

Northumbria PCC and Chief Constable  
Joint Independent Audit Committee  
Report for the Year Ending 31<sup>st</sup> March 2016  
And  
Interim Report to December 2016

**1. Introduction.**

1.1 The Joint Independent Audit Committee (JIAC) provides independent assurance on the adequacy of the corporate and risk management arrangements in place for the Police and Crime Commissioner for Northumbria (PCC) and the Chief Constable of Northumbria (CC). It jointly advises the PCC and CC on good governance and proper practices.

1.2 The Chartered Institute of Public Finance and Accounting (CIPFA) has issued guidance to help ensure that Audit Committees are operating effectively. The guidance recommends that Audit Committees should report annually on how they have discharged their responsibilities.

1.3 The purpose of this report is to provide the PCC and CC with a summary of the areas of work considered by the JIAC during the year ended 31<sup>st</sup> March 2016 and in the period to December 2016. It seeks to provide assurance to the PCC and CC that the JIAC has fulfilled its terms of reference and has added value to the overall governance arrangements that were in place across both corporations' sole during the period.

1.4 The Terms of Reference for the JIAC were reviewed during the year. The JIAC recommended revised Terms of Reference to the PCC and CC. These were formally agreed by the PCC and CC and adopted at the June 2016 meeting of the JIAC.

1.5 The JIAC wishes to record its thanks to the officer of the PCC and CC along with the Internal Auditors and External Auditors who have supported its work during the year.

**2. Committee Membership.**

2.1 The Membership of the JIAC during the years is set out below together with their attendance record.

John Cooke	Chairman	75%
Neil Mundy	Vice -Chairman	100%
Peter Wood	Member	100%
Philip Angier	Member	75%
Kushil Amlani	Member	75%

### **3. Meetings.**

3.1 The JIAC met on 6 occasions during the period of this plan. Members of the public are welcome to attend JIAC meetings and details of meetings are published on the PCC website.

3.2 The Chairman meets informally with officers of the PCC, CC, Internal Auditors and External Auditors to keep abreast of their work programmes insofar as they are relevant to the work of the JIAC.

3.3 The JIAC have had no meetings with either the CC or the PCC with all contact being with their delegated officers.

### **4. Risk Management.**

4.1 The JIAC has a role in ensuring that the PCC and CC have in place effective arrangements for the identification and management of risk. A Joint Strategic Register has been established which is reviewed at each meeting of the JIAC. Regular reports are received from the Head of Corporate Development of all additions, deletions and escalations of identified risks. The reports received during the year have given the committee the assurance that strategic risks are well managed and representative of the current economic and operational environments. Further assurance on matters such as business continuity, Cyber Security and HMIC inspection reports have provided confidence to the committee on the effectiveness of the management of risk.

### **5. External Audit.**

5.1 Mazars LLP were the external auditors for the PCC and CC during the year. The audit of the Statement of Accounts for 2015/2016 resulted in an unqualified audit opinion. Mazars's opinion was that both the PCC and CC statements gave a true and fair view of the financial position and that they had been prepared in accordance with the CIPFA Code of Practice.

5.2 Mazars presented the Annual Completion Reports for the year ended 31<sup>st</sup> March 2016 to the JIAC in September 2016. The report set out the outcome of the audit and highlighted any issues that Mazars were required to bring to our attention. Any matters that arose as part of the audit were fully resolved.

5.3 The external auditors are required to come to a Value for Money conclusion in respect of the PCC and CC. For the year ended 31<sup>st</sup> March 2016 Mazars concluded that both had proper arrangements in place to secure economy, efficiency and effectiveness in their use of resources.

### **6. Internal Audit.**

6.1 Internal audit services are provided by Gateshead Council under a service level agreement with both the PCC and CC.

6.2 The work of the Internal Audit is determined after an assessment of the risks associated with the various activities of the PCC and CC. An Annual Audit Plan is developed to support the risk management framework and agreed by the JIAC. This enables the internal audit activity to support and provide assurance to our external auditors.

6.3 During the year the JIAC has closely monitored progress against the plan receiving reports on all completed audits as well as updates where there were significant findings.

6.4 The number of planned audits 2015/2016 was 24 of these 21 were completed during the period. Several audits resulted in more than one report being issued consequently 27 final reports were issued. Of the 27 reports issued during the period, 19 (70%) concluded that systems and procedures in place were operating well, 7(26%) audits concluded that systems and procedures were operating satisfactorily and 1 (4%) audit identified significant weakness.

6.5 The 3 planned audits not completed were finalised during 2016/2017 of these 2 concluded systems and procedures in place were satisfactory and 1 operating well.

6.6 Where the significant weakness was identified the committee were informed of the remedial action taken and assured of full compliance being achieved. This was subsequently confirmed by Internal Audit.

## **7. Corporate Governance.**

7.1 The JIAC considered a draft of the Annual Governance Statements for the PCC and CC which accompany the Financial Statements. The committee considered the draft documents and recommended their adoption.

## **8. Treasury Management.**

8.1 The committee is required to monitor and approve any policy or strategy regarding Treasury Management arrangements. Treasury Management is undertaken by Gateshead Council under the terms of a service level agreement. Further advice is obtained from Capita Treasury Management.

8.2 The committee undertakes a review of the Treasury Management strategy by being provided with details of investment criteria and performance as well as borrowing criteria and limits. The strategy is agreed annually with a mid and full year performance report being provided to the committee. The committee is content that Treasury Management is well managed and performs within the agreed limits.

## **9. JIAC Self-Assessment**

9.1 A self-assessment of the effectiveness of the committee was undertaken in June 2016 and the following were highlighted.

i. That the terms of Reference for the committee needed to be reviewed in the light of the experience of the past 3 years. This has been done and revised Terms of Reference agreed with the PCC and CC.

ii. The committee established a need to receive copies of all Internal Audit Reports. This is now in place.

iii. The committee highlighted that neither the PCC or the CC have ever attended meetings of the JIAC and whilst the committee exists to provide the named positions with assurances this is always done through their nominated deputies.

## **10 JIAC Member Development.**

10.1 During the period of this report one of more members has attended the following updates and workshops

- i. Northern Governance Forum (Mazars)
- ii. Updates for Chairs of Audit Committees (Grant Thornton)

10.2 The committee has recognised the need to have more detailed updates on a few issues affecting their work. The following presentations were made to the committee in the period covered by this report.

- i. IT Strategy and links to cyber-crime.
- ii. Estates Strategy
- iii. Results of the Staff Survey
- iv. Workforce Development Plan.

**John Cooke MBE**  
**Chairman Joint Independent Audit Committee**