



Peter McCall

Office of the Police and Crime Commissioner Report

REQUEST FOR POLICE & CRIME COMMISSIONER DECISION - (N°012 / 2020)

TITLE: Effectiveness of the Arrangements for Audit 2019/20

Executive Summary:

The attached reports provide details of the effectiveness of the arrangements for audit (Item 07a) and the effectiveness of the Joint Audit Committee (Item 07b). Both reports are provided for the Commissioner as part of a review of the overall contribution these functions make towards the arrangements for governance.

Recommendation:

The Commissioner is asked to:

Effectiveness of Arrangements for Audit:

- The Commissioner is asked to consider this report and:
- Determine whether he is satisfied with the effectiveness of Internal Audit for the year to 31 March 2020 and to the date of this meeting, taking into account the views of the Joint Audit Committee, and
- Consider any areas where the Commissioner might wish to see improvements or changes in 2020/21.

Review of Effectiveness of the Joint Audit Committee:

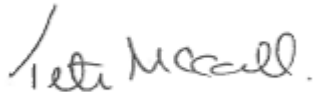
- The Commissioner is asked to consider this report and:
- Determine whether he is satisfied with the effectiveness of the Joint Audit Committee for the year to 31 March 2020 and to the date of this meeting, and
- Consider any areas where the Commissioner might wish to see improvements or changes in 2020/21.

Police & Crime Commissioner

I confirm that I have considered whether or not I have any personal or prejudicial in this matter and take the proposed decision in compliance with the Code of Conduct for Cumbria Police & Crime Commissioner. Any such interests are recorded below.

I hereby approve/~~do not approve~~ the recommendation above

Police & Crime Commissioner / ~~Chief Executive~~ (delete as appropriate)



Signature:

Date: 25th June 2020



Cumbria Office of the Police and Crime Commissioner

Public Accountability Conference 25 June 2020: Agenda Item 07a
Joint Audit Committee 24 June 2020: Agenda Item 13

Review of effectiveness of the arrangements for Audit 2019/20

A Joint Report by the Chief Executive and Joint Chief Finance Officer of the Police and Crime Commissioner and Chief Constable

1. Introduction and Background

- 1.1. The Accounts and Audit Regulations 2015 removed the requirement within the 2011 Regulations to conduct an annual review of the effectiveness of the arrangements for audit. Assurances in respect of the arrangements for audit are however part of a robust governance framework. They support the Commissioner in placing reliance on the opinion of the Group Audit Manager (Head of Internal Audit) and support the Joint Audit Committee in placing reliance on the work and reports of the internal auditors. An effective internal audit service is also a characteristic within the seven principles of the CIPFA 2016 Good Governance Framework.
- 1.2. The Chartered Institute of Public Finance and Accountancy (CIPFA) defines the system of Internal Audit as the entirety of the arrangements for audit put in place by the entity, including the activities of any oversight committee. This report sets out an overall judgment, based on that review. The review comprises the arrangements for internal audit, detailed within this report and the arrangements for the Joint Audit Committee, detailed in the Committee's Review of Effectiveness accompanying this item on the agenda.
- 1.3. The review process seeks to provide assurance that the arrangements are adequate and effective. This is based on a judgment made following an assessment of compliance with

relevant codes and standards. For internal audit the review is undertaken against the Public Sector Internal Audit Standard (PSIAS). The review of the effectiveness of the arrangements for the Joint Audit Committee is undertaken in line with the CIPFA 2018 guidance¹ that provides an evaluation self-assessment framework and a checklist of good practice.

2. Effectiveness of the Internal Audit Function

- 2.1. The effectiveness of the internal audit function is reviewed on the basis of compliance by the Internal Audit shared service provider with the PSIAS. The Group Audit Manager is required under the PSIAS to include within his annual report, a statement of conformance with the Standards. Any instances of non-conformance must be reported to the Joint Audit Committee. Furthermore, any significant non-conformance should be considered for inclusion within the Commissioner and Chief Constable's respective Annual Governance Statements.
- 2.2. The Public Sector Audit Standards support audit effectiveness by setting out a set of requirements for the governance, management and delivery of internal audit. This includes a requirement to develop and maintain a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of internal audit activity. Key elements of the QAIP include on-going monitoring of the performance of the internal audit activity, periodic assessment or self-assessment and external assessment. The QAIP also ensures that reasonable assurance is provided that Internal Audit is performing its work in accordance with its Internal Audit Charter, which is consistent with the PSIAS and that it operates in an effective and efficient manner.
- 2.3. The QAIP was presented to members of the Joint Audit Committee at their meeting 18 March 2020 for review. The QAIP report set out what was in place during 2019/20 and what is envisaged to be in place during 2020/21. The QAIP set out for members how audit engagements are supervised, how work including final reports are reviewed, arrangements for the audit manual and performance measures. The QAIP also includes the annual assessment of Internal Audit's conformance with its Charter and annual completion of the CIPFA checklist for assessing conformance with the PSIAS. At the same meeting members received the Internal Audit Charter. The Internal Audit Charter sets out the purpose, authority, responsibility and objectives of Internal Audit, providing clarity on how Audit works, its scope, lines of reporting and requirements in respect of objectivity and independence. The Charter, alongside the QAIP,

¹ audit committees\Practical Guidance for Local Authorities and Police

supports the organisation and its auditors in ensuring the delivery of arrangements for Internal Audit that are effective. During the year members of the Joint Audit Committee have also received monitoring reports on actual performance against Internal Audit's performance framework at their quarterly meetings.

- 2.4. The summary of the outcomes of the completed self-assessment is attached to this report at Appendix A and is further supported by an evaluation of the role of the Group Audit Manager (Head of Internal Audit) against the CIPFA standard at Appendix B. The full 48 page checklist is retained on file for review by the External Auditors. The Annual Report of the Group Audit Manager (Head of Internal Audit), provided within this agenda, confirms that the Standards within the PSIAS have been complied with.
- 2.5. In November 2017, the first external quality assessment (EQA) of the internal audit function was carried out in line with the requirement of PSIAS to have an external assessment at least every five years. The outcome of this process was reported to members of the Joint Audit and Standards Committee at its meeting on 21 March 2018. The overall assessment was that the shared internal audit service "generally conforms" to the standards and this represents the highest of three possible outcomes. An action plan has been developed to address the seven recommendations contained within the EQA report.
- 2.6. The review of internal audit against the PSIAS provides the primary source of assurance. Further assurance of the effectiveness of internal audit was previously taken from the opinion provided by the external auditors. The external auditor (Grant Thornton) has advised that they no longer use the work of internal audit to assist with their own work and as such have not provided an opinion on the work of internal audit.

3. Effectiveness of arrangements for an Audit Committee

- 3.1. The effectiveness of the arrangements for an audit committee have been assessed by reviewing the arrangements for the Joint Audit Committee against the assessment criteria and checklist provided by CIPFA in its 2018 updated publication "audit committees, Practical Guidance for Local Authorities and Police". The guidance document provides a detailed regulatory framework against which the work and activity of the committee, in addition to the overall arrangements, can be assessed and consideration given to areas for improvement and development. The key messages arising from the review are that:

- ◆ The Committee has continued to build on the firm foundations put in place at the inception of the OPCC, expanding and refining its remit in the light of changing circumstances and emerging trends.
- ◆ Members are recruited appropriately and the range of skills has been strengthened through recent appointments.
- ◆ The Committee's remit complies with best practice.
- ◆ The Committee is supported by key members of the OPCC and Chief Constable's management teams at all Committee meetings to ensure that members are appropriately informed when considering the issues.
- ◆ Audit Committee members have carried out their duties diligently, achieving 95% attendance, have made a valued contribution to governance arrangements and have taken action on specific issues.
- ◆ Members have continued to increase their formal and informal training and development activities.

3.2. The overall conclusion and assessment from the review is that the Joint Audit Committee is effective in its operation. The review has demonstrated that within the areas of the self-assessment the Committee can evidence substantial support, influence and persuasion in carrying out its functions. These are the elements defined by CIPFA as being evidence of effectiveness. Against the self-assessment checklist the committee achieves a consistent grade of the maximum score of 5 across all areas. The full report of the review of effectiveness is included on the agenda to this meeting.

4. Conclusions

4.1. From the reviews described above, it is concluded that:

- i. The review of the internal audit shared service against the PSIAS, and supported by the review of the role of the Head of Internal Audit, demonstrates that the service is effective.
- ii. The annual review of the arrangements for an audit committee in accordance with the guidance, assessment criteria and checklists defined by CIPFA, demonstrates that the Joint Audit Committee is effective in its operation

4.2. When taken together, there are no material shortcomings in the effectiveness of the entirety of the Internal Audit arrangements for the year to 31 March 2020, or to the date of this meeting.

5. Recommendations

5.1. Members of the Joint Audit Committee are asked to consider this report and:

- i. Determine whether they are satisfied with the effectiveness of Internal Audit for the year to 31 March 2020 and to the date of this meeting, and
- ii. Consider any areas where they might wish to make recommendations to the Commissioner and Chief Constable for improvements in 2020/21.

5.2. The Commissioner and Chief Constable are asked to consider this report and:

- i. Determine whether they are satisfied with the effectiveness of Internal Audit for the year to 31 March 2020 and to the date of this meeting, taking into account the views of the Joint Audit Committee, and
- ii. Consider any areas where they might wish to see improvements or changes in 2020/21.

Gill Shearer
Commissioner's Chief Executive

Roger Marshall
Joint Chief Finance Officer
27 May 2020

Human Rights Implications: None Identified

Race Equality / Diversity Implications: None Identified

Personnel Implications: None Identified

Financial Implications: None Identified

Risk Management Implications:

The Annual Governance Statement and the underpinning reviews, including the effectiveness of arrangements for audit are designed and intended to provide assurance on and compliance with high standards of corporate governance, including effective control and mitigation of the risk environment in which the Commissioner and Chief Constable discharge their respective responsibilities.

Contact points for additional information

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Review of Internal Audit Effectiveness

1. Definition of Internal Auditing

- 1.1. Internal audit work is carried out in line with the definition of internal auditing so as to provide independent assurance on the Commissioner's and Chief Constable's systems of risk management, governance and internal control.
- 1.2. All internal audit reviews result in an audit report detailing the level of assurance that can be given. Standard definitions are in place to ensure consistency in the assurance levels across the service.
- 1.3. Internal audit does not have any operational responsibilities, thereby ensuring its ability to independently review all of the Commissioner and Chief Constable's systems, processes and operations

2. Code of Ethics

- 2.1. The internal audit team have been made aware of the mandatory code of ethics within the PSIAS and have the opportunity to discuss this at team meetings.
- 2.2. All internal audit work is performed with independence and objectivity and all staff are aware of the need for them to declare any relevant business interests in order that any potential conflict of interest or compromise to audit objectivity is effectively managed.
- 2.3. Staff are aware of their responsibilities in relation to confidentiality and information governance.
- 2.4. Arrangements are in place to ensure that work is performed by staff with the appropriate skills, knowledge and experience and that training and development needs are identified through annual appraisals and six month reviews.

3. Purpose, Authority and Responsibility

- 3.1. An internal audit charter is in place which defines the purpose, authority and responsibility of internal audit as well as its rights of access to all information, premises and personnel for the purpose of completing internal audit reviews.
- 3.2. The charter sets out the functional reporting line of the Group Audit Manager / Audit Manager to the Joint Audit Committee to ensure internal audit independence.
- 3.3. The Audit Manager attends all meetings of the Joint Audit Committee.
- 3.4. The Audit Manager has direct access to the Chief Officer Group, the Chief Executive, the Commissioner and the Joint Audit Committee Chair.
- 3.5. The reporting lines for the Audit Manager ensure that internal audit independence is maintained and in line with the Standards, the Audit Manager reports directly to the Joint Chief Finance Officer (S151 Officer) who is a member of the Public Accountability Conference.
- 3.6. There have been no identified threats to internal audit independence or objectivity during the year.
- 3.7. The Standards refer to the arrangements for the Audit Manager's appraisal. Input and feedback should be obtained from the Chief Executive or equivalent and Chair of the Joint Audit Committee. This is a requirement of the employing organisation designed to protect the independence of the Audit Manager in relation to those audits that may be subject to undue influence, being within the area of the appraiser's responsibility. Whilst this is not a requirement for either the Commissioner or the Chief Constable, the Joint Chief Finance Officer, on behalf of both entities, will provide feedback on the performance of the Audit Manger as part of the arrangements for management of the shared audit service.

4. Proficiency and Due Professional Care

- 4.1. The Audit Manager is professionally qualified and experienced to deliver an effective internal audit service.
- 4.2. Job descriptions and person specifications reflect the duties required to deliver the risk-based approach to internal auditing and the skills needed to undertake the roles.

- 4.3. The team has a wide range of skills and experience brought about in part by the creation of the Shared Internal Audit Service which brought together a number of existing internal audit teams into a single service.
- 4.4. All audit work is undertaken with due professional care and reviewed by an Audit Manager to ensure that the work undertaken supports conclusions reached.
- 4.5. A Quality Assurance and Improvement Programme (QAIP) has been in place during 2019/20. The programme has been formally documented and was reported to the Joint Audit Committee on 18 March 2020. This includes the adoption of a comprehensive performance framework that is incorporated within the audit charter. The Joint Audit Committee have received quarterly reports monitoring actual performance against the framework.

5. Performance Standards

- 5.1. Internal audit work is undertaken to support the purpose of internal audit as defined within the audit charter. Management arrangements are in place to ensure that all work is delivered in accordance with the charter and to deliver relevant assurance to management, the Joint Audit Committee, the Commissioner and Chief Constable.
- 5.2. Risk based audit plans have been developed across the shared internal audit service. The plans have been developed to enable an overall annual opinion to be provided on the arrangements for governance, risk management and internal control.
- 5.3. In developing the plans, account has been taken of the organisation's risk management frameworks, the expectations of senior management and emerging national and local issues.
- 5.4. Audit plans have been developed based on a documented risk assessment. Arrangements are in place to report required amendments to audit plans to the Joint Audit Committee should this become necessary.
- 5.5. The plans identify the audit resources required to deliver them and arrangements are in place to allocate the workload across the audit team in advance to ensure all plans can be delivered.
- 5.6. Arrangements are in place to ensure the audit manual is continually updated as working practices continue to be reviewed.

