

**Annual Report of Joint Audit Risk and
Assurance Panel
2015 – 2016**

CHAIR'S REPORT TO THE JOINT AUDIT RISK AND ASSURANCE PANEL FOR THE YEAR ENDED 2015/16.

FOREWORD BY THE CHAIR

“As Chair of the Joint Audit Risk and Assurance Panel (JARAP), I am pleased to present the third annual report of the Panel, which has been produced in line with previous years approaches 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 since its establishment in 2013/14 in considering Internal Controls and Assurance and highlights the development of the JARAP to undertake reviews into key themed areas.

Positive developments in the year have included meetings with Audit Committee Chairs from the Region to build and develop links, discuss common issues, benchmark work plans and develop stronger ways of collaborative working.

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 2015/16.

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. Building on previous reviews, the Terms of Reference were reviewed in both June and December 2015. Furthermore, a review of the tenure of JARAP members took place and this report was considered and approved in September 2015.
- 1.2 For 2015/16, Mr B Millett continued in the role of Chair and Mr I Prince followed by Mr L Dundas undertook the role of Vice Chair. Ms K Daisley (who left the role during the year) and Mr L Pulford 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, who was replaced by Mr R Bannister as 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. During the year a vacancy of JARAP member arose and the role was held for recruitment until after the commencement of the new Police and Crime Commissioner in May 2016.

2. JARAP ACTIVITY FOR THE YEAR

- 2.1 The Panel met four times during the year. 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 22 September 2015, the Panel scrutinised, questioned management and sought input from External Auditors on the 2014/15 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 2015, the Panel considered the External Audit Letter for 2014/15.

2.3 JARAP Governance

During the year, JARAP agreed their annual report for the year ended 2014/15, and at their December 2015 meeting agreed the JARAP Annual workplan to December 2016. 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 until issuing their year end report for 2014/15 in June 2015.

In April 2015, Mazars replaced Baker Tilly as auditors for all the forces and OPCC's in the Region. In June 2015, they submitted their Annual Audit Plan for 2015/16 and the Panel 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 audit reports and a complete list of audits undertaken and recommendations is attached at Appendix A.

The audits gave good audit coverage and assurance was received from the levels of opinion received which also informed the draft Year end opinion from Mazars of Satisfactory Assurance:

2.6 External Audit

Until the cessation of their audit work in December 2015, 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 2015.

During the year, Ernst and Young replaced Pricewaterhouse Coopers as external auditors.

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:

- Partnership and Commissioning
- Proposed Strategic Alliance
- PCC Elections
- Business Continuity
- Ethics, Complaints and Integrity Committee
- Cybercrime
- Regional Collaboration Assurance
- HR Succession Planning
- Blueprint 20/20

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 adopted additional roles as key portfolio leads to progress this targeted assurance and scrutiny and the following were added to during the year:

- Ethics, Complaints and Integrity Lead Member
- Regional and Collaboration assurance Lead Member

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 The Chair of the Panel has attended joint meetings with other Regional Chairs during the year to share best practice, gain understanding of wider challenges and benchmark work plans.
- 3.3 Where appropriate, the Chair has been personally updated on confidential operational issues to ensure the right level of scrutiny has been applied and issues are being managed effectively and tracked via the risk management process.
- 3.4 Members of the panel were a key part of the PCC Induction meetings with prospective candidates to advise them on the role and workplan of the JARAP.
- 3.5 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 2015/16

Leicestershire or Regional Audit	Opinion	Actions Agreed (by priority)		
		Fundamental	Significant	Housekeeping
Leicestershire Audits				
Firearms Licensing	Satisfactory	-	2	3
Risk Management	Significant	-	-	3
Change Programme	Significant	-	-	2
Core Financials	Significant	-	-	1
Joint Code of Corporate Governance	Significant	-	-	1
Partnerships	Satisfactory	-	3	2
Payroll	Significant	-	-	2
Payroll Provider	Significant	-	-	1
Human Resources	Significant	-	-	3
ICT Review	Satisfactory	-	-	6
Seized and Found Property	Limited	2	4	2
East Midlands Collaborative Audits				
Forensics	Satisfactory	-	3	2
Officers In Kind	Significant	-	-	3
PCC Board Governance	Advisory	-	3	4
Covert Payments	Advsory	-	2	1

Summary of Opinion Assurance Gradings:

Assurance Gradings	Leicestershire		Region	
	Count	Percentage	Count	Percentage
Satisfactory	7	64%	1	50%
Significant	3	27%	1	50%
Limited	1	9%	-	-
NIL	-	-	-	-

