

Police and Crime Commissioner for Derbyshire
Chief Constable for Derbyshire

JOINT AUDIT RISK AND ASSURANCE COMMITTEE

ANNUAL REPORT 2021/22

Policing Governance

Police governance is vested in the elected Police and Crime Commissioner for Derbyshire, Angelique Foster (since May 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 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 current Chief Constable is Rachel Swann.

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

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 2021/22 financial year were:

- Sue Sunderland (Chair)
- Andrew Jenkinson (Deputy Chair)
- Lee Harrold
- Barry Mellor
- Leanne Gelderd
- Joanne Charlton

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 almost all meetings in 2021/22 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 cycle has been disrupted by the ongoing delays in the delivery of the external audit.

The meetings for 2021/22 were as follows:

Month	Main topic(s)
July (2 meetings)	External Audit – Annual Audit Letter & 20/21 Plan Internal Audit reports Draft financial statements & annual governance statements 20/21 Organisational Learning, Culture & Ethics - performance reporting Police Officer recruitment update JARAC terms of reference & annual report Force risk management review HMICFRS update
November	External Audit – verbal update re 20/21 accounts audit Internal Audit reports including annual report Financial monitoring Policies & procedures review verbal update Risk management – Force & OPCC JARAC self assessment
January	External audit – verbal update re 20/21 accounts audit Internal Audit – progress report Budget planning & monitoring (main focus)

March	External audit – ISA 260 report on 20/21 Internal Audit reports Internal Audit plan 21/22 HMICFRS value for money & activity update Financial monitoring Year end accounting arrangements and policies 21/22 Complaints performance OPCC risk management
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The detailed papers and minutes are available via the Commissioner’s website [The Joint, Audit, Risk and Assurance Committee Meetings | Office of the Derbyshire Police and Crime Commissioner \(derbyshire-pcc.gov.uk\)](https://www.derbyshire-pcc.gov.uk)

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 the Deputy Chief Constable at JARAC meetings, supplemented by the attendance of the Chief Constable and Commissioner when they are able. 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 remained on ensuring that there are appropriate arrangements to internally monitor implementation. We have continued to see more realistic implementation dates being agreed. Unfortunately, we have noticed a recent deterioration in the quality and timeliness of management responses to recommendations. It is important that management responses clearly set out the action that is to be taken.

Risk management

The Commissioner’s office has adopted the same system of Risk Management as the Force. This will help 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. We have, however, identified the need for the Force risk reports to the JARAC to be further developed to give us the information we need to understand the risks and current mitigations to enable us to assess the level of assurance that we can take.

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

Last year's report highlighted the difficulties experienced by our external auditors, Ernst Young, in delivering the 2019/20 audit, an opinion finally being issued on 1 March 2021. It also flagged up our concerns that looking to the future we were not assured that the situation would improve. However, we had not anticipated that the situation would deteriorate even further, to the point where as at the end of July 2022 the external audit opinion for the financial statements ending 31 March 2021 remains outstanding.

The JARAC reviewed the draft final accounts in July 2021 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 March 2022 and were still not in a position to conclude the audit. The only comfort that the JARAC could take was that the report from the external auditors did not identify any significant findings from the audit.

Such is the extent of the delay in the external audit that draft financial statements for the year ending 31 March 2022 have been produced and presented to the JARAC in July 2022 before an opinion has been provided on what are now the previous year figures.

As a committee we are very concerned about the scale of the delay which significantly diminishes the value of the external audit in providing the Committee with assurance around the financial statements. A formal complaint was made to the External Auditor's which highlighted these concerns.

Looking to the future and bearing in mind the response to our complaint; 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 and their plans to improve delivery performance.

Internal Audit

Internal audit work delivered during the year included the completion of two organisation specific audit reports and all bar one of the collaboration audit reports from 20/21. This was partly due to the impact of COVID on the start of the 20/21 audit plan but also due to delays in the completion and agreement of collaboration reports. This issue has been recognised and revised arrangements have been agreed during the year that should streamline the delivery and completion of collaboration audits going forward. This will remain an area of focus for the JARAC.

With regards to the 21/22 internal audit plan seven reviews have been completed, two received significant assurance, two satisfactory assurance and three limited assurance. This marks a reduction in the level of assurance received from Internal Audit which is reflected in the Head of Internal Audit opinion which was presented to the JARAC in July 22. The level of overall adequacy and effectiveness being assessed as only moderate (previously significant).

A further concern is the time that it is taking for draft internal audit reports to be agreed with the main issue being the time taken for management comments to be received. This coupled with the point raised earlier about the recent drop in the quality of management responses to recommendations needs to be addressed as soon as possible.

Progress with regard to the implementation of recommendations to address the issues raised by Internal Audit will remain a focus of the JARAC over the next 12 months.

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

We have continued to receive updates regarding the action being taken by the Force to address issues raised by previous inspections and have been assured that rapid and appropriate action has been taken to address the findings, many of which the Force had already recognised as requiring action. We are also aware that there has been a recent PEEL Police Effectiveness assessment inspection the results of which are awaited. We look forward to hearing the outcome of the inspection process and the Force's response.

Anti fraud and corruption

The JARAC receives presentations addressing different aspects of the Force's anti fraud and corruption arrangements on a cyclical basis. Each of the reports has provided assurance to members that appropriate arrangements are in place. The particular area covered this year has been the management of complaints.

Financial monitoring

This is the first full year that the JARAC has had an extended remit around financial monitoring and so part of our work has been to determine what information we need to be presented and when. Through the reports that we have considered we have received assurance as well as providing useful challenge around the annual budget planning arrangements and the developing medium term financial plans.

The Chair has also been able to attend a meeting of the Financial Assurance Board which provided good assurance as to the level of challenge provided by the Commissioner on the financial plans of the Force and the collaborative work done to identify options for efficiencies.

COVID impact

The COVID 19 pandemic has continued to have 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.

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. Individual 1:1 discussions between the Chair and each member have also been introduced.

We undertook a detailed self assessment in September 2021 using the CIPFA guidance and self assessment criteria. This identified that overall we are effective and covered all expected areas.

However, it also identified areas for further development some of which are around ensuring members have a good understanding of our advisory role as well as developing our wider understanding of both the OPCC and Force. This information will inform our development sessions over the next year.

The effectiveness of the JARAC this year has also been hampered by capacity issues within the OPCC and the fact that we have generally not been able to meet face to face. We are pleased to note that the OPCC restructuring has now been signed off which should address these capacity issues and look forward to the return to face to face meetings with immediate effect.

Looking forward

In 2022/23 the JARAC will:

- Move back to face to face meetings
- Continue to 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
- Seek improvements in the format of the Force risk management reports to facilitate our gaining assurance over the management of risk.

Sue Sunderland
Chair JARAC
August 2022