5.7. Internal audit contributes to improving the Commissioner and Chief Constable's operations through delivery of approved audit plans. Internal audit recommendations are aimed at strengthening performance and risk management, governance and ethical policies and values and internal controls.

6. Engagement Planning

6.1. All internal audit reviews are scoped and a brief prepared setting out the scope and objectives of the audit work together. This process ensures that management input to the scope of each audit. A standard client notification document has been designed and has been used for all audit reviews. Audit scopes include consideration of systems, records, personnel and premises.

6.2. The audit planning process includes a preliminary assessment of risk for each audit included in the plan. Auditors then undertake research as part of planning individual audit reviews to identify specific risks within the area under review. Within the risk based approach, once the scope of an audit is agreed, a full risk identification exercise is undertaken as part of the audit fieldwork. This ensures that risk is considered throughout the audit process.

6.3. The Internal Audit management review process ensures that work plans are prepared for each audit that document how the audit objectives will be met and that sufficient audit work is undertaken to support conclusions reached.

6.4. There is a document retention policy in place to manage audit records.

6.5. All internal audit work is subject to management review, and there is a consistent approach in place to documenting and retaining evidence of this review.

6.6. All internal audit reports are issued in draft for management comments and agreement of the factual accuracy and completion of the action plan. Clients have the opportunity to discuss the draft reports with the auditor.

6.7. Audit final reports issued in relation to 2019/20 audit plans were accurate, comprehensive and complete. All contained an assurance statement and agreed action plan.

6.8. The Audit Manager produces an annual report to the Joint Audit Committee and the Public Accountability Conference, which includes the overall opinion on the arrangements for

governance, risk management and internal control. The report includes a summary of the work undertaken in support of the opinion.

7. Monitoring Progress

- 7.1. Arrangements are in place for follow up of agreed actions arising from internal audit reports and the outcome of these is reported to the Joint Audit Committee within the quarterly progress reports.

8. Communication of the Acceptance of Risks

- 8.1. Arrangements are in place to ensure that where key risks are accepted by management, this is discussed with senior management. Should the Audit Manager consider that the organisation is accepting a level of risk that may be unacceptable, this would be reported to the Joint Audit Committee and the Public Accountability Conference.

CIPFA Statement on the Role of the Head of Internal Audit 2019

1. Introduction

- 1.1 In 2019, CIPFA published an updated Statement on the Role of the HoIA in Public Sector Organisations in recognition of the critical position occupied by the Head of Internal Audit (HoIA) within any organisation in helping it to achieve its objectives by giving assurance on its internal control and risk management arrangements and playing a key role in promoting good corporate governance. Conformance with the Statement is cited as an example of good governance within the Delivering Good Governance Framework 2016

2. The Five Principles

- 2.1 The Statement sets out how the requirements of legislation and professional standards should be fulfilled by the HoIA in carrying out their role and is structured under five core principles:
- 2.2 The Head of Internal Audit in a public service organisation plays a critical role in delivering the organisation's strategic objectives by:
- championing best practice in governance, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments; and
 - giving an objective and evidence based opinion on all aspects of governance, risk management and internal control.
- 2.3 To perform this role, the Head of Audit:
- must be a senior manager with regular and open engagement across the organisation, particularly with the Leadership Team and with the Audit Committee
 - must lead and direct an internal audit service that is resourced to be fit for purpose; and
 - must be professionally qualified and suitably experienced.
- 2.4 A completed self-assessment template is attached below for appropriate sign off.

Checklist for Assessing Compliance with the Governance Requirements of the CIPFA Statement on the Role of the Head of Internal Audit in public sector organisations 2019

| Ref | Governance Requirement | County Council arrangement and any required actions | Assessment of conformance | | |
|--|--|---|---------------------------|---|---|
| | | | Y | N | P |
| Principle 1: The HIA in a public service organisation plays a critical role in delivering the organisation's strategic objectives by championing best practice in governance, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments | | | | | |
| 1.1 | Set out the HIA's role in good governance and how this fits with the role of others. | HoIA Role Profile sets out the contribution of the annual report of the HoIA to the Annual Governance Statement. | ✓ | | |
| 1.2 | Ensure that the importance of good governance is stressed to all in the organisation, through policies, procedures and training | Code of Corporate Governance sets out the frameworks that are in place to support the overall arrangements. There are individual codes for the Cumbria OPCC and Cumbria Constabulary. | ✓ | | |
| 1.3 | Ensure that the HIA is consulted on all proposed major projects, programmes and policy initiatives. | Internal audit plan incorporates some capacity to respond to emerging issues and projects. | ✓ | | |
| Principle 2: The HIA in a public service organisation plays a critical role in delivering the organisation's strategic objectives by giving an objective and evidence based opinion on all aspects of governance, risk management and internal control | | | | | |
| 2.1 | Set out the responsibilities of the HIA, which should not include the management of operational areas. | Responsibilities of the HoIA are set out in the Role Profile and do not include any operational responsibilities. | ✓ | | |
| 2.2 | Ensure that internal audit is independent of external audit. | Internal audit is independent of external audit. IA plans will be shared with external audit, but will not be in any way directed by external audit. | ✓ | | |
| 2.3 | Where the HIA does have operational responsibilities the HIA's line manager and the Audit Committee should specifically approve the IA strategy for these and associated plans and reports and ensure the work is independently managed. | Not applicable. | | | |

Checklist for Assessing Compliance with the Governance Requirements of the CIPFA Statement on the Role of the Head of Internal Audit in public sector organisations 2019

| Ref | Governance Requirement | County Council arrangement and any required actions | Assessment of conformance | | |
|-----|--|--|---------------------------|---|---|
| | | | Y | N | P |
| 2.4 | Establish clear lines of responsibility for those with an interest in governance (e.g. Chief Executive, Chief Legal Officer, Chief Financial Officer, Audit Committee, non-executive directors/elected representatives). This covers responsibilities for drawing up and reviewing key corporate strategies, statements and policies | Clear lines of responsibility are set out in job roles, the scheme of delegation and key supporting governance documents eg financial regulations, procurement regulations, grant regulations. The Joint Audit Committee has a clear Terms of Reference consistent with the CIFA guidance. | ✓ | | |
| 2.5 | Establish clear lines of reporting to the Leadership Team and to the Audit Committee where the HIA has significant concerns | Reporting lines are defined within the Internal Audit Charter which has been agreed by the Board. | ✓ | | |
| 2.6 | Agree the terms of reference for internal audit with the HIA and the Audit Committee as well as with the Leadership Team | Internal audit charter sets out internal audit's terms of reference. Charter has been approved by Board and presented to Joint Audit Committee. | ✓ | | |
| 2.7 | Set out the basis on which the HIA can give assurances to other organisations and the basis on which the HIA can place reliance on assurances from others. | The basis of assurances provided to other organisations is set out within the Shared Services agreement. Various sources of assurance have been taken into consideration in preparing the audit plan to ensure optimum audit coverage. | ✓ | | |
| 2.8 | Ensure that comprehensive governance arrangements are in place, with supporting documents covering e.g. risk management, corporate planning, anti fraud and corruption and whistleblowing. | Key governance documents include the Code of Corporate Governance, scheme of delegation, Anti-fraud and corruption strategy, policy and procedure. Risk management arrangements are in place and the corporate risk register for each organisation is reported to Joint Audit Committee. | ✓ | | |
| 2.9 | Ensure that the annual internal audit opinion and report are issued in the name of the HIA. | Annual report of the Head of Internal Audit contains the internal audit opinion for the Police & Crime Commissioner for Cumbria and the Chief Constable for Cumbria Constabulary. This report is presented to Joint Audit Committee by the Head of Internal Audit. | ✓ | | |

Checklist for Assessing Compliance with the Governance Requirements of the CIPFA Statement on the Role of the Head of Internal Audit in public sector organisations 2019

| Ref | Governance Requirement | County Council arrangement and any required actions | Assessment of conformance | | |
|--|--|---|---------------------------|---|---|
| | | | Y | N | P |
| 2.10 | Include awareness of governance in the competencies required by members of the Leadership Team. | Role profiles for the Chief Executive, Joint CFO and deputy monitoring officer are based on the relevant professional standards and include governance responsibilities. Constabulary Chief Officers are trained on governance matters as part of their professional qualification. | ✓ | | |
| 2.11 | Set out the framework of assurance that supports the annual governance report and identify internal audit's role within it. The HIA should not be responsible for preparing the report. | The framework of assurance that supports the annual governance statement is documented within the Statement itself. HIA is not responsible for preparing the AGS. | ✓ | | |
| 2.12 | Ensure that the internal audit strategy is approved by the Audit Committee and endorsed by the Leadership Team. | Public Sector Internal Audit Standards (PSIAS) refer to the requirement for internal audit plans to include a statement of how internal audit service will be delivered. This is included within the audit plan. | ✓ | | |
| Principle 3: The HIA in a public service organisation must be a senior manager with regular and open engagement across the organisation, particularly with the Leadership Team and with the Audit Committee. | | | | | |
| 3.1 | Designate a named individual as HIA in line with the principles in this Statement. The individual could be someone from another organisation where internal audit is contracted out or shared. Where this is the case then the roles of the HIA and the client manager must be clearly set out in the contract or agreement. | The Group Audit Manager is the designated HoIA for the PCC / Chief Constable. | ✓ | | |

Checklist for Assessing Compliance with the Governance Requirements of the CIPFA Statement on the Role of the Head of Internal Audit in public sector organisations 2019

| Ref | Governance Requirement | County Council arrangement and any required actions | Assessment of conformance | | |
|-----|---|--|---------------------------|---|---|
| | | | Y | N | P |
| 3.2 | Ensure that where the HIA is an employee that they are sufficiently senior and independent within the organisation's structure to allow them to carry out their role effectively and be able to provide credibly constructive challenge to the Management Team. | Not applicable. | | | |
| 3.3 | Ensure that where the HIA is an employee the HIA is line managed by a member of the Management Team. Where the HIA is not an employee then the reporting line must be clearly set out in the contract or agreement with the internal audit supplier. | Not applicable. | | | |
| 3.4 | Establish an Audit Committee in line with guidance and good practice. | There is a Joint OPCC / Constabulary Audit Committee which is the recommended approach in the Financial Management Code of Practice for the Police Forces of England and Wales. OPCC / Constabulary to confirm that the Joint Audit Committee has undertaken an annual self-assessment against the CIPFA practical guidance checklist and has assessed itself as performing appropriately. | ✓ | | |
| 3.5 | Set out the HIA's relationship with the Audit Committee and its Chair, including the Committee's role (if any) in appointing the HIA. | The relationship is set out in the Internal Audit Charter. | ✓ | | |
| 3.6 | Ensure that the organisation's governance arrangements allow the HIA: – to bring influence to bear on material decisions reflecting governance; | There are appropriate arrangements in place to allow the HIA to perform these functions appropriately. | ✓ | | |

Checklist for Assessing Compliance with the Governance Requirements of the CIPFA Statement on the Role of the Head of Internal Audit in public sector organisations 2019

| Ref | Governance Requirement | County Council arrangement and any required actions | Assessment of conformance | | |
|---|---|---|---------------------------|---|---|
| | | | Y | N | P |
| | <ul style="list-style-type: none"> – direct access to the Chief Executive, other Leadership Team members, the Audit Committee and external audit; and – to attend meetings of the Leadership Team and Management Team where the HIA considers this to be appropriate. | | | | |
| 3.7 | Set out unfettered rights of access for internal audit to all papers and all people in the organisation, as well as appropriate access in (significant) partner organisations. | This is defined within the Internal Audit Charter | ✓ | | |
| 3.8 | Set out the HIA’s responsibilities relating to partners including joint ventures and outsourced and shared services. | The HoIA responsibilities are defined within the Audit Charter in relation to the Shared Internal Audit Service. | ✓ | | |
| Principle 4: The HIA in a public service organisation must lead and direct an internal audit service that is resourced to be fit for purpose. | | | | | |
| 4.1 | Provide the HIA with the resources, expertise and systems necessary to perform their role effectively. | Internal audit is resourced appropriately to deliver the level of service currently required. | ✓ | | |
| 4.2 | Ensure that the Audit Committee sets out a performance framework for the HIA and their team and assesses performance and takes action as appropriate. | Internal audit is resourced appropriately to deliver the level of service currently required. | ✓ | | |
| 4.3 | Ensure that there is a regular external review of internal audit quality | Mandatory EQA was undertaken in October 2017 and the outcome was reported to Audit & Assurance Committee on 20 March 2018 with a further update on progress at the Joint Audit Committee held on 20 March 2019 and 18 March 2020. | ✓ | | |

Checklist for Assessing Compliance with the Governance Requirements of the CIPFA Statement on the Role of the Head of Internal Audit in public sector organisations 2019

| Ref | Governance Requirement | County Council arrangement and any required actions | Assessment of conformance | | |
|---|--|---|---------------------------|---|---|
| | | | Y | N | P |
| 4.4 | Ensure that where the HIA is from another organisation that they do not also provide the external audit service | Cumbria Shared Internal Audit Service does not provide the external audit service to the Police & Crime Commissioner for Cumbria or the Chief Constable for Cumbria Constabulary. | ✓ | | |
| Principle 5: The HIA in a public service organisation must be professionally qualified and suitably experienced | | | | | |
| 5.1 | Appoint a professionally qualified HIA whose core responsibilities include those set out under the other principles in this Statement and ensure that these are properly understood throughout the organisation. | HoIA is CIPFA qualified (since 1993). HoIA responsibilities are defined within the role profile for the post and make appropriate reference to the requirements of the 2019 CIPFA Statement. | ✓ | | |
| 5.2 | Ensure that the HIA has the skills, knowledge, experience and resources to perform effectively in his or her role. | HoIA has nearly 30 years' audit experience within Local Government and undertakes CPD to keep his skills up to date. HoIA has regular contact with audit colleagues throughout the North West via the North West Chief Audit Executives Group and the Local Authority Chief Auditors Network (for Counties, Mets and Unitaries). | ✓ | | |



Peter McCall



Joint Audit Committee
Review of Effectiveness 2019/20

Executive Summary

The purpose of an audit committee is to provide those charged with governance¹ independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.

