



NORTHAMPTONSHIRE POLICE, FIRE & CRIME PANEL

9th September 2021

Office of the Northamptonshire Police Fire & Crime Commissioner

Joint Independent Audit Committee - Annual Report 2020-21

1. Purpose of report

This report presents the JIAC Annual Report, as required by the terms of reference, for inclusion in the Annual Accounts.

2. Role of the Committee

The Audit Committee became operational in November 2012 and this is the eighth annual report of the Joint Independent Audit Committee (JIAC) created under the Home Office Financial Code of Practice for Police Services.

The current purpose of the Committee is:

'To support the Police Fire and Crime Commissioner and the Chief Constable to discharge their responsibilities by providing independent assurance on the adequacy of their corporate governance, risk management arrangements and the associated control environments and the integrity of financial statements and reporting.'

The full responsibilities of the JIAC are contained in its terms of reference.

3. Committee membership

Membership of the Committee during the financial year was:

Name	Appointment	Qualifications
John Beckerleg (Chair)	Appointed 1 October 2014*	MA, CIPFA, MBA
Ann Battom	Appointed December 2018	CIPFA, MSc
John Holman	Appointed 23 September 2019	TA MA MRICS
Gill Scoular	Appointed 1 December 2014*	CIPFA

Edith Watson

Appointed 23 September 2019

[*Note: the PFCC has offered to extend the terms of office of these members, due to the Covid pandemic, up to 30 November 2022 if required]

The Police, Fire and Crime Commissioner (PFCC) and Chief Constable (CC) agreed in 2017 that the size of the Committee should be increased to 5. Recruitment in 2019 means that the committee now has 5 members.

4. Committee's Terms of Reference

The Committee has established terms of reference derived from the CIPFA best practice model. The Committee is required to review its terms of reference annually and this was undertaken at the July 2021 JIAC meeting.

The JIAC covers three organisations: the Police, Fire and Crime Commissioner (PFCC), the Force and the Northamptonshire Fire and Rescue Authority (NFRA). The Northamptonshire Fire and Rescue Service (FRS) is provided by NFRA.

The Committee's work and scope are now well established and no changes were proposed to the terms of reference.

5. How the Committee discharges its responsibilities

The Committee's terms of reference drive the work programme and there is a well-established approach to agenda planning. The Committee held four formal meetings in the year. During the pandemic period the meetings have been held online. The meetings were open to the public and, as far as possible, the agenda items are taken in public. Attendance at meetings was as follows:

Name	Attendance / Possible attendance
John Beckerleg (Chair)	4/4
Ann Battom	3/4
John Holman	4/4
Gill Scoular	4/4
Edith Watson	2/4

The Committee's meetings have been well supported by officers from the Force, OPFCC and the FRS. The improved quality and timeliness of reports has been maintained. In addition, the Committee has appreciated the open and transparent approach of officers.

In addition, representatives of the Internal Auditors and the External Auditor attended the meetings and the Committee took the opportunity as it felt necessary to discuss topics in private with the auditors without officers being present.

The JIAC has received regular reports on:

- the Statement of Accounts (2018/19 and 2019/20);
- risk management and risk registers;
- treasury management;
- internal and external audit plans, recommendations and updates on progress; and
- updates on the inspectorate (HMICFRS) reports and recommendations.

It has also received updates or sought extra assurance on areas of specific risk or concern, including:

- Multi Force Shared Services (MFSS) upgrade, timescales and issues;
- Support provided by LGSS to the Fire Authority
- Future support arrangements:
- Budget and Medium Term Financial Plan update and timetable;
- Reviews by the Inspectorate (HMICFRS);
- Corruption and fraud controls and processes;
- Complaints procedures;
- Arrangements within the Police force to handle ethics;
- Update on the Professional Standards Department; and
- Business continuity and disaster recovery.

Three workshops were held during the year which considered the following areas:

- Sept 2020 - Fire Accounts;
- Oct 2020 - Police Accounts; and
- Feb 2019 - Fire IT services.

The two internal audit teams have successfully delivered a full programme of reviews.

In addition, the Chair and/or other JIAC members attended a CIPFA training day for Police Audit Committees and a CIPFA update for Police Audit Committees.

Members of the Committee are able to attend the Force Assurance Board to gain a more detailed insight into the many aspects of the Force from which assurance is required. There is a very positive approach within this Board to addressing aspects of assurance such as outstanding internal audit recommendations and risk which are a standing item for the Committee.

The pattern of the Committee working across the three organisations is now well established and there is the opportunity to share information and learn from each

other. Managing the agenda, now spanning all three bodies, continues to be a challenge but this is greatly assisted by well-produced and timely reports. In some cases there is the opportunity to reduce the frequency of reporting on some topics now that policies and procedures have become more embedded.

The Committee continues to gain significant assurance from both the reports and officers. There are some areas where there are concerns which are set out below. However, the members of the Committee appreciate the openness of the officers to discuss all areas of the business and willingness to respond to questions.

6. Assessment of the Audit Committee's performance against its plan and terms of reference

The Committee is keen to be effective and in particular make a positive and constructive contribution to the work of the PFCC, CC and NFRA and the achievement of their strategic priorities.

The Committee's aims and objectives for 2020/21 are set out in Appendix A. Five of the six objectives have been completed. The final objective – a self-assessment of JIAC has not been concluded but the Committee continues to invite constructive criticism from officers and auditors to help it improve the contribution it makes.

