

Police and Crime Commissioner for Derbyshire
Chief Constable of Derbyshire

JOINT AUDIT RISK AND ASSURANCE COMMITTEE

ANNUAL REPORT 2017/18

Policing Governance

Police governance is vested in the elected Police and Crime Commissioner for Derbyshire, Councillor Hardya Dhindsa. It is the responsibility of the Commissioner to appoint the Chief Constable and to hold him 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 Police and Crime Commissioner appointed Peter Goodman as Chief Constable with effect from 1st June 2017.

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.

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.

The current terms of reference do not give the Audit Committee any oversight of employee/police officer fraud or ethics. This is managed by the Constabulary Professional Standards Department and overseen by scrutiny carried out directly by the Police and Crime Commissioner through his Head of Compliance and Engagement.

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 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 a term of 5 years. The members for the 2017/18 financial year were:



(from left to right)

Samantha Hart, Sue Sunderland (Deputy Chair), Kate Alcock (Chair), Steve Cook, Andrew Jenkinson.

JARAC meetings

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 meetings for 2017/18 were as follows:

Month	Main topic(s)
June	Risk Management (Force & OPCC) Internal Audit Annual Report including opinion on internal control framework Annual Governance Statements and draft accounts Review of Terms of Reference
September	Financial reporting - final accounts and external auditors report Data quality JARAC self assessment and annual report
November	Risk Management (OPCC) Transition programme briefing Information technology focus External Audit Annual Letter
December	Risk Management (Force) Collaboration (Internal Audit reports and future plans) HMIC inspection activity (value for money)
March	Internal & External audit plans HMIC Value for Money profiles Financial reporting – budget and precepting process as well as yearend accounting arrangements and policies

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 detailed in last year's report, one of the priorities of the Committee was to explore a wider role for the JARAC through discussions with the Chief Finance Officers, Police and Crime Commissioner and the Chief Constable. The aim being to ensure that the JARAC remains focused on providing the Commissioner and Chief Constable with the assurances that they need.

A constructive meeting was held between the JARAC Chair, prospective Chair, the Commissioner and the Chief Constable in March. As well as being useful in updating the JARAC on the Commissioner's and Chief Constable's priorities, it provided an opportunity to review the focus of the JARAC and identified areas where further assurance would be appreciated. Following this meeting it was agreed that bi-annual meetings would be useful.

In addition, the JARAC welcomes the now regular attendance at meetings by the Deputy Commissioner and Deputy Chief Constable. Their presence and input has added to the effectiveness of the meetings.

Collaboration

A programme of internal audits of collaborations was established two years ago after a risk assessment and these audits were completed during the year. These audits focused on each of the collaborations in turn and they provided a satisfactory level of assurance. However, they also highlighted similar issues and the same recommendations appeared frequently in the reports. Following discussion at the JARAC (and with our regional counterparts) the focus going forward is for the audit programme to shift to a more thematic approach which should serve to ensure consistency of application of recommendations across collaboration areas.

Follow up

The Committee continued its focus on ensuring that recommendations from Internal Audit and other inspections were followed up and acted upon. Particular attention was paid to following up the effectiveness of the Force's dip sampling arrangements (following the IT Security audit) where further assurance was obtained and to the accuracy of incident recording where some concerns remain. It is pleasing to note that partnership arrangements have been formalised following last year's detailed consideration of the effective risk management of partnerships.

Risk management

Following last year's consultation with the JARAC the Commissioner's office has started to adopt 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.

JARAC members attended the Strategic Risk Seminar in November and 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 also started to receive confidential briefings on non-specific operational risks.

External Audit

The External Audit was completed successfully and in the requisite timescale. The audit proceeded smoothly and the committee was satisfied that the accounts were of an excellent standard. The auditors' opinion was unqualified and they confirmed that the Force and OPCC satisfied the requirement to provide value for money. Throughout the year the committee had constructive discussion with KPMG (the external auditors) as to how they would manage the audit for 2017/18 in the significantly shorter timescale required by central government and were reassured by the steps taken by KPMG to facilitate this.

Internal Audit

The Internal Auditors issued an overall report for the year that there was adequate and effective risk management, control and governance to manage the achievement of the organisation's objectives for the Chief Constable and Police and Crime Commissioner. They had given one 'limited assurance' opinion during 2017/18 on business continuity which was referred to in their overall opinion. However, following discussion at the JARAC it was agreed that an early follow up of this report was important and the subsequent follow up undertaken in April 18 concluded that significant progress had been made in implementing the recommendations and a revised opinion of 'satisfactory assurance' was given.

Value for money

This year the Committee received a more focused summary of the HMIC Value for Money indicators along with information on how the Force uses them. This provided more assurance than previous reports which had just provided the full set of indicators. This information alongside other HMIC reports, particularly the PEEL Police Effectiveness report with its overall effectiveness rating of 'Good' has provided the JARAC with sufficient assurance in relation to value for money arrangements.

Committee effectiveness

The committee completed its annual self-appraisal. This reinforced the need for further briefings in areas of developing operational risks following the useful briefing around the transition programme. It also flagged the ongoing gap in our responsibilities around assurance over anti fraud and corruption arrangements. The prospective Chair attended a joint workshop in March organised by the Internal Auditors for all East Midlands forces. This was a useful event and in particular confirmed that as an audit committee we were unusual in that our remit did not cover assurance over anti-fraud and corruption arrangements.

Looking forward

In 2018/19 the JARAC will:

- Review its terms of reference to include an appropriate and proportionate role in providing assurance in relation to anti fraud and corruption arrangements.
- To seek assurance that satisfactory arrangements have been implemented to comply with the new General Data Protection Regulation requirements.
- To seek further assurance on data quality for both NCRS and NSIR systems
- To seek assurance that collaboration arrangements continue to operate effectively.
- To continue to seek assurance that findings from Internal Audit and other inspections are followed up and acted upon.
- To develop a process to obtain formal feedback from stakeholders on the performance of the JARAC
- To build effective relationships with the new external auditors (Ernst Young) appointed as part of the national competitive exercise.

Since the end of the financial year I have taken on the role of Chair and the membership of the Committee has changed as three members (including the previous Chair) reached the end of their term of office. The effectiveness of the JARAC is greatly influenced by the commitment and experience of each of its members and on behalf of the JARAC I would like to record our thanks to Kate, Sam and Steve for their valuable input during their tenure. Following an open recruitment process for all of these vacancies (including the Chair) the JARAC membership is now comprised of:



(From Left to right)

Mr David Morgan, Mr Lee Harrold, Mrs Amanda Joynes, Mrs S Sunderland (Chair) and Mr A Jenkinson (vice Chair)

Sue Sunderland

Chair JARAC

July 2018