Best practice dictates that governance, risk management and strong financial controls be embedded in the daily and regular business of an organisation. The existence of an audit committee does not remove responsibility from senior managers or leaders, but provides an opportunity and resource to focus on these issues.

Audit committees are a key component of the governance framework.

CIPFA notes the importance of the capacity of the Committee to promote good governance, making things better, not just reviewing what has happened in the past.

CIPFA's guidance document, Audit Committee's Practical Guidance for Local Authorities and Police (2018 edition), recommends that audit committees review their effectiveness annually. The Annual Report of the Committee sets out the conclusions of that review and provides a commentary on the effectiveness of the Committee in fulfilling its purpose.

The review covers four areas, Core Committee Functions, Wider Functions, Independence and Accountability and Membership and Effectiveness. For each area under review, the overall conclusions are assessed against an evaluation key with a score of 1-5, with 5 indicating the highest level of effectiveness.

The overall conclusions from the assessment is that the committee is effective in its operation. The key messages arising from the review are that:

- The Committee has continued to build on the firm foundations put in place at the inception of the OPCC, expanding and refining its remit in the light of changing circumstances and emerging trends.
- Members were appointed based on their skills and experience, are politically neutral.
- The Committee's remit complies with best practice and members are clear about their role and focus of attention.
- The Committee is supported by key members of the OPCC and Chief Constable's management teams at all Committee meetings to ensure that members are appropriately informed when considering the issues.
- Joint Audit Committee members have carried out their duties diligently, achieving 95% attendance at meetings, have made a valued contribution to governance arrangements and have taken action on specific issues.
- Members have maintained formal and informal training and development activities to enhance their understanding of the Constabulary and OPCC.

¹ The Commissioner and the Chief Constable
Corporate Support / Financial Services / MB

The committee achieves a consistent grade of 5 across all areas of the assessment against the Core Functions and a grade 5 assessment against the Wider Functions of Ethical Values and Treasury Management. Independence and Accountability and Membership and Effectiveness both score a grade 5, being evidenced as fully compliant with best practice requirements.

The Committee continues to strive for improvements across all areas of its activities. The Committee has identified three priority areas within its wider programme where in 2020/21 it will seek to have impact: These priorities are included in an action plan and comprise efforts to:

- Support and monitor the OPCC and Constabulary plans to address the increasingly stringent funding environment.
- Support and challenge any new governance arrangements, for example, from restructuring and capacity reviews, greater collaboration with other organisations or joint working on delivery of service.
- Consider the impact of new developments such as Operation Uplift, COVID19 on internal and external audit work programmes to ensure they remain relevant.

The review of the effectiveness of the arrangements has demonstrated that the Committee can evidence substantial support, influence and persuasion in carrying out its functions. These are the elements defined by CIPFA as the factors that evidence the Committee's effectiveness.

In carrying out the review Committee members have been able to evidence numerous examples of their impact. This has included:

- Attendance at Police and Crime Panel meetings as an observer to understand the PCP's key areas of attention.
- Sharing the Cumbria approach to audit committees with other policing bodies thereby developing and sharing areas of best practice.
- Reviewing the effectiveness of Internal Audit's approach to consultancy work to help ensure it adds value.

The review of the effectiveness of the arrangements has demonstrated that the Committee can evidence substantial support, influence and persuasion in carrying out its functions. These are the elements defined by CIPFA as the factors that evidence the Committee's effectiveness.

The Committee's review of Effectiveness provides information on the assessment process and CIPFA standards, this together with the Committee's Terms and Reference and detailed work programme for 2019/20 can be found on the Commissioner's website at <https://cumbria-pcc.gov.uk/finance-governance/budget-finance/joint-audit-and-standards-committee/>. The Joint Audit Committee holds public meetings, Committee papers and audit reports are all available on the Commissioner's website using the above link.

Introduction

The purpose of an audit committee is to provide those charged with governance (the Police and Crime Commissioner and the Chief Constable) independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.

The Influential Audit Committee

The audit committee has the potential to be a valuable resource to the whole organisation. Where it operates effectively, an audit committee can add value to its organisation by supporting improvement across a range of objectives. To achieve wide-ranging influence, an audit committee will need commitment and energy from membership together with support and openness from the organisation.



CIPFA’s document, Audit Committee’s Practical Guidance for Local Authorities and Police, recommends that audit committees review annually their effectiveness. This report sets out for the Commissioner and Chief Constable’s Joint Audit Committee the conclusions of that review and provides a commentary on the effectiveness of the Committee in fulfilling its purpose.

Review of Effectiveness

The review has been undertaken against the framework of the CIPFA document. It reviews the activities and impact of the Committee against the guidance in relation to the purpose and functions for Audit Committees and a checklist for effectiveness. The full range of activities undertaken by the Committee during 2019/20 is also set out in Appendix A as a consolidated summary of the work of the Committee in fulfilling its functions. For each of the areas in the CIPFA guidance, an assessment is made to award a grade in accordance with the CIPFA standard, based on the conclusions of the review. The grades are set out in table one below. In addition to consideration of Committee activity the review of effectiveness is also supported by consideration of the issues of Committee independence and objectivity and the skills and experience of members. Audit Committee members have further agreed a self-assessment checklist for good practice, included with the CIPFA document to support the annual review.

Table One: CIPFA Effectiveness Evaluation Assessment Key

| Score | Assessment Key |
|-------|--|
| 5 | Clear evidence is available from a number of sources that the committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable. |
| 4 | Clear evidence from some sources that the committee is actively and effectively supporting improvements across some aspects of this area. |
| 3 | The committee has had mixed experience in supporting improvement in this area. This is some evidence that demonstrates their impact but there are also significant gaps. |
| 2 | There is some evidence that the committee has supported improvements, but the impact of this support is limited. |
| 1 | No evidence can be found that the audit committee has supported improvements in this area. |

Overall Conclusions and Assessment

The overall conclusion and assessment is that the Joint Audit Committee is effective in its operation.

The review has demonstrated that within the areas of the self-assessment the Committee can evidence the effective use of substantial support, influence and persuasion in carrying out its functions. These are the elements defined by CIPFA as being evidence of effectiveness. The committee achieves a consistent grade of 5 in all 10 areas of the assessment against the Core Functions and a grade 5 assessment against the Wider Functions of Ethical Values and Treasury Management. Independence and Accountability score a grade 5 and Membership and Effectiveness also score a grade 5. The key messages arising from the review are that:

- Committee members have carried out their duties diligently, meetings are well attended and members have made an effective contribution to governance arrangements
- Members have kept up to date with training and developments. During 2019/20 these arrangements have continued to include a corporate briefing as part of Committee meetings and for 2019/20 a specific development session covering treasury management with the Commissioner's external advisors was held. A further development session on the Constabulary Strengths Based Conversations (SBCs) procedure was delayed due to staff availability and a further session on the budget and MTFP was cancelled in March as a result of the Coronavirus outbreak.
- In 2016/17 Members were provided with an "Induction Pack and Handbook" which provides a number of useful documents in one handbook and includes details of structures, key individuals and governance arrangements within the OPCC and Constabulary, these handbooks are updated on a periodic basis to include latest information.

As part of the overall assessment process the Commissioner and Chief Constable were asked to comment on the effectiveness of the Committee, their comments were as follows:

The Police and Crime Commissioner for Cumbria Comment

One of my key responsibilities on behalf of the public is to ensure the effective and efficient use and accounting for public money allocated to Policing the county. This is a highly complex and constantly changing financial landscape and it is therefore essential that we have effective and challenging scrutiny of our financial processes. I believe we are blessed in the OPCC and Constabulary in having highly professional and dedicated finance staff who do an excellent job, this is complimented by a rigorous, expert panel in the Joint Audit Committee who in turn conduct Independent audit of a range of Constabulary functions and most especially our accounts. As Commissioner this gives me additional assurance which I am able to pass onto the public that our administration and financial processes are effective, efficient and their probity is assured. There are of course always things we can improve and I am grateful to the Chair and members of JAC for their robust scrutiny and guidance when they find matters which need to be addressed and improved.

Chief Constable for Cumbria Constabulary Comment

I value the work of the Joint Audit Committee in providing assurance that governance within the Constabulary is effective and supports the delivery of an outstanding policing service for the people of Cumbria. The independence, complimentary skills and conscientious approach of the committee to their role facilitates robust scrutiny and challenge which contributes to the Constabulary achieving its objectives, and being an efficient and effective policing service.

The rest of this report sets out the requirements of the CIPFA guidance, the arrangements for the Committee and the evidence and conclusions of the review. It is set out in four sections with supporting appendices:

- **Section One:** Core Committee Functions and the Effectiveness Checklist page 8-24
- **Section Two:** Possible Wider Functions of an Audit Committee page 25-26
- **Section Three:** Independence and Accountability page 27-28
- **Section Four:** Membership and Effectiveness page 29-31
- **Appendix A:** Committee Activities 2018/19 page 32-34
- **Appendix B:** Committee Terms of Reference Assurance Framework page 35-42
- **Appendix C:** Governance Documents Review Schedule page 43
- **Appendix D:** Committee Attendance page 44
- **Appendix E:** Committee Chair and Member Role Profiles page 45-48
- **Appendix F:** CIPFA Good Practice Checklist page 49-51

Section One: Core Committee Functions and the Effectiveness Checklist

Good Governance and the Annual Governance Statement

CIPFA notes the importance of the capacity of the Committee to promote good governance, making things better, not just reviewing what has happened in the past.

CIPFA guidance makes clear that Audit Committees should address governance principles in the course of its regular business rather than governance being limited to a once a year reporting process.

There should be a local code of governance setting out how the principles of the CIPFA SOLACE good governance framework are applied, that should be reviewed by the Committee. Police Audit Committees should review the Annual Governance statement (AGS) of both the Commissioner and the Chief Constable prior to approval. The CIPFA guidance provides that to meaningfully review the AGS, the Committee should be in a position to draw on their knowledge of the governance arrangements as they are established and on assurances of their operation in practice. It should

also ensure that the AGS is underpinned by a framework of assurance.

Over the course of the year the Committee should receive reports and assurances over the application of the governance framework, monitor action plans and recommendations and consider the application of governance principles to other agenda items. CIPFA notes the importance of the capacity of the Committee to promote good governance, making things better, not just reviewing what happened in the past.

Self-evaluation, examples, areas of strength and weakness

The Committee's annual work programme includes an independent cyclical review of the Commissioner and Chief Constable's governance framework and all material governance arrangements. During 2019/20 the work of the Committee has included:

- Reviewing and advising on revisions to the joint procurement regulations, arrangements for anti-fraud, corruption and whistleblowing for both the OPCC and Constabulary and the OPCC treasury management strategies and practices. The review of treasury management included a briefing by external treasury management advisors (Link Asset Services) in respect of changes to the wider economic environment and associated implications for the operation of the treasury management function within the OPCC, following which members were able to robustly challenge changes in the approach to investment strategy.

- A review of the role of the Joint Chief Finance Officer against the CIPFA guidance for police and consideration of the Joint Chief Finance Officer's review of the effectiveness of arrangements for governance, including internal audit and a review of the role of the Head of Internal Audit against CIPFA guidance.
- In line with CIPFA recommendations, the Committee reviewed the Chief Constable and Commissioner's AGS in May, prior to the publication of the unaudited statement and again in July prior to publication alongside the audited accounts. Alongside the AGS, members reviewed the Commissioner and Chief Constables Code of Corporate Governance. In addition, members review progress against the respective AGS action plans mid way through the financial year.
- The Committee receive all audit internal reports in full, at the point at which they were finalised, with members requesting that reports with significant issues are tabled at Committee meetings. Members have given specific focus to audit reports covering GDPR, overtime monitoring, main accounting system, debtors, local focus hubs, governance structure, firearms, blue light collaboration, procurement, trauma incident management (TRiM) and follow up reports on offender management and CJU.
- The scope of the internal audit plan has been significantly developed since 2014/15 to ensure it provides wider governance assurance in addition to that provided on core financial systems and financial governance. The audit areas covered in 2019/20 are highlighted in the bullet above. During 2020/21 the approved audit plan will focus on financial sustainability, benefits delivery, risk management and governance, contract management, sickness management, collision reduction officers, PSD practice requires improvement, property stores, business transformation, main accounting system, pensions a follow up on TRiM and a piece of consultancy work front counters.
- At their meeting in May 2019 internal audit provided members with a draft annual audit opinion providing assurance from the group Audit Manager (Head of Internal Audit). Members also receive further assurance at each meeting through reports from the external auditors. This included the Audit Findings Report presented to members in July 2019 setting out the external auditor's un-qualified opinion on the financial statements and an un-qualified value for money conclusion.

Through these arrangements and their prior experience and skills, members develop a robust understanding of governance across the OPCC and Constabulary and the extent to which those arrangements are well embedded. This provided the basis on which Committee members provided assurance and add value with regard to governance.

Conclusion and Overall Assessment: Assessment Grade 5.

The Committee is fully compliant with the CIPFA guidance. Clear evidence is available from a number of sources that the Committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.

Internal Audit

CIPFA guidance makes clear that the Audit Committee has a clear role in relation to oversight of the internal audit function.

The Audit Charter is a key governance document setting out the purpose, authority, responsibilities and objectives of Internal Audit.

Within policing, the advisory role of the Committee means that this responsibility is managed through support and review of the arrangements for internal audit. These arrangements are set out under the requirements of the Public Sector Internal Audit Standard (PSIAS) and the supporting Local Government Application Note (LGAN) within an Audit Charter.

The Audit Charter sets out the functional reporting arrangements between Internal Audit, Collaborative Board² and the Joint Audit Committee. CIPFA guidance sets out a number of roles for the committee as part of the support and review arrangements. These are to oversee Internal Audit's independence, objectivity, performance and professionalism, support the effectiveness of the internal audit process and promote

the effective use of internal audit within the assurance framework.

Self-evaluation, examples, areas of strength and weakness

The Committee's annual work programme, in line with the CIPFA guidance, includes a review of the Internal Audit Charter and a review of a risk based internal audit plan including the audit budget and number of audit days within the plan. The report that incorporates the Plan and Charter was received by members in March 2019 in respect of the 2019/20 financial year. In March 2020 members approved the Plan and Charter for 2020/21 which has seen the number of audit days maintained at the standard 281 days in 2020/21. The plan sets out the process undertaken to assess risks and develop a programme of audit in accordance with the risk based approach of the PSIAS.