Appendix B sets out the objectives for 2021/22. There are some key areas which the Committee will keep under review including support services and statutory accounts. Given that the core work programme is now established there is an opportunity to explore other governance topics; these will be discussed with officers.

7. Identification of key issues

During 2020/21 the Committee considered a range of topics and issues. Two of the key ones were:

Delays in signing off Annual Accounts 2018/19 and 2019/20

This must be an area of major concern for all of those responsible for effective governance.

The late completion of the audit of the statutory accounts has been caused by a number of factors including:

- The impact of the pandemic;
- Insufficient auditors with appropriate experience;
- Increased expectations being placed on auditors;
- Ensuring adequate working papers; and
- Dependence on the completion of related audits.

From the perspective of a member of the public, there is a need to ensure that the statutory accounts present a fair picture of the organisations' financial activities and standing. The external audit arrangements are intended to provide a level of assurance that this is the case. But significant delays in the auditor providing their opinions significantly undermines the value of that assurance and effective accountability.

The actual dates when the accounts have been signed off were;

Organisation	2018/19	2019/20
Police and PFCC	28 July 2020	21 June 2021
Fire	1 July 2020	31 March 2021

Delays in the audit timetable are not unique to Northamptonshire Police, Fire and PFCC.

Delays in concluding the statutory accounts has a knock-on effect on the Finance teams and their ability to devote time to other activities in the annual financial cycle (e.g. budget preparation).

In recent months there have been a number of reviews into the role of and arrangements for external audit. These are likely to lead to increased expectations on the external auditor; this will probably result in increased fee levels and will be a consideration in the re-tendering for external audit services.

Enabling services programme

The provision of support services by the Multi-Force Shared Services (MFSS) has been a topic identified in three previous JIAC reports. There was increasing concern about the effectiveness and cost of the support.

The decision has now been taken to conclude the partnership arrangement in 2022 and to bring many of the support services 'in-house'. The opportunity will also be taken to achieve the benefits of joint working across Police and Fire.

This is a major and important programme affecting the effective governance and control framework for each of the services. JIAC has received a briefing on the programme from the chief officer leading the programme and will continue to seek updates as the programme is implemented.

8. Assessment of Internal Audit

PFCC and CC

Mazars were appointed as the internal auditor for four years with effect from 1 April 2015 following a competitive tendering process involving neighbouring Counties.

Chief Finance Officers across the region have extended the contract with Mazars for a further three years to April 2022. The internal audit service will be re-tendered in 2021/22 by Derbyshire on behalf of the region.

There are distinct benefits in having the same internal auditor covering the Police region (for example, for audits of collaborative arrangements).

The internal audit plan for 2020/21 was approved by the JIAC in March 2020, and the Committee recommended the Commissioner and the Chief Constable to sign off the plan. Progress against the audit plan has been good.

The Force and OPFCC have generally accepted the recommendations made in the internal audit reports (or explained why a particular recommendation has not been accepted). Managers have progressed the agreed actions in most cases to the agreed timescale and the Committee continues to monitor progress until actions have been completed.

The Committee has been monitoring the recommendations which have passed their implementation date.

NFRA

The internal audit of NFRA (and NFRS) was undertaken by LGSS for 2020/21.

The internal audit plan for NFRA was approved at the March 2021 JIAC meeting and the Committee recommended the Commissioner to sign off the plan. Progress against the Audit Plan has been good. The audit reports have produced a number of important recommendations for the Service which will help to strengthen the control framework.

In due course there will need to be consideration of whether there should be a single internal auditor covering all three organisations. The regional approach to the procurement of internal audit for Police may make this slightly more difficult but there are probably benefits to be gained by having the same internal auditor for all organisations.

9. Assessment of External Audit

Paragraph seven above comments on the late conclusion of the external audit of the statutory accounts.

The Committee has explored the mechanism for managing this poor performance. Regrettably, because of a national decision to join a consortium tendering for external audit work to secure better value for money, the PFCC and CC have limited ability to manage the contract directly. Committee members have highlighted concerns to the tendering body. It will be necessary to consider the pros and cons of continuing to use the consortium for the imminent re-tendering exercise.

The Covid 19 pandemic has disrupted the audit work for 2020/21. This was recognized by the Government which has extended the deadlines for authorities to complete their closedown work. At the time of writing there is no certainty when the audit work will commence and conclude.

Locally the external audit team has been thorough and engagement has remained positive and constructive. But from the Committee's observations, the timing, structure, planning, fees and for the 2018/19 audit, the quality of some of the audit team have been below expectations.

10. Looking forward

Appendix B sets out the draft Aims and Priorities for the Committee for 2021/22.

These reflect:

- Any outstanding recommendations from 2020/21;
- Known areas of concern / high risk; and
- Strategic areas or change programmes directly related to effective governance or the control framework.

12. Conclusion

The Committee has an effective work programme based on robust governance frameworks across the three organisations.

Thanks are due to the officers who support the Committee and who have provided honest and objective assurance about the arrangements which exist. The committee is grateful to the Finance teams including the statutory officers; they have again been put under considerable pressure working throughout the last year, not least because of the lockdown and the protracted audit timetable.

The JIAC will continue to undertake the duties assigned to it in the agreed terms of reference and seek to ensure that it makes a constructive contribution to achieving the agreed priorities. The Committee would welcome feedback or suggestions about how it can become more effective in discharging its responsibilities.

13. Recommendations

- 13.1 That the Northamptonshire Police, Fire and Crime Panel considers the content of the report and its appendices.

J Beckerleg
Chair of Joint Independent Audit Committee