured that the situation will improve and would welcome greater transparency from the external auditors around the timing and delivery of the external audit, particularly if unexpected issues arise which may impact on delivery of the audit and opinion.

Internal Audit

The Internal Auditors were late in starting delivery of their audit work due to the impact of the pandemic. However, they have completed the majority of the audit plan by 31 March and the JARAC have noted an improvement in the quality of reporting which is welcomed. Seven reports have been issued re 2020/21 and these have provided significant or satisfactory assurance.

Final audit reports are still awaited for the review of Proceeds of Crime Act (POCA) (currently in draft) and Partnerships but it has been confirmed that no significant control issues have been identified from the fieldwork.

Completion of internal audits of the collaboration arrangements has continued to be slow. In particular, the JARAC has noted the difficulties in obtaining management agreement and response to the draft reports and pushed for more timely responses. During the year the collaboration business continuity audit from 2019/20 was finally presented to the JARAC in March 2021. This report highlighted satisfactory assurance in three of the four areas reviewed but only limited assurance in the final area. The JARAC notes that action has been taken to implement the recommendations during the delay to agreeing the report which mitigates to some extent the impact of the delay.

The 2020/21 collaboration audits have also been slow to complete. We received a completed report in June 21 for the audit of budgetary control and informed that the workforce planning has been completed and that the report will be issued shortly. The final area has been deferred into the current year. We hope that the revised arrangements for dealing with both the planning of the audits and agreement of the reports across the collaboration will improve the timeliness of providing management responses and finalising them.

The Head of Internal Audit has confirmed that sufficient work has been completed to enable him to provide his draft Internal Audit Opinion. The Internal Auditors issued an overall report for the year ended 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.

Her Majesty's Inspectorate of Constabulary, Fire and Rescue Services (HMICFRS)

Last year we noted the outcome of the HMICFRS 2018/19 PEEL Police Effectiveness assessment and the Force's comprehensive response to the findings of the inspection. We noted that rapid and appropriate action was being taken to address the findings, many of which the Force had already recognised as requiring action.

This has remained an area of focus for us throughout the year with regular reports of progress against the action plan and links to the Force Management Statement. As a result we are able to provide assurance to the OPCC that the Force continues to respond appropriately and has implemented a number of actions to address the issues raised.

Anti fraud and corruption

The JARAC has received a series of presentations addressing different aspects of the Force's anti fraud and corruption arrangements during the year. Each of the reports has provided good assurance to members that appropriate arrangements are in place. The particular areas covered this year include:

- whistleblowing arrangements
- cyber security

Committee effectiveness

The effectiveness of the JARAC is reliant on 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; the commissioning strategy, financial management arrangements including budget planning and monitoring and the Gold/Silver command arrangements around the COVID19 pandemic.

Following a detailed self assessment in October 2019 using the CIPFA guidance and self assessment criteria we have taken some time to update our terms of reference. This was to ensure that it properly reflects our role, particularly in new areas such as financial monitoring. This work led into the decision in January 2021 to review our work programme to link it more directly to the terms of reference. As a consequence no specific effectiveness review has been undertaken this year although the actions referred to above are intended to improve our effectiveness.

Looking forward

In 2021/22 the JARAC will:

- Develop effective working relationships with the new Commissioner and her deputy.
- Seek improvements in the timeliness of the External Audit of the financial statements
- Seek improvements in the timeliness and quality of management responses to Internal Audit reports on collaboration audits
- Seek the development of assurance mapping and/or risk based deep dives to enable us to be satisfied that we are sufficiently sighted on all risks in order to provide the Commissioner and Chief Constable with the assurance that they require.
- Review our effectiveness in light of our new work programme
- Explore opportunities to compare ourselves with other police audit committees within the region

Sue Sunderland
Chair JARAC
July 2021