The Audit Charter, in compliance with the PSIAS, makes a number of statements setting out how the arrangements for Internal Audit provide assurance with regard to ethics, independence and objectivity, including arrangements for resourcing and ensuring proficiency and due professional care. The Committee receive an annual statement on conformance with the PSIAS and LGAN. In reviewing the Audit Charter Committee members are able to assess and challenge the robustness of these arrangements.

The Committee meets annually and independently with the Internal Auditors and receives an annual report and opinion from the Chief Internal Auditor

² The Collaborative Board comprising the Deputy Chief Constable, Assistant Chief Constable, the Commissioner's Chief Executive, the Commissioner's Chief Finance Officer, the Director of Corporate Improvement and the Director of Corporate Support
Corporate Support / Financial Services / MB

The Committee meets annually and independently with the Internal Auditors and receives an annual report and opinion from the Chief Internal Auditor on the adequacy and effectiveness of governance, risk management and internal control. The report includes a summary of the audit work on which the opinion is based. This is supported by a report from the Joint Chief Finance Officer on the overall effectiveness of the arrangements for internal audit including the opinion of the external auditor.

The Committee receives all internal and external audit reports in full supporting assurance on the overall control environment. The reporting format of internal audit reports was improved in 2014/15 to provide a stronger link between audit recommendations and control objectives. The reports also aim to focus attention on internal control strengths and recommendations. During 2019/20 Members have considered reports across a diverse range of Constabulary and OPCC business including local focus hubs, force tasking & co-ordination, governance structure, procurement, blue light collaboration, trauma risk incident management (TRiM), firearms, follow up reports on criminal justice and a piece of internal audit consultancy work on seized dogs.

Monitoring against performance measures and benchmarks for the Internal Audit service was introduced in 2014/15 and has continued throughout 2019/20. Proposed performance measures are reviewed at the start of the financial year and have been included within the Internal Audit Charter on the recommendation of the Committee. Members have received a quarterly monitoring report assessing actual performance against the benchmark.

The terms of reference of the Committee and associated annual work programme fully complies with the detailed CIPFA guidance. Collectively these arrangements ensure members are able to make effective judgements on the effectiveness of internal controls and Internal Audit provision, making recommendations with regards to improvement.

Conclusion and Overall Assessment: **Assessment Grade 5.**

The Committee is fully compliant with the CIPFA guidance. Clear evidence is available from a number of sources that the Committee is actively supporting improvements across all aspects of this area.

Internal Audit's work is designed to provide assurance to management and members that effective systems of governance, risk management and internal control are in place in support of the delivery of the Commissioner and Chief Constable's objectives

Risk Management

CIPFA guidance references that Police Audit Committees are directed in the Home Office Financial Management Code of Practice to advise the Commissioner and Chief Constable on the adoption of appropriate risk management arrangements.

It also notes the assurance that risk management provides in respect of the AGS and when reviewing the risk based internal audit plan. The guidance describes governance of risk as the arrangements for leadership, integration of risk management arrangements, ownership and accountability. The role of the audit committee in relation to risk management covers three major areas:

- Assurance over the governance of risk, including leadership, integration of risk management into wider governance arrangements and the top level ownership and accountability for risks.
- Keeping up to date with the risk profile and the effectiveness of risk management actions.
- Monitoring the effectiveness of risk management arrangements and supporting the development and embedding of good practice in risk management.

The Risk Management Strategy is a comprehensive document that provides the basis for members to challenge and provide assurance over how risks are governed and managed.

Self-evaluation, examples, areas of strength and weakness

In accordance with the CIPFA guidance, specific actions undertaken by the Committee during 2019/20 included:

- Receipt at the Committee's meeting in May of a report from the Chief Executive setting out the OPCC arrangements for monitoring the effectiveness of risk management. This was the sixth annual report on the arrangements for risk management following a recommendation made by the Committee in 2013/14.
- Reviewing the arrangements for risk management within the Constabulary and making specific recommendations regarding improving the openness and transparency of those arrangements. This in previous years has resulted in agenda items on risk management being moved from the private agenda to the public meetings.
- Review of the Commissioner's annual Risk Management Strategy. The strategy is a comprehensive document that provides the basis for members to challenge and provide assurance over how risks are governed and managed. The strategy now includes on recommendation from the Committee arrangements for determining risk appetite. The review of Risk Management Strategy is supported by a four monthly review of strategic risk registers that set out the most

The Committee has nominated a lead member for risk who provides prior input and advice on the Risk Management Strategy prior to its consideration by the full Committee

significant risks facing the Commissioner and Constabulary and the mitigations in accordance with the methodology within the strategy. This ensures the Committee has an effective understanding of the significant risks facing both organisations and can hold risk managers to account.

In accordance with best practice, the Committee also compiles and maintains a separate, dedicated risk register to manage risks relating to the Committee's own activities.

Conclusion and Overall Assessment: **Assessment Grade 5.**

The Committee is fully compliant with the CIPFA guidance. Clear evidence is available from a number of sources that the Committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.

Assurance Frameworks and Assurance Planning

CIPFA guidance explains assurance frameworks as a description that typically outlines the key areas of assurance required by the Joint Audit Committee that supports the AGS and is available to enable the Committee to meet its terms of reference.

A framework will support the ability to ensure that assurance is planned and delivered efficiently and effectively, avoiding duplication and with independence across a range of assurance providers. It also ensures that the Committee is clear on the extent to which assurance is reliant on the arrangements for Internal Audit.

The Joint Committee operates with an assurance-based work programme aligned to its terms of reference

Self-evaluation, examples, areas of strength and weakness

The Joint Audit Committee operates with an assurance-based work programme aligned to its terms of reference and that, in line with the guidance, forms an appropriate balance between cost and risk. The assurance framework that was in place for 2019/20 is set out at appendix B and includes assurances from management, Chief Officers, internal and external audit and external inspectorates. During 2019/20 and in recognition of CIPFA's updated guidance for Audit Committees, members have:

- Improved the arrangements for assurance in relation to a number of areas within the work programme. This included receipt at the May meeting of monitoring reports covering the areas of risk management anti-fraud and corruption monitoring. At their March meeting the Committee received a report covering the Chief Constable's arrangements for providing value for money (the PCC no longer falls under the inspection regime of HMICFRS).
- The improved efficiency and focus of assurance gathering continued at formal meetings of the Committee by the continuance of the early review of all internal audit reports which enabled members to select which internal audit reports to include on the agenda for specific discussion.
- Received an assurance report from the Joint Chief Finance Officer in respect of the sources of assurance members can place reliance on in respect of their review of the statement of accounts.
- Maintained the number of committee meetings at 5 per year to ensure that members can give appropriate time and consideration to agenda items in the context of the widening of the assurance framework.

Conclusion and Overall Assessment: **Assessment Grade 5**

The Committee is fully compliant with the CIPFA guidance. Clear evidence is available from a number of sources that the Committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.

Value for Money and Best Value

The CIPFA guidance notes that in the Police sector it is the Chief Constable that has statutory responsibility for securing value for money and that the Commissioner's responsibility is to hold the Chief Constable to account for this duty.

The Joint Audit Committee role is to support both the Commissioner and Chief Constable to fulfil their responsibilities through the assurance process. This should focus on arrangements to ensure value for money and the progress in achieving value for money. This includes how performance in value for money is evaluated as part of the AGS and the Committee's consideration of the external audit opinion on value for money. The AGS should be focused on outcomes and value for money. The Committee should also consider what other assurances are available.

The Constabulary has developed and agreed a Continuous Improvement, Efficiency and Value for Money Strategy, which sets out the principles the Constabulary will follow and specific reviews which aim to secure maximum value from the resources available to it.

Self-evaluation, examples, areas of strength and weakness

The overall arrangements for value for money are concluded on by the external auditors who provide for the Committee their opinion on value for money. The conclusion for 2017/18 was positive.

The Commissioner's Code of Corporate Governance and AGS sets out the arrangements for securing the achievement of the goals and objectives set out within the Police and Crime Plan. This includes a performance framework that supports the Commissioner in holding the Chief Constable to account for VFM. These documents also reference the receipt annually of HMICFRS value for money profiles and inspection reports that further support VFM accountability.

The Chief Constable's Code of Corporate Governance provides reference for the Committee to the Constabulary Continuous Improvement, Efficiency and Value for Money Strategy, which sets out the principles the Constabulary will follow and specific reviews, which aim to secure maximum value from the resources available to it. The AGS references the specific reviews that have been undertaken during the year and the improvements in efficiency and effectiveness arising from that work.

The work of the Committee further supports value for money in providing an overview of the treasury management strategy and activities that helps to promote value in the treasury function. This will have greater impact in future years, when decisions will need to be made in respect of borrowing. The timing of decisions will be instrumental to the value for money achieved from the balance between borrowing costs and investment returns.

The overall arrangements for value for money are concluded on by the external auditors who provide for the Committee their opinion on value for money. The conclusion for 2018/19, received by the Committee in the External Auditor's July 2019 Audit Findings Report was positive.

From 2014/15 the format internal audit reports have supported wider assurance for members by covering a specific control objective on 'value: the effectiveness and efficiency of operations and programmes.' Specific audit recommendations with value for money implications are categorised within audit reports under this heading.

Following a review by the Committee during 2013/14 that identified limited 'other' sources of assurance with regard to value for money and securing best value, the Committee now routinely receives a number of reports from the OPCC and Constabulary with a specific focus on value for money. This has included an analysis of HMICFRS value for money profiles for the Constabulary (the OPCC no longer falls under the remit of HMICFRS), and the outcome of the HMICFRS PEEL review of efficiency, effectiveness and legitimacy. As part of the review of the arrangements for value for money, members also sought assurances regarding the approach to the management of reserves, the reserves strategy was included as part of the member development session on the budget, medium term financial strategy and change programme provided in March 2019.

Conclusion and Overall Assessment: **Assessment Grade 5**

The Committee is fully compliant with the CIPFA guidance. Clear evidence is available from a number of sources that the Committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.

Countering Fraud and Corruption

CIPFA guidance states that the role of the Audit Committee is to have oversight of counter-fraud strategy, assessing whether it meets recommended practice, governance standards and complies with legislation.

The Committee should understand the level of fraud risk to which the organisation is exposed and the implications for the wider control environment. The guidance also recognises the link to ethical standards and the role of the committee in championing good counter-fraud practice. The committee should also monitor performance on counter fraud activity including monitoring action plans and overseeing any major areas of fraud.

The Commissioner and Chief Constable have responsibilities for the effective stewardship of public money and for safeguarding against losses due to fraud and corruption.

Self-evaluation, examples, areas of strength and weakness

The Joint Audit Committee undertakes a cyclical review of counter-fraud strategy, policy and action plans as part of the arrangements for review of all core strategic governance documents. This provides an opportunity for members to consider the approach to counter-fraud within the context of the wider governance arrangements and internal controls that support the anti-fraud approach. These arrangements include those covering codes of conduct and ethical behaviour.

During 2019/20 members reviewed and provided constructive feedback on the overall arrangements for anti-fraud and corruption. As a result of feedback provided by members changes and improvements have been made to support the clarity of key documents. As part of the cyclical review of governance arrangements for anti-fraud are reviewed on a bi-ennial basis.

In May 2019 members received a report from the Chief Executive monitoring the anti-fraud and corruption arrangements within the OPCC. The report sets out the activity that takes place during the year in line with the strategy and policy and to ensure anti-fraud arrangements are well embedded. The report covered the 2018/19 financial year and members will receive in June 2020 a report covering the 2019/20 financial year (the May 2020 meeting was delayed to June as a result of the coronavirus pandemic and the resultant impact on financial reporting timescales).

In July 2019, as part of the arrangements for the financial statements, members received copies of the Commissioner and Chief Constable's letter of management assurance. These are prepared by the Joint Chief Finance Officer and include a full fraud risk assessment. Within the assessment members are briefed on any actual or suspect fraud that has taken place during the year and any changes to the control environment as a consequence of that fraud.

Members further support their understanding of the control environment through receipt of audit reports. During 2019/20 members received a variety of audit reports with judgements of substantial (1), reasonable (12) and partial (1) assurance. The audit reports in relation to major financial systems in respect of debtors provided reasonable assurance. Members receive the full report on all audits supporting a wider understanding of internal controls that can be gained from summary reports.

During 2019/20 the Committee has operated as a Standards Committee for the Commissioner. This has included monitoring the effectiveness of the Commissioner's Code of Conduct and PCC/Officer Protocol, supporting the approach to ethical standards. In 2015/16 the Commissioner and Constabulary established an independent Ethics and Integrity Panel to facilitate a more in-depth scrutiny of arrangements for ethics and integrity including Constabulary conduct matters and the handling of complaints. The fifth annual report of the Ethics and Integrity Panel was provided to members of the Joint Audit Committee in May 2019.

Conclusion and Overall Assessment: **Assessment Grade 5**

The Committee is fully compliant with the CIPFA guidance. Clear evidence is available from a number of sources that the Committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.

External Audit & Inspection

CIPFA guidance states that the Audit Committees have a role to play in relation to the appointment of external auditors.

In England organisations have the option to appoint auditors themselves via means of an auditor panel or through Public Sector Audit Appointments (PSAA) which has been established by the Local Government Association and specified as an “appointing person”. The Commissioner and Chief Constable have appointed the external auditor via the PSAA route. The audit committee’s role is in providing assurance that the external audit team maintains independence and objectivity. The audit committee has a vital role to play in guarding against threats to independence.

CIPFA guidance states that Audit Committees have a role to play in receiving and considering the work of the external auditor.

This includes receiving the planned work programme and reports following completion of the audit work such that the committee is able to make judgements on audit resources, assess the effectiveness and quality of the audit (this may include feedback from key people e.g. CFO) and report to the Commissioner or Chief Constable where appropriate. The Committee should also support the implementation of external audit recommendations, review any non-audit work undertaken and have the opportunity to meet separately and privately with the external auditors. The guidance also recognises the assurance that can be provided from reports about financial management and governance from wider inspection agencies.

