

**Annual Report of Joint Audit Risk and
Assurance Panel
2014 - 2015**

CHAIR'S REPORT TO THE JOINT AUDIT RISK AND ASSURANCE PANEL FOR THE YEAR ENDED 2014/15.

FOREWORD BY THE CHAIR

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

This report reflects the work of the JARAP during the year which has built on the firm foundations laid by the JARAP in 2013/14 in considering Internal Controls and Assurance and highlights the development of the JARAP to undertake reviews into key themed areas.

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 for the year 2014/15.

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 first annual review of the Terms of Reference was undertaken by the Panel in 2013/14 and a further review took place in 2015/16.
- 1.2 For 2013/14, Mr B Millett continued in the role of Chair and Mr L Pulford followed by Mr I Prince undertook the role of Vice Chair. Ms K Daisley, Mr L Dundas continued on the Panel as members.
- 1.3 Officers attending the meeting during the year included:
- From the Office of the Chief Constable: Mr S Edens, DCC and Mr P Dawkins Finance Director, supported by key staff at meetings including Mrs L Saunders in respect of Risk Management and Business Continuity.
 - From the Office of the Police and Crime Commissioner: Mr P Stock, Chief Executive and Mrs H King, Chief Finance Officer.
- 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 four times during the year, supported by a Panel meeting at the end of March 2013. 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

At its meeting on the 23 September 2014, the Panel scrutinised, questioned management and sought input from External Auditors on the 2013/14 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. In December 2013/14, the Panel considered the External Audit Letter for 2013/14.

2.3 Governance and Establishment of the OPCC, shared Service Arrangements between the Force and OPCC

The Panel received a report at their December meeting in respect of Commissioning and a progress report on Communications and Engagement. Both these areas also benefitted from Panel members undertaking scrutiny and assurance discussions into these areas where more detailed questions could be addressed.

2.4 JARAP Governance

During the year, JARAP agreed their annual report for the year ended 2013/14, and at their December 2014 meeting agreed the JARAP Annual workplan to 22 September 2015. This workplan was supplemented by additional thematic reports as requested by JARAP members during the year.

2.4 Control and Risk Issues

Risk Management was scrutinised by the Panel at each meeting during the year and where possible 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 with exceptions highlighted to the Panel for consideration. In addition, the Panel received a report compiled by Internal Audit on National Risk Registers and this was used as a tool in considering and comparing relevant risks.

2.5 Internal Audit

Representatives from Baker Tilly Internal Audit attended all of the Panel's meetings. The Panel reviewed the Internal Audit Annual Report for 2013/14 and received regular progress reports on the outcome of audit work, recommendations made and management responses. Further scrutiny was undertaken where appropriate and follow up audits highlighted as appropriate in response.

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 from the Force and OPCC on the high and medium risk recommendations as detailed in the table below and a complete list of audits undertaken and recommendations is attached at Appendix A.

Recommendations - Priority Actions

| | High | Medium |
|-----------------------|------|--------|
| Leicestershire Audits | 2 | 14 |
| Regional Audits | 1 | 7 |
| | 3 | 21 |

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

Opinion

| Opinion | Leicestershire | Regional | Total |
|---------------------|----------------|----------|-------|
| Green | 8 | - | 8 |
| Amber/Green | 2 | 1 | 3 |
| Amber/Red | - | - | - |
| Red | 1 | 1 | 2 |
| Advisory/Follow Ups | 3 | 0 | 3 |

2.6 External Audit

Representatives from Pricewaterhouse Coopers the external auditors attended the Panel's meetings and the Panel considered External Audit progress reports 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 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 in September 2014.

2.7 Other Assurance Providers

To support the existing assurance mechanisms and reports, the Panel sought and were apprised of Key Strategic issues and the Panel requested and considered reports on the following strategic and thematic areas:

- Property Update on the KiM system
- Sentinel Update
- Operation Tiger
- Change Programme Assurance
- Shared Audit Reporting Arrangements

The Panel received two update reports on the Regional Internal Audit Procurement during the year and this process concluded in April 2015.

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 Deputy Chief Constable and/or the Chief Finance Officer as appropriate to discuss the role and work of the JARAP.
- 3.2 Members of the panel undertook thematic or familiarisation and assurance visits throughout the year as necessary and attended force or other public meetings (such as the Police and Crime Panel) where appropriate.
- 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.

Appendix A: Internal Audit Opinions and Recommendations 2014/15

| Leicestershire or Regional Audit | Opinion | Actions Agreed (by priority) | | |
|--|---------------------------------|------------------------------|--------|-----|
| | | High | Medium | Low |
| Leicestershire Audits | | | | |
| Payroll Provider (Mouchel) | Green | 0 | 0 | 0 |
| Estates Management | Green | 0 | 0 | 3 |
| Seized and Found Property | Red | 2 | 4 | 1 |
| Risk Management | Amber/Green | 0 | 3 | 2 |
| Payments and Creditors | Amber/Green | 0 | 0 | 0 |
| Cash, Bank and Treasury Management | Green | 0 | 2 | 1 |
| Change Programme | Green | 0 | 1 | 1 |
| Key Financial Controls Walkthrough | No significant areas identified | | | |
| Capital Expenditure and Asset Management | Green | 0 | 2 | 2 |
| Governance | Green | 0 | 0 | 0 |
| Follow Up | Reasonable Progress | | | |
| Commissioning | Green | 0 | 2 | 0 |
| Financial Controls – Agresso Systems Walkthrough | Advisory | | | |
| Performance Management | Green | 0 | 0 | 1 |
| East Midlands Collaborative Audits | | | | |
| EM Operational Support Service (EMOpSS) | Amber/Green | 0 | 3 | 3 |
| Innovation Fund (DRAFT) | Red | 1 | 4 | 0 |
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