Self-evaluation, examples, areas of strength and weakness

The Joint Audit Committee receive all reports of the External Auditors and conduct an annual private meeting with the External Auditors. During 2019/20 the External Auditors have attended all of the 5 Committee meetings. The Committee’s terms of reference are fully compliant with the CIPFA guidance and provide for an annual private meeting with the External Auditors. The Committee receives inspection reports from other agencies where these are relevant to the Committee’s functions. Recommendations arising from audit and inspection are monitored for implementation by the Committee.

Membership of the Joint Audit Committee includes the skills and experience of a former district auditor and former S151 officers, and also a qualified lawyer. All members have significant experience of committees fulfilling audit and governance functions. This ensures that the Committee have the skills and experience to assess the work of the external auditors and will have clear expectations regarding the requirements in respect of seniority, quality and experience of audit staff. During 2019/20 members have:

- Undertaken robust scrutiny of the external audit plan, including questioning the robustness of work that will be carried out in respect of the value for money conclusion and the assurance it can provide.
- Received the External Auditors Annual Fee letter.
- Received the External Auditors Audit Findings report covering the financial statements, matters of governance and the value for money conclusion in respect of the 2018/19 financial year.
- Scrutinised published HMICFRS reports covering value for money (HMICFRS annual profiles). Members have also received as part of the corporate update from the Deputy Chief Constable updates covering the full HMICFRS inspection programme for the Constabulary and issues that need to be brought the attention of members.
- In 2014/15 Members agreed a change to their terms of reference to incorporate responsibility as an audit panel, to oversee the appointment of external auditors for the Commissioner, at the time the relevant provisions of the 2014 Local Audit and Accountability Act come into effect.

Conclusion³ : Assessment Grade 5

The Committee is compliant with the CIPFA guidance through a combination of the activity undertaken and the particular specialist mix of skills and experience within the Committee membership.

³ This assessment of effectiveness is undertaken against the core functions of the committee with the CIPFA guidance; it is not included in the effectiveness checklist but has been graded on a similar basis.

Financial Reporting

For policing bodies the draft financial statements must be signed off by 31 May, as the 30 working day period for the exercise of public rights must include the first 10 days in June.

The latest date for publication of the audited statements is 31 July.

The guidance from CIFPA recommends that it is good practice for the accounts and the AGS to be reviewed by the audit committee prior to the commencement of the external audit.

Audit committees may undertake a review of the statements and satisfy themselves that appropriate steps have been taken to meet statutory and recommended professional practices. This is recommended to include reviewing the narrative report to ensure consistency with the statements and the financial challenges and risks facing the organisation in the future. The guidance also notes that the Committee should give consideration to the accessibility, readability and understandability of the statements to the lay person e.g. use of plain English and key messages. The Committee should review the financial statements prior to approval, although best practice is to review the accounts prior to the commencement of the audit.

Self-evaluation, examples, areas of strength and weakness

The statement of accounts is presented to the Joint Audit Committee prior to formal approval and at a joint meeting of the Committee and the Public Accountability Conference. This facilitates members in undertaking their review of financial statements and providing assurances to the Commissioner and Chief Constable.

The financial statements are supported by a report from the Joint Chief Finance Officer that consolidates for members all key areas of assurance on which they can place reliance in respect of the statements and details significant areas of risk and the basis of material judgments. This dialogue assists in explaining a number of complex transactions within the 2018/19 statements arising from changes in legislation that have impacted on how the Chief Constables financial position is presented. During 2019/20 the draft unaudited accounts for 2018/19 were again, for the second time, reported to the Committee in May 2019, prior to publication on the website, in order to provide members with an early opportunity to review and scrutinise the accounts. The subsequent audited accounts were presented in July alongside the External Auditors Audit Findings report.

The financial statements are supported by a report that consolidates all key areas of assurance and details significant areas of risk and the basis of material judgments.

The revised arrangements for the earlier production of the annual financial statements came into effect from the Statement of Accounts for 2017/18. The revised arrangements (implemented during 2017/18) mean that the committee will now receive the draft subject to audit statements at the May meeting and the audited statements at their meeting in July.

Conclusion and Overall Assessment: **Assessment Grade 5**

The Committee is now fully compliant with the CIPFA guidance and best practice standards in relation to its contribution to financial reporting. This is as a result of the change, introduced in 2017/18 for the 2016/17 financial statements, and repeated annually since then whereby the committee received the draft Statement of Accounts at the May meeting, prior to audit and publication on the website.

Partnership Governance and Collaboration Agreements

Organisations commonly have a wide range of partnership and collaborative arrangements including strategic relationships with other public sector organisations, shared service arrangements, commercial relationships and a range of service delivery arrangements. CIFPA guidance recognises that ensuring the adequacy of governance and risk management over such arrangements can be complicated, but it is important as accountability for performance and stewardship of public funds remains with the organisation.

The audit committee's role should be to consider the assurance available on whether the partnership or collaboration arrangements are satisfactorily established and are operating effectively. The committee should satisfy itself that the principles of good governance underpin the partnership arrangements. For example, the audit committee should seek assurance that the organisation has appropriate arrangements to identify and manage risks, ensure good governance and obtain assurance on compliance. The committee may also want to know what arrangements have been put in place to maintain accountability to stakeholders and ensure transparency of decision making and standards or probity are maintained.

The Committee should consider how assurances of governance are gained in respect of partnership arrangements and may seek to consider these assurances through processes for the AGS.

The arrangements in respect of governance for partnerships are set out in the appropriate governance documents that are presented to the Committee for cyclical review as part of their review of governance. During 2019/20 members reviewed and contributed to the further development of the Role of the Joint CFO, the Joint Procurement Regulations, the OPCC scheme of delegation/consent and arrangements for anti-fraud and corruption.

The overall arrangements for partnerships are set out within the Commissioner and Chief Constable's Code of Corporate Governance which was received by members in May 2019 alongside the AGS, setting out how those arrangements have been complied with.

Conclusion and Overall Assessment: **Assessment Grade 5**

In respect of partnership governance the Committee receives assurance from a number of sources within the overall arrangements for governance. The conclusion is that there is clear evidence from some sources that the Committee is actively and effectively supporting improvements across some aspects of this area.

Governance and Ethical Values

Public sector entities are accountable not only for how much they spend but also the ways they use resources with which they are entrusted.

Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

With its core role of supporting good governance, support for the ethical framework of the organisation is also important for the audit committee. In addition, public sector organisations have an overarching mission to serve the public interest in adhering to the requirements of legislation and government policies. This makes it essential that the entire entity can demonstrate the integrity of all its actions and has mechanisms in place that encourage and enforce a strong commitment to ethical values and legal compliance at all levels. As part of its review of governance arrangements, the audit committee should be satisfied that there are adequate arrangements to achieve this. All organisations should have regard to the Seven Principles of Public Life, known as the Nolan Principles. Within policing, this is further enforced by the College of Policing's Code of Ethics.

As part of the annual governance review, the audit committee should consider how effectively the seven principles and code of ethics are supported.

The arrangements for ethics and integrity are covered within the AGS. In addition, the audit committee review on a cyclical basis the arrangements for anti-fraud and corruption which include sections in relation to abuse of authority for sexual gain and arrangements in place for whistle-blowing.

Conclusion and Overall Assessment: **Assessment Grade 5**

In respect of governance and ethical values the Committee receives assurance from a number of sources within the overall arrangements for governance. The conclusion is that there is clear evidence from some sources that the Committee is actively and effectively supporting improvements across some aspects of this area.

Section Two: Possible Wider Functions of an Audit Committee

Ethical Values and Treasury Management

The Committee has received and reviewed the Treasury Management Strategy, including related investment and borrowing policies and a comprehensive document covering treasury management practices

The Joint Audit Committee undertake two areas of work that CIPFA guidance acknowledges are appropriate to the role of the Committee but not a core function. These areas are Ethical Values and Treasury Management.

In relation to ethical values the guidance acknowledges the role of the Committee in promoting high standards and that it may take on the role and responsibilities of a standards committee.

With regards to Treasury Management the Committee may be nominated as the responsible body for ensuring effective scrutiny of the Treasury Management Strategy and policies. The guidance is clear that this excludes executive and decision making roles in relation to this function. Scrutiny involves developing an understanding of treasury matters and receiving treasury activity reports to support this, reviewing policies and procedures, treasury risks and assurances.

Self-evaluation, examples, areas of strength and weakness

Evaluation of the role of the Committee in respect of ethical values is covered in the section on good governance & countering fraud and corruption. In respect of treasury management the Committee received and reviewed at its March 2019 meeting the treasury management strategy, including related investment and borrowing policies and a comprehensive document covering treasury management practices that would apply to the 2019/20 financial year.

During 2019/20 members have also received and reviewed the arrangements for Treasury Management proposed for 2020/21. This included a robust scrutiny of the strategy, where members have been keen to ensure an appropriate balance between risk and return in respect of the range of permissible investment counterparties and increased risk in the more traditional banking investments.

To ensure members sufficiently understand treasury matters, training has been provided by the Commissioner's treasury management advisors and treasury management activities reports are presented to the Committee at every regular meeting. This understanding is further supported by the skills and experience profile of members of the Committee.

Conclusion⁴ : Assessment Grade 5

The Committee is fully compliant with the CIPFA guidance through a combination of the activity undertaken and the; particular specialist mix of skills and experience within the Committee membership.

⁴ This assessment of effectiveness is undertaken against the core functions of the committee with the CIPFA guidance; it is not included in the effectiveness checklist but has been graded on a similar basis.
Corporate Support / Financial Services / MB

Section Three: Independence and Accountability

CIPFA guidance sets out a position statement that covers the key features that should be evidenced within all Audit Committees.

Outside of this statement arrangements should reflect local circumstances and focus on factors promoting effectiveness. The Committee is fully compliant with the requirements within the CIPFA guidance to ensure independence and accountability. Specifically:

- The Committee acts as the principal non-executive advisory function supporting those charged with governance⁵ and is independent of executive and operational responsibilities. The Committee has access to and is accountable to the Commissioner, the Chief Constable and the respective Chief Officers of both entities, meets at least 5 times a year and operates with a set of Committee standing orders to regulate business including matters received in public and those to be considered in private.
- The Committee meets privately and independently with both the external auditors and the internal auditors (separately) as part of its annual agenda.
- The Chief Officers⁶ or appropriate senior substitutes of the Commissioner and Chief Constable attend all meetings of the Committee. Internal audit and external audit are in attendance in addition to other officers as appropriate to the agenda. The Committee is able to call on other officers as required. The Committee is well attended, attendance for 2019/20 is set out at Appendix C.
- This report constitutes the Annual Report on the assessment of the Committee's performance and is reported to the Public Accountability Conference and the Police and Crime Panel.
- The arrangements for the Committee comply with the guidance set out within the Home Office Financial Management Code of Practice. The Code states that the Commissioner and Chief Constable should establish an independent Audit Committee. It is recommended that this is a joint committee and that the Commissioner and Chief Constable should have regard to the CIPFA Guidance on Audit Committees.
- The Committee maintains its independence by ensuring a focus through the work programme on oversight of governance, risk, control and the audit process. It has no delegated decision

⁵ The Commissioner and the Chief Constable

⁶ Joint Chief Finance Officer, Chief Executive, Deputy Chief Constable
Corporate Support / Financial Services / MB

making or approval powers from the Commissioner or Chief Constable.

- Agenda items are planned up to 12 months in advance through the development of an annual work programme agreed by the Committee in March and developed from the assurances needed to fulfil the Committee's terms of reference.
- The relationship between the Committee and the Joint Chief Finance Officer is one of reciprocal support and constructive challenge.
- The Committee receives full audit reports at the point in which they are agreed, determining those that should be considered as part of the formal Committee agenda on the grounds of the materiality and significance of audit findings.
- All meetings of the Committee are held in public and members have actively challenged the reasons for any issues being discussed in private. Agendas and papers are published on the Commissioner's website supporting accountability and transparency.
- The work program of the Committee ensures it can be effective in holding to account those officers who are responsible for implementing recommendations and actions arising from review. This is achieved through monitoring reports presented at each Committee meeting.
- The assurance format of the Committee's work programme and this Annual Report ensure that the Committee itself is effectively held to account for its own performance.

Conclusion⁷ : Assessment Grade 5

The Committee is fully compliant with the CIPFA guidance in respect of independence and accountability. This is based on the arrangements for the Committee that ensures independence, compliance with regulatory requirements and public accountability.

⁷ This assessment of effectiveness is undertaken against the core functions of the committee with the CIPFA guidance; it is not included in the

effectiveness checklist but has been graded on a similar basis.

Section Four: Membership and Effectiveness

CIPFA guidance recognises that the membership, composition and operation of the audit committee is a key factor in achieving the characteristics of a good audit committee.

Police audit committees should comprise between three and five members who are independent of the Commissioner and Chief Constable

These are defined as:

- Membership that is balanced, objective, independent of mind, knowledgeable and properly trained to fulfil their role.
- Membership that is supportive of good governance principles and their practical application towards the achievement of organisational objectives
- A strong, independently minded chair, displaying a depth of knowledge, skills and interest
- Unbiased attitudes – treating auditors, the executive and management fairly
- The ability to challenge the executive and senior managers when required.

Police audit committees should comprise between three and five members who are independent of the Commissioner and Chief Constable. Recruitment should be publically advertised with a job description that sets out requirements for knowledge and expertise. Candidates should be able to demonstrate their political independence. Appointments should be for a fixed term and formally approved by the Commissioner and Chief Constable and members should follow a Code of Conduct. The guidance acknowledges that the role of Chair may be advertised specifically and will need to take into account the characteristics required by an effective Chair. Induction training and other briefing and training updates should form part of a programme informed by a review of knowledge and skills.

Self-evaluation, examples, areas of strength and weakness

Membership, composition and operation of the Joint Audit Committee comply with the CIPFA guidance. The Committee comprises four independent members, appointed through public advert and was for a tenure of 4 years, with a potential to extend to a maximum of 8 years in compliance with the practices recommended by Standards for England. During 2019/20 discussions have taken place regarding extending the tenure period to a maximum of two five year terms. A separate paper is included on the Joint Audit Committee agenda to formalise this and outline the interim arrangements. Independence and objectivity, including political independence is secured through restrictions on membership. Specifically membership excludes:

- Serving elected members/officers of a Council/Local Authority represented on the Cumbria Police and Crime Panel and/or similar Cumbria public sector bodies

- Former elected members/officers of the above Council/bodies (time restricted to 3 years)
- Serving Police Officers and Police staff and former Police Officers/staff (time restricted to 3 years)
- Individuals active in local or national politics
- Individuals who have significant business or personal dealings with the Constabulary/OPCC
- Individuals who have close relationships with any of the above including immediate family members

In addition, standard disqualifications apply to ensure the avoidance of any reputational embarrassment, for example individuals who have been removed from a trusteeship of a charity, anyone under a disqualification order under the Company Directors Disqualification Act. Appointed committee Members are required to abide by a Code of Conduct and Member/Officer Protocol.

The requisite skills and experience of members are secured through the recruitment process based on a role profile. The profiles distinguish between the experience and skills expected of the Committee Chair and those expected of Committee members. The role profile is supported by a person specification that sets out essential and desirable skills, experience and ability across a range of governance, risk, finance and audit requirements. The person specification requirements are set out below. The role profiles for committee members, which were updated in November 2018 are set out at appendix E.

| Essential experience and knowledge | Special aptitudes, intelligence and skills | Desirable experience and knowledge |
|---|---|---|
| <ul style="list-style-type: none"> • <i>Experience in Chairing at Committee/Board level.</i> • Sound experience of strategic planning, risk management and performance management. • Ability to assure financial and statistical information • Experience of leading or conducting or reviewing audit activity. • Experience of scrutinising financial information and processes. • Knowledge of best practices in governance and internal control • Good understanding of the roles of Internal and External Audit. | <ul style="list-style-type: none"> • <i>Be able to demonstrate leadership skills to fulfil the responsibilities of the Audit Committee Chair.</i> • Ability and confidence to challenge and hold to account. • Treat auditors, executives and management equally and with respect. • To maintain an up to date knowledge and awareness of national and local policing and crime issues. • To have high ethical standards • Good communication skills, both written and oral, with the ability to actively contribute to discussion and debate | <ul style="list-style-type: none"> • Practical experience in the financial and/or general management of businesses or public sector organisations. • Experience of a Local Government Environment. • Audit Committee/Standards Committee (or equivalent) experience. • Professional Financial Qualification (CCAB or Audit based) |

Note – text in italic relates to skill relevant only to the committee chair.

Members are recruited independently of the Commissioner and Chief Constable but are subject to their approval. During 2019/20 there have been no changes to the committee membership. During 2019/20 there have been discussions and agreement regarding extending the committee tenure from four years to five years with an overall maximum period of 10 years. A separate paper is included on the committee agenda to formalise this.

The work programme for members has again for 2019/20 included formalised development seminars prior to Committee meetings, these sessions support members with a more in-depth understanding of areas within the remit of the Committee's terms of reference. During 2019/20 a development session on treasury management with the Commissioner's external advisors was held. A further development session on the Constabulary Strengths Based Conversations (SBCs) procedure was delayed due to staff availability and a further session on the budget and MTFP was cancelled in March as a result of the Coronavirus outbreak. Over the course of the year each committee member has attended a meeting of the Police and Crime Panel as an observer. Throughout 2019/20, the meeting agenda has continued to include a corporate update from both the Constabulary and the OPCC, this update is usually provided by the Deputy Chief Constable/Joint Chief Finance Officer and Chief Executive and provides a flavour of the key issues facing the Constabulary/OPCC at the time.

Conclusion⁸ : Assessment Grade 5

The Committee is compliant with the CIPFA guidance in respect of effective membership. This is based on the arrangements for the composition, recruitment and operation of the Committee that ensures independence and a specialist mix of skills and experience that make the Committee members effective in their roles. Effectiveness of members scrutiny function has been enhanced during 2019/20 through the continuation of a more structured approach to member development and the regular inclusion of a corporate update on the agenda for all meetings. In addition, copies of all HMICFRS inspection reports are now routinely provided to members and the opportunity to discuss these reports and receive an update regarding report recommendations is included on the agenda for meetings.

⁸ This assessment of effectiveness is undertaken against the core functions of the committee with the CIPFA guidance; it is not included in the effectiveness checklist but has been graded on a similar basis.

Joint Audit Committee 2019/20 Activities

| Thursday 23 May 19 | Thursday 25 July 19 | Thursday 19 September 19 | Wednesday 20 November 19 | Wednesday 18 March 20 |
|--|--|--|---|--|
| PRIVATE INTERNAL AUDIT MEETING: Confidential meeting of Committee members only and the Internal Auditors. (IA) | PRIVATE EXTERNAL AUDIT MEETING: Confidential meeting of Committee members only and the external auditors. (GT) | PRIVATE DEVELOPMENT SESSION: 1) Strengths Based Conversations. | PRIVATE DEVELOPMENT SESSION: 1) Treasury Advisor, to provide an update on Treasury Management developments (DCFO). 2) Apprenticeship Manager to provide an update on Apprenticeship Schemes. | PRIVATE DEVELOPMENT SESSION: Medium Term Financial Forecast, capital strategy, capital programme, change programme & value for money (Joint CFO) |
| Regular Reports | | | | |
| CORPORATE UPDATE: To receive a briefing on matters relevant to the remit of the Committee (DCC & CE) | CORPORATE UPDATE: To receive a briefing on matters relevant to the remit of the Committee (DCC & CE) | CORPORATE UPDATE: To receive a briefing on matters relevant to the remit of the Committee (DCC & CE) | CORPORATE UPDATE: To receive a briefing on matters relevant to the remit of the Committee (DCC & CE) | CORPORATE UPDATE: To receive a briefing on matters relevant to the remit of the Committee (DCC & CE) |
| TREASURY MANAGEMENT ACTIVITIES: To receive for information reports on Treasury Management Activity - Quarter 4/Annual Report (DCFO) | N/A | TREASURY MANAGEMENT ACTIVITIES: To receive for information reports on Treasury Management Activity - Quarter 1 (DCFO) | TREASURY MANAGEMENT ACTIVITIES: To receive for information reports on Treasury Management Activity - Quarter 2 (DCFO) | TREASURY MANAGEMENT ACTIVITIES: To receive for information reports on Treasury Management Activity - Quarter 3 (DCFO) |
| N/A | INTERNAL AUDIT – PROGRESS REPORT: To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan. (IA) | INTERNAL AUDIT – PROGRESS REPORT: To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan. (IA) | INTERNAL AUDIT – PROGRESS REPORT: To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan. (IA) | INTERNAL AUDIT – PROGRESS REPORT: To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan. (IA) |
| INTERNAL AUDIT REPORT(S): To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee. (IA) | INTERNAL AUDIT REPORT(S): To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee. (IA) | INTERNAL AUDIT REPORT(S): To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee. (IA) | INTERNAL AUDIT REPORT(S): To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee. (IA) | INTERNAL AUDIT REPORT(S): To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee. (IA) |
| N/A | STRATEGIC RISK REGISTER: To consider the OPCC and Constabulary strategic risk register as part of the Risk Management Strategy. (CE or GM & DCC) | STRATEGIC RISK REGISTER: To consider the OPCC strategic risk register as part of the Risk Management Strategy. (CE or GM) | STRATEGIC RISK REGISTER: To consider the OPCC and Constabulary strategic risk register as part of the Risk Management Strategy. (CE or GM & DCC) | STRATEGIC RISK REGISTER: To consider the OPCC and Constabulary strategic risk register as part of the Risk Management Strategy. (CE or GM & DCC) |
| N/A | MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS: To receive an updated summary of actions implemented in response to audit and inspection recommendations. (CFO) | MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS: To receive an updated summary of actions implemented in response to audit and inspection recommendations. (CFO) | MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS: To receive an updated summary of actions implemented in response to audit and inspection recommendations. (CFO) | MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS: To receive an updated summary of actions implemented in response to audit and inspection recommendations. (CFO) |

Joint Audit Committee 2019/20 Activities

| Thursday 23 May 19 | Thursday 25 July 19 | Thursday 19 September 19 | Wednesday 20 November 19 | Wednesday 18 March 20 |
|--|--|--|--|--|
| Cyclical/Annual Reports | | | | |
| EXTERNAL AUDIT FEES: To receive from the external auditors the proposal in respect of audit fees. (GT) | AUDIT FINDINGS REPORT: To receive from the external auditors the Audit Findings Report in respect of the annual audit of the financial statements and incorporating the External Auditor's Value for Money Conclusion. (GT) | ANNUAL AUDIT LETTER: To receive from the External Auditors the Annual Audit Letter and reports (GT). | ANNUAL REVIEW OF GOVERNANCE: To review the OPCC and Constabulary arrangements for governance; cyclical review over a three years. (Relevant Chief Officers) | CAPITAL STRATEGY and TREASURY MANAGEMENT STRATEGY AND TREASURY MANAGEMENT PRACTICES: To review the annual Capital Strategy and Treasury Management Strategy incorporating the policy on investment and borrowing activity and treasury management practices. (DCFO) |
| RISK MANAGEMENT MONITORING: To receive an annual report from the Chief Executive on Risk Management Activity including the Commissioner's arrangements for holding the CC to account for Constabulary Risk Management. (CE or GM) | ASSURANCE FRAMEWORK STATEMENT OF ACCOUNTS: To receive a report from the Joint CFO in respect of the PCC's and CC's framework of assurance. (CFO) | APPRENTICESHIP GOVERNANCE: To receive the Annual Self-Assessment report and accompanying Quality Improvement Plan. (Apprenticeship Manager) | ANNUAL GOVERNANCE STATEMENT DEVELOPMENT AND IMPROVEMENT PLAN UPDATE: To receive an update on progress against the development and improvement plan within the annual governance statement (CFO) | RISK MANAGEMENT STRATEGY: To provide the tri-ennial review of the COPCC (CE/GM) and Constabulary (DCC) Risk Management Strategies. (next due 2020) |
| ANTI-FRAUD AND CORRUPTION ACTIVITIES: To receive an annual report from the Chief Executive on activity in line with the arrangements for anti-fraud and corruption. (CE/GM) | ANNUAL STATEMENT OF ACCOUNTS: To receive the audited Statement of Accounts for the Commissioner and Chief Constable and Group Accounts and consider a copy of a summarised non-statutory version of the accounts (DCFO) | | PROCUREMENT ANNUAL REPORT: To receive an annual Procurement Report and Dashboard (HoP) | ANNUAL WORK PROGRAMME: ASSURANCE FORMAT: To review and approve an annual work programme covering the framework of assurance against the Committee's terms of reference. (DCFO) |
| ETHICS AND INTEGRITY GOVERNANCE: To receive an annual report from the chair of the Ethics and Integrity Panel. | PCC ANNUAL REPORT To receive a copy of the PCCs annual report. (CE) | | | EXTERNAL AUDIT PLAN: To receive from the external auditors the Joint Annual External Audit Plan. (GT) |
| INTERNAL AUDIT –ANNUAL REPORT: To receive the Head of Internal Audit's Annual Report including the Annual Audit Opinion. (IA) | | | | EXTERNAL AUDIT UPDATE REPORT: To receive from the external auditors an update report in respect of progress on the external audit plan. (GT) |
| EFFECTIVENESS OF INTERNAL AUDIT: To receive a report from the Joint Chief Finance Officer in respect of the effectiveness of internal audit. (DCFO) | | | | PROPOSED INTERNAL AUDIT PLAN/ INTERNAL AUDIT CHARTER: To receive a report from the Internal Auditors on the proposed Internal Audit Annual Plan and any proposed revisions. To receive a copy of the internal audit charter from the Internal Auditors. (IA) |

Joint Audit Committee 2019/20 Activities

| Thursday 23 May 19 | Thursday 25 July 19 | Thursday 19 September 19 | Wednesday 20 November 19 | Wednesday 18 March 20 |
|---|---|---|---|---|
| Cyclical/Annual Reports (continued) | | | | |
| JOINT AUDIT COMMITTEE - REVIEW OF EFFECTIVENESS: To receive a report reviewing the effectiveness of the Committee as a contribution to the overall effectiveness of arrangements for governance. (DCFO) | JOINT AUDIT COMMITTEE - ANNUAL REPORT: To receive an annual report of the Committee. Once approved this annual report will be presented to the Police and Crime Panel by the chair of JASC. (DCFO) | | | QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME: To receive from the Internal Auditors a report setting out the arrangements for quality assurance and improvement. (IA) |
| ANNUAL GOVERNANCE STATEMENT <ul style="list-style-type: none"> ▪ Effectiveness of Governance Arrangements: To receive a report from the Joint CFO on the effectiveness of the PCC's and CC's arrangements for Governance. ▪ Code of Corporate Governance: To consider the PCC/CC Code of Corporate Governance ▪ Annual Governance Statement: To consider the PCC/CC Annual Governance Statement for the financial year and to the date of this meeting | | | | VALUE FOR MONEY: To receive an annual report on Value for Money within the OPCC and Constabulary. (DCI) |
| ANNUAL STATEMENT OF ACCOUNTS: To receive the un-audited Statement of Accounts for the Commissioner and Chief Constable and Group Accounts and consider a copy of a summarised non-statutory version of the accounts (DCFO) | | | | INTERNAL AUDIT: External Quality Assessment (5 yearly, next one due 2023) |
| Ad Hoc Reports | | | | |
| ADHOC REPORTS AS THEY ARISE: E.G. NATIONAL FRAUD INITIATIVE, STANDARDS, INSPECTION: To consider any other reports falling within the remit of the Committee's terms of reference | ADHOC REPORTS AS THEY ARISE: E.G. NATIONAL FRAUD INITIATIVE, STANDARDS, INSPECTION: To consider any other reports falling within the remit of the Committee's terms of reference | ADHOC REPORTS AS THEY ARISE: E.G. NATIONAL FRAUD INITIATIVE, STANDARDS, INSPECTION: To consider any other reports falling within the remit of the Committee's terms of reference | ADHOC REPORTS AS THEY ARISE: E.G. NATIONAL FRAUD INITIATIVE, STANDARDS, INSPECTION: To consider any other reports falling within the remit of the Committee's terms of reference | ADHOC REPORTS AS THEY ARISE: E.G. NATIONAL FRAUD INITIATIVE, STANDARDS, INSPECTION: To consider any other reports falling within the remit of the Committee's terms of reference |

Joint Audit Committee: Annual Work Programme Assurance Format

| Terms of Reference | Meeting | Work Programme Assurance Activity |
|---|---|---|
| Terms of Reference: Governance, Risk and Control | | |
| 2.1) Review the corporate governance arrangements against the good governance framework, including the ethical framework and consider the local code of governance. Note - Underlined governance documents are scheduled for review in 2019. | May (Ethics and Integrity Annual Report) | ETHICS AND INTEGRITY GOVERNANCE: To receive an annual report from the Chair of the Ethics and Integrity Panel, advising the Committee of the work of the Panel over the previous year and matters pertaining to governance in respect of the arrangements for ethics and integrity. |
| | November: (All governance reviews excluding ethics and integrity) | ANNUAL REVIEW OF GOVERNANCE: To review the COPCC and Constabulary arrangements for governance; cyclical review over a three years covering: <ul style="list-style-type: none"> ▪ <u>Role of the Chief Finance Officer: annual review (2019)</u> ▪ Financial Regulations & Financial Rules: bi-ennial review (2020) ▪ <u>Grant Regulations: tri-annual review (2019)</u> ▪ <u>Scheme of Delegation/Consent: annual review (2019)</u> ▪ <u>Joint Procurement Regulations: bi-ennial review (2019)</u> ▪ Risk Management Strategy: tri-ennial review (2020) ▪ Joint Audit Committee Terms of Reference & Role Profiles: tri-ennial review (2021) ▪ <u>Arrangements for Anti-Fraud and Corruption /whistleblowing: bi-ennial review (2019)</u> |
| 2.2) Review the Annual Governance Statements prior to approval and consider whether they properly reflect the governance, risk and control environment and supporting assurances and identify any actions required for improvement | May | ANNUAL GOVERNANCE STATEMENT |
| | July (updated governance statement prior to approval and publication) | <ul style="list-style-type: none"> ▪ Effectiveness of Governance Arrangements: To receive a report from the Joint CFO on the effectiveness of the PCC's and Chief Constable's arrangements for Governance. ▪ Codes of Corporate Governance: To consider the PCC/CC Codes of Corporate Governance ▪ Annual Governance Statements: To consider the PCC/CC Annual Governance Statements for the financial year and to the date of this meeting |
| | November | ANNUAL GOVERNANCE STATEMENT DEVELOPMENT AND IMPROVEMENT PLAN UPDATE: To receive an update on progress against the development and improvement plan within the annual governance statement. |

Joint Audit Committee: Annual Work Programme Assurance Format

| Terms of Reference | Meeting | Work Programme Assurance Activity |
|--|-----------------------------|--|
| Terms of Reference: Governance, Risk and Control | | |
| 2.3) Consider the arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements | Every meeting excluding May | INTERNAL AUDIT REPORT: To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee <i>(NB audit work in compliance with PSIAS will cover a specific control objective on 'value: the effectiveness and efficiency of operations and programmes'. Specific audit recommendations will be categorised within audit reports under this heading.)</i> |
| | March | To receive an annual report on Value for Money within both the Office of the Police and Crime Commissioner and the Constabulary. |
| | July | AUDIT FINDINGS REPORT: To receive from the external auditors the Annual Audit Findings Report incorporating the External Auditor's Value for Money Conclusion. |
| 2.4) Consider the framework of assurance and ensure that it adequately addresses the risks and priorities of the OPCC and Constabulary | March | ANNUAL WORK PROGRAMME: ASSURANCE FORMAT: To review and approve an annual work programme covering the framework of assurance against the Committee's terms of reference. |
| | July | FRAMEWORK OF ASSURANCE: STATEMENT OF ACCOUNTS: To receive a report from the Joint CFO in respect of the PCC's and CC's framework of assurance. |
| 2.5) Monitor the effective development and operation of risk management, review the risk profile, and monitor progress of the Police and Crime Commissioner and the Chief Constable in addressing risk-related issues reported to them | March | RISK MANAGEMENT STRATEGY: To provide the cyclical (3yr) review of the OPCC and Constabulary Risk Management Strategies. (NB. Next due in March 2020) |
| | May | RISK MANAGEMENT MONITORING: To receive an annual report from the Chief Executive on Risk Management Activity including the Commissioner's arrangements for holding the CC to account for Constabulary Risk Management. |
| | Every meeting excluding May | STRATEGIC RISK REGISTER: To consider the OPCC and Constabulary strategic risk register as part of the Risk Management Strategy. |
| 2.6) Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions | Every meeting excluding May | INTERNAL AUDIT REPORT: To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee. |
| | | MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS: To receive an updated summary of actions implemented in response to audit and inspection recommendations. |

Joint Audit Committee: Annual Work Programme Assurance Format

| Terms of Reference | Meeting | Work Programme Assurance Activity |
|--|------------------------------------|--|
| Terms of Reference: Governance, Risk and Control (Continued) | | |
| 2.7) Review arrangements for the assessment of fraud risks and potential harm from fraud and corruption and monitor the effectiveness of the counter-fraud strategy, actions and resources | November – cyclically when updated | ARRANGEMENTS FOR ANTI-FRAUD AND CORRUPTION: To receive the OPCC and Constabulary strategy, policy and fraud response plan. |
| | May | ANTI-FRAUD AND CORRUPTION ACTIVITIES: To receive an annual report from the Chief Executive on activity in line with the arrangements for anti-fraud and corruption. |
| 2.8) To review the governance and assurance arrangements for significant partnerships or collaborations. | Ad-hoc | To receive reports on proposed governance arrangements when significant new partnerships or collaborations are entered into. |
| Terms of Reference: Internal Audit | | |
| 3.1) Annually review the internal audit charter and resources | March | INTERNAL AUDIT CHARTER: To receive a copy of the internal audit charter from the Internal Auditors. |
| 3.2) Review the internal audit plan and any proposed revisions to the internal audit plan | March/Ad-hoc | PROPOSED INTERNAL AUDIT PLAN: To receive a report from the Internal Auditors on the proposed Internal Audit Annual Plan and any proposed revisions. |
| 3.3) Oversee the appointment and consider the adequacy of the performance of the internal audit service and its independence | March | QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME: To receive from the Internal Auditors a report setting out the arrangements for quality assurance and improvement. |
| | May | EFFECTIVENESS OF INTERNAL AUDIT: To receive a report from the Joint Chief Finance Officer in respect of the effectiveness of internal audit. |
| | Quarterly | INTERNAL AUDIT PERFORMANCE: To receive from the Internal Auditors quarterly reports on the performance of the service against a framework of performance indicators <i>(provided within the internal audit progress reports and annual report.)</i> |
| | May | PRIVATE INTERNAL AUDIT MEETING: Confidential meeting of Committee members only and the Internal Auditors |
| 3.4) Consider the Head of Internal audit's annual report and opinion, and a regular summary of the progress of internal audit activity against the audit plan, and the level of assurance it can give over corporate governance arrangements | May | INTERNAL AUDIT –ANNUAL REPORT: To receive the Head of Internal Audit's Annual Report including the Annual Audit Opinion and details of compliance with PSIAS and LGAN. |
| | Every meeting excluding May | INTERNAL AUDIT – PROGRESS REPORT: To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan. |

Joint Audit Committee: Annual Work Programme Assurance Format

| Terms of Reference | Meeting | Work Programme Assurance Activity |
|--|---------------|--|
| Terms of Reference: Internal Audit (Continued) | | |
| 3.5) To consider the Head of Internal Audit's statement of the level of conformance with the Public Sector Audit Standards (PSIAS) and Local Government Application Note (LGAN) and the result of the Quality Assurance and Improvement Programme (QAIP) that support that statement - these will indicate the reliability of the conclusions of internal audit. | March | QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME: To receive from the Internal Auditors a report setting out the arrangements for quality assurance and improvement. |
| | May | INTERNAL AUDIT –ANNUAL REPORT: To receive the Head of Internal Audit's Annual Report including the Annual Audit Opinion and details of compliance with PSIAS and LGAN. |
| 3.6) Consider summaries of internal audit reports and such detailed reports as the Committee may request from the Police and Crime Commissioner and the Chief Constable, including issues raised or recommendations made by the internal audit service, management response and progress with agreed actions | Every meeting | INTERNAL AUDIT REPORTS: To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee. |
| 3.7) Consider a report on the effectiveness of internal audit to support the Annual Governance Statement | May | EFFECTIVENESS OF INTERNAL AUDIT: To consider a report of the Joint Chief Finance Officer reviewing the effectiveness of Internal Audit. |
| 3.8) To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the Head of Internal Audit. To make recommendations on safeguards to limit such impairments and periodically review their operation. | May | INTERNAL AUDIT –ANNUAL REPORT: To receive the Head of Internal Audit's Annual Report including relevant disclosures regarding impairments to independence or objectivity arising from additional roles or responsibilities outside internal auditing of the Head of Internal Audit. |

Joint Audit Committee: Annual Work Programme Assurance Format

| Terms of Reference | Meeting | Work Programme Assurance Activity |
|--|-----------------------------|---|
| Terms of Reference: External Audit/External Inspection | | |
| 4.1) Advise on the selection of external auditors. | Ad-hoc | To receive a report on the proposed selection process for the appointment of new external auditors. |
| 4.2) Support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised either by Public Sector Audit Appointments (PSAA) or the auditor panel as appropriate. | July | AUDIT FINDINGS REPORT: To receive from the external auditors the Audit Findings Report in respect of the annual audit of the financial statements and incorporating the External Auditor's Value for Money Conclusion. This also includes a statement with regard to Independence. |
| 4.3) Comment on the scope and depth of external audit work, its independence and whether it gives satisfactory value for money | March | EXTERNAL AUDIT PLAN: To receive from the external auditors the Annual External Audit Plan |
| | May | EXTERNAL AUDIT FEES: To receive from the external auditors the proposal in respect of audit fees. |
| 4.4) Consider the external auditor's annual management letter, relevant reports and the report to those charged with governance | November/Ad-hoc | ANNUAL AUDIT LETTER: To receive from the External Auditors the Annual Audit Letter and reports |
| | March | EXTERNAL AUDIT PLAN UPDATE: To receive from the external auditors an update report in respect of progress on the external audit plan |
| 4.5) Consider specific reports as agreed with the external auditors/specific inspection reports e.g. HMICFRS, relevant to the Committee's terms of reference | Every meeting excluding May | ADHOC REPORTS AS THEY ARISE: E.G. NATIONAL FRAUD INITIATIVE, STANDARDS, HMICFRS/INSPECTION: To consider any other reports falling within the remit of the Committee's terms of reference |
| 4.6) Advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies and relevant bodies | July | PRIVATE EXTERNAL AUDIT MEETING: Confidential meeting of Committee members only and the external auditors |

Joint Audit Committee: Annual Work Programme Assurance Format

| Terms of Reference | Meeting | Work Programme Assurance Activity |
|---|-----------------------------------|---|
| Terms of Reference: Financial Reporting | | |
| 5.1) Review the Annual Statement of Accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit of the financial statements that need to be brought to the attention of the Commissioner and/or the Chief Constable | July | ASSURANCE FRAMEWORK: STATEMENT OF ACCOUNTS: To receive a report from the joint CFO in respect of the PCC’s framework of assurance; To receive a report from the Deputy Chief Constable/CC in respect of the CC’s framework of assurance. |
| | July | ANNUAL STATEMENT OF ACCOUNTS: To receive the audited Statement of Accounts for the Commissioner and Chief Constable and Group Accounts and consider a copy of a summarised non-statutory version of the accounts |
| 5.2) Consider the external auditor’s report to those charged with governance on issues arising from the audit of the financial statements | July and September (final report) | AUDIT FINDINGS REPORT: To receive from the external auditors the Audit Findings Report in respect of the annual audit of the financial statements and incorporating the External Auditor’s Value for Money Conclusion. |
| Terms of Reference: Accountability Arrangements | | |
| 6.1) On a timely basis report to the Commissioner and the Chief Constable with its advice and recommendations in relation to any matters that it considers relevant to governance, risk management and financial management | Every meeting (where appropriate) | To be discussed in Committee meetings and noted as feedback in the minutes. |
| 6.2) Report to the Commissioner and the Chief Constable on its findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks; financial reporting arrangements and internal and external audit functions | Every meeting (where appropriate) | To be discussed in Committee meetings and noted as feedback in the minutes. |

Joint Audit Committee: Annual Work Programme Assurance Format

| Terms of Reference | Meeting | Work Programme Assurance Activity |
|---|-----------|--|
| Terms of Reference: Accountability Arrangements | | |
| 6.3) Review its performance against its terms of reference, objectives and compliance with CIPFA best practice on the role of the Audit Committee. Report the results of this review to the Commissioner and the Chief Constable by means of an Annual Report including where appropriate an action plan detailing future planned improvements. | May | JAC Review of Effectiveness: To receive a report reviewing the effectiveness of the committee against the CIPFA framework as a contribution to the overall effectiveness of arrangements for governance |
| | July | JAC Annual Report: To receive the annual report of the committee (following the review of effectiveness undertaken in May). Following approval, the Annual Report will be presented to the Police and Crime Panel meeting in October by the chair of JAC. |
| 6.4) Publish an annual report on the work of the committee. | July | JAC Annual Report: To receive the annual report of the committee (following the review of effectiveness undertaken in May). Following approval, the Annual Report will be presented to the Police and Crime Panel meeting in October by the chair of JAC. |
| 6.5) Seek feedback from the Commissioner and Chief Constable on the performance of the audit committee and include this within the annual report of the committee. | July | JAC Annual Report: To receive the annual report of the committee (following the review of effectiveness undertaken in May). Following approval, the Annual Report will be presented to the Police and Crime Panel meeting in October by the chair of JAC. |
| 6.6) To provide scrutiny of the Commissioners treasury management policy and processes in compliance with the CIPFA Code of Practice for Treasury Management, advising on risk and controls where appropriate. | March | TREASURY MANAGEMENT STRATEGY AND TREASURY MANAGEMENT PRACTICES: To review the annual Treasury Management Strategy incorporating the policy on investment and borrowing activity and treasury management practices. |
| 6.7) To provide external scrutiny of the Constabulary's training arrangements as an employer provider for the PCSO apprenticeship scheme. | March | Apprenticeship Governance: To receive the annual Self-Assessment Report and accompanying Quality Improvement Plan. |
| | September | Apprenticeship Governance: To receive the mid year update on the Quality Improvement Plan. |

Joint Audit Committee: Annual Work Programme Assurance Format

| Terms of Reference | Meeting | Work Programme Assurance Activity |
|--|--|---|
| Terms of Reference: Treasury Management | | |
| 7.1) Review the Treasury Management policy and procedures to be satisfied that controls are satisfactory | March | TREASURY MANAGEMENT STRATEGY AND TREASURY MANAGEMENT PRACTICES: To review the annual Treasury Management Strategy incorporating the policy on investment and borrowing activity and treasury management practices. |
| 7.3) Review the Treasury risk profile and adequacy of treasury risk management processes | | |
| 7.2) Receive regular reports on activities, issues and trends to support the Committee’s understanding of Treasury Management activities; the Committee is not responsible for the regular monitoring of activity | Every meeting excluding July | TREASURY MANAGEMENT ANNUAL REPORT/ACTIVITIES: To receive for information the treasury management annual report and an update on Treasury Management Activity. |
| | November | TREASURY MANAGEMENT ADVISORS: To receive briefings/training from the Commissioner’s Treasury Management advisors. |
| 7.4) Review assurances on Treasury Management (for example, an internal audit report, external or other reports). | Every meeting excluding May (where applicable) | INTERNAL AUDIT REPORTS: To receive reports from Internal Audit Unit in respect of specific audits conducted since the last meeting of the Committee |
| Terms of Reference: Apprenticeship Scheme | | |
| 8.1) To provide external scrutiny, challenge and recommendations with regard to apprenticeships delivered by the Constabulary as an employer provider to meet the requirements of the Education Skills Funding Agency (ESFA) and Ofsted. | March | Apprenticeship Governance: To receive the annual Self-Assessment Report and accompanying Quality Improvement Plan. |
| | September | Apprenticeship Governance: To receive the mid year update on the Quality Improvement Plan. |
| 8.2) receive regular reports in relation to the annual self-assessment report and quality improvement plan. | | |

Governance Documents Review Schedule

| Documents | Review Cycle | Lead Officer | November 2016 | November 2017 | March 2018 | March 2019 | March 2020 | March 2021 | March 2022 |
|--|-------------------------------|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| OPCC Risk Management Strategy | tr-ennial (from 2017 onwards) | Governance Manager Joanne Head | ✓ | ✓ | ✗ | ✗ | ✓ | ✗ | ✗ |
| Constabulary Risk Management Strategy | tr-ennial (from 2017 onwards) | Director of Corporate Improvement Jane Sauntson | ✓ | ✓ | ✗ | ✗ | ✓ | ✗ | ✗ |
| | | | November 2016 | November 2017 | November 2018 | November 2019 | November 2020 | November 2021 | November 2022 |
| Role of the Joint Chief Finance Officer | annual | Deputy CFO Michelle Bellis | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Joint Procurement Regulations | bi-ennial | Head of Procurement Barry Leighton | ✗ | ✓ | ✗ | ✓ | ✗ | ✓ | ✗ |
| Scheme of Delegation/Consent | annual | Chief Executive/Communications & Engagement Executive, Gillian Shearer and/or Governance Manager, Joanne Head | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| OPCC Arrangements for Anti-fraud & Corruption/Whistleblowing | bi-ennial | Chief Executive/Communications & Engagement Executive, Gillian Shearer and/or Governance Manager, Joanne Head | ✗ | ✓ | ✗ | ✓ | ✗ | ✓ | ✗ |
| Constabulary Arrangements for Anti-fraud & Corruption/Whistleblowing | bi-ennial | Head of People, Supt. Sarah Jackson and/or Head of Professional Standards | - | ✓ | ✗ | ✓ | ✗ | ✓ | ✗ |
| Financial Regulations & Financial Rules | bi-ennial | Deputy CFO Michelle Bellis | ✓ | ✗ | ✓ | ✗ | ✓ | ✗ | ✓ |
| Joint Audit Committee Terms of Reference and Role Profiles | tri-ennial | Deputy CFO Michelle Bellis | - | - | ✓ | ✗ | ✗ | ✓ | ✗ |
| Grant Regulations | tri-ennial | Chief Executive/Head of Partnerships and Commissioning, Vivian Stafford | ✓ | ✗ | ✗ | ✓ | ✗ | ✗ | ✓ |

Attendance Listing for Joint Audit Committee Meetings 2019/20

| | 23 May 2019 | 25 July 2019 | 19 September 2019 | 20 November 2019 | 18 March 2020 |
|--|-------------|--------------|-------------------|------------------|---------------|
| Independent Members | | | | | |
| Mrs Fiona Daley (Chair) | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr Jack Jones | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mrs Fiona Moore | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr Malcolm Iredale | ✓ | ✓ | | ✓ | ✓ |
| Commissioner's Officers | | | | | |
| Police & Crime Commissioner for Cumbria (Peter McCall) | | ✓ | | | |
| Chief Executive (Vivian Stafford) | | | | ✓ | ✓ |
| Chief Executive (Gillian Shearer) | ✓ | ✓ | ✓ | | |
| Constabulary Officers | | | | | |
| Chief Constable (Michelle Skeer) | | | | | |
| Deputy Chief Constable (Mark Webster) | ✓ | | ✓ | ✓ | ✓ |
| Assistant Chief Constable (Andrew Slattery) | | ✓ | | | |
| Joint Chief Finance Officer (Roger Marshall) | ✓ | ✓ | ✓ | ✓ | ✓ |
| Constabulary Director of Corporate Support (Stephen Kirkpatrick) | | | | ✓ | |
| Constabulary Director of Corporate Improvement (Jane Sauntson) | | | | | ✓ |
| Deputy Chief Finance Officer (Michelle Bellis) | ✓ | ✓ | ✓ | ✓ | ✓ |
| Financial Services Manager (Keeley Hayton) | | ✓ | | | |
| Financial Services Trainee (Inge Redpath) | ✓ | ✓ | ✓ | ✓ | ✓ |
| Head of Commercial (Barry Leighton) | | | | ✓ | |
| Apprenticeship Manager (Elaine Flowers) | | | ✓ | | |
| Detective Chief Inspector, Crime Command (David Stalker) | | | | ✓ | |
| Internal Audit | | | | | |
| Head of Internal Audit, Shared Internal Audit Services, Cumbria County Council (Richard McGahon) | ✓ | ✓ | ✓ | ✓ | ✓ |
| Audit Manager, Management Audit Unit, Cumbria County Council (Emma Toyne) | ✓ | ✓ | ✓ | ✓ | ✓ |
| External Audit | | | | | |
| Senior Manager, Grant Thornton LLP (Robin Baker) | ✓ | ✓ | ✓ | | ✓ |
| Auditor Manager, Grant Thornton LLP (Gareth Winstanley) | | | | ✓ | |
| Auditor Manager, Grant Thornton LLP (Hannah Foster) | | | | ✓ | |

Joint Audit Committee - Role Profile

Job Title: Committee Chair

1. Job purpose / key responsibilities - Chair

- 1.1. The Chair of the committee is responsible for providing leadership to the committee in effectively discharging its duties and responsibilities as set out in the committee terms of reference.
- 1.2. Ensuring that the committee achieves its purpose of providing an independent assurance function for the governance, internal control, risk and financial and non-financial performance of the Constabulary and OPCC.
- 1.3. The Chair must create and manage effective working relationships among the committee, the Commissioner, the Chief Constable, Section 151 officer (Joint Chief Finance Officer) and both internal and external auditors.
- 1.4. Meet separately with the Section 151 officer and External Auditor to discuss risk compliance and governance issues arising as a result of external or internal audit activity.
- 1.5. Act as the committee's spokesperson using his or her best efforts to see that the committee receives all material to be discussed at the meeting at least one week before the meeting to ensure sufficient time to review information.

2. Conduct of Committee Meetings

- 2.1. Act as the chair of each committee meeting ensuring the appropriate conduct of business in accordance with the committee terms of reference.
- 2.2. Conduct the business of each committee meeting in a manner which will result in all matters on the agenda being dealt with effectively and appropriately.
- 2.3. Propose the termination of discussion on any matter when he or she is of the opinion that the matter has been thoroughly canvassed and discussed and that no new points of view or information are being presented.

- 2.4. Attempt to achieve resolution of all issues discussed at the meeting in respect of which a decision is required and members express conflicting positions, views, or advice, but such attempt should in no way inhibit a member from maintaining a different position, view, or advice.
- 2.5. Ensure that all members who wish to address a matter at a meeting are afforded a reasonable opportunity to do so.
- 2.6. In any case where a member of the committee has an interest or potential conflict in respect of a matter to be discussed at a meeting, arrange for that member to excuse himself/herself from all or a portion of the committee discussion.

3. Committee Culture

- 3.1. Provide leadership in promoting and supporting a committee culture characterised by:
 - i) The willingness of each member to use his or her best efforts in carrying out his or her duties as a member of the committee;
 - ii) The committee's insistence on the highest level of integrity accountability and honesty in the actions of the committee and of the Commissioner, Chief Constable and the other officers of the OPCC/Constabulary;
 - iii) Respect and dignity among the members, officers and the external and internal auditor;
 - iv) The candid and timely sharing of information among the members of the committee, management and the external auditor;
 - v) Acceptance by all members of the committee of the right of every member to hold and express a dissenting opinion; and
 - vi) A commitment to best governance practices and standards practices.

4. Miscellaneous Matters

- 4.1. Assist the committee and management to understand and respect the responsibilities of each.
- 4.2. Whenever necessary or desirable, to facilitate the effective performance of the committee's duties, attend other meetings and committees including those to facilitate governance of the internal audit shared service.

Joint Audit Committee - Role Profile

Job Title: Committee Members

1. Job purpose / key responsibilities – Committee Member

- 1.1. To contribute to the effective discharge of the duties and responsibilities of the committee as set out in the committee terms of reference.
- 1.2. To maintain effective working relationships with committee members, the Police and Crime Commissioner, the Chief Constable, Section 151 officer (Joint Chief Finance Officer) and both internal and external auditors.
- 1.3. To be diligent in preparing for committee meetings and making an effective contribution to those meetings to provide independent assurance of the governance, internal control and finance, risk and performance management arrangements of the OPCC and Constabulary.

2. Conduct of Committee Meetings

- 2.1. Contribute to the business of each committee meeting in a manner which supports all matters on the agenda being dealt with effectively and appropriately.
- 2.2. Address the committee on all matters where an opinion or decision is required and in such a manner that does not inhibit other members of the committee wishing to express a different opinion.
- 2.3. Advise the committee Chair where an interest or potential conflict of interest may exist in respect of a matter to be discussed at a meeting and act on the advice of the Chair.

3. Committee Culture

- 3.1. As a member of the committee, contribute to a culture that supports:
 - i) Each member to use his or her best efforts in carrying out his or her duties as a member of the Committee;
 - ii) The highest level of integrity accountability and honesty in the actions of the committee and of the Commissioner, Chief Constable and the other officers of the OPCC/Constabulary;
 - iii) Respect and dignity among the members, officers and the external and internal auditor;

iv) The candid and timely sharing of information among the members of the committee, management and the external auditor;

v) Acceptance by all members of the committee of the right of every member to hold and express a dissenting opinion; and

vi) A commitment to best governance practices.

4. Miscellaneous Matters

4.1. When necessary or desirable, to facilitate the effective performance of the committee's duties, attend other meetings and committees.

CIPFA Self-assessment of Good Practice

| Good Practice Questions | Yes | Partly | No |
|---|-----|--------|----|
| Audit committee purpose and governance | | | |
| Does the Commissioner/Chief Constable have a dedicated audit committee? | ✓ | | |
| Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement? | ✓ | | |
| Is the role and purpose of the audit committee understood and accepted within the OPCC & Constabulary? | ✓ | | |
| Does the audit committee provide support to the OPCC & Constabulary in meeting the requirements of good governance? | ✓ | | |
| Are the arrangements to hold the committee to account for its performance operating satisfactorily? | ✓ | | |
| Functions of the committee | | | |
| Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement? | ✓ | | |
| good governance | ✓ | | |
| assurance framework, including partnerships and collaboration arrangements | ✓ | | |
| internal audit | ✓ | | |
| external audit | ✓ | | |
| financial reporting | ✓ | | |
| risk management | ✓ | | |

| | | | |
|---|---|--|--|
| value for money or best value | ✓ | | |
| counter-fraud and corruption | ✓ | | |
| Supporting the ethical framework | ✓ | | |
| Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas? | ✓ | | |
| Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them? | ✓ | | |
| Where coverage of core areas has been found to be limited, are plans in place to address this? | ✓ | | |
| Has the committee maintained its non-advisory role by not taking on any decision-making powers that are not in line with its core purpose? | ✓ | | |
| Membership and support | | | |
| Has an effective audit committee structure and composition of the committee been selected? This should include: | ✓ | | |
| separation from the executive | ✓ | | |
| an appropriate mix of knowledge and skills among the membership | ✓ | | |
| a size of committee this is not unwieldy | ✓ | | |
| where independent members are used, that they have been appointed using an appropriate process | ✓ | | |
| Does the chair of the committee have appropriate knowledge and skills? | ✓ | | |
| Are arrangements in place to support the committee with briefings and training? | ✓ | | |
| Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory? | ✓ | | |

| | | | |
|--|---|--|--|
| Does the committee have good working relations with key people and organisations, including external audit, internal audit and the chief finance officer? | ✓ | | |
| Is adequate secretariat and administrative support to the committee provided? | ✓ | | |
| Effectiveness of the committee | | | |
| Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work? | ✓ | | |
| Are meetings effective with a good level of discussion and engagement from all the members? | ✓ | | |
| Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers? | ✓ | | |
| Does the committee make recommendations for the improvement of governance, risk and control and are those acted on? | ✓ | | |
| Has the committee evaluated whether and how it is adding value to the organisation? | ✓ | | |
| Does the committee have an action plan to improve any areas of weakness? | ✓ | | |
| Does the committee publish an annual report to account for its performance and explain its work? | ✓ | | |