

Joint Independent Audit Committee

Annual Report 2022/23



To the Police and Crime Commissioner and the Chief Constable of Durham Constabulary

The Joint Independent Audit Committee Annual Report 2022/23

Introduction

This is the annual report of the Joint Independent Audit Committee (JIAC) and covers the financial year 2022/23.

The report has been developed to enable the reader to form a view about the effectiveness of the Committee's activities during the year and its oversight of the Assurance and Risk Management Frameworks within which County Durham and Darlington's Police and Crime Commissioner and Durham Constabulary's Chief Constable (CC) operates.

The Chartered Institute of Public Finance and Accountancy (CIPFA) recommends that Audit Committees report on their work and assess their performance.

All audit Committees are non-executive bodies whose role is to make recommendations rather than to decide policies directly. The impact of the Committee is through influence and persuasion rather than direct decision making. The Committee's effectiveness does not depend on the delegation of powers. Police audit Committees in England and Wales can never be delegated decision-making or approval powers by the Police and Crime Commissioner or the Chief Constable. ¹

Background

The Joint Independent Audit Committee is an independent body which checks both Durham Constabulary and the Police and Crime Commissioner of Durham are following national and local regulations, handling public finances in accordance with the law and not taking undue risk.

¹ The Chartered Institute of Public Finance and Accountancy/audit committees
Practical Guidance for Local Authorities and Police
2018 Edition



It operates as a single Committee, providing assurance jointly both to the Police and Crime Commissioner and Chief Constable of County Durham and Darlington. It operates to a set of terms and reference reviewed annually.

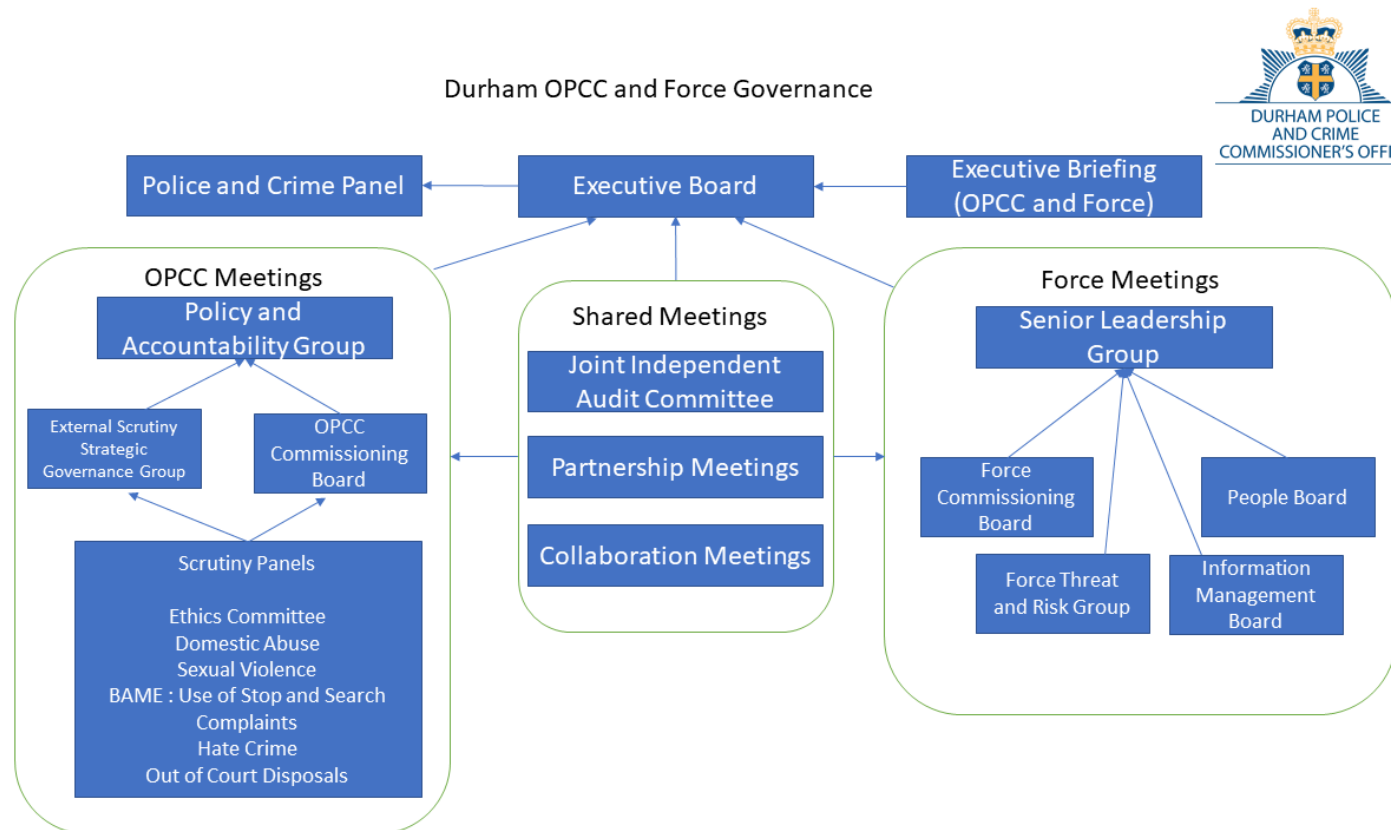
The JIAC for County Durham and Darlington was established in April 2013.

Aims and Objectives

The primary aim of the Joint Independent Audit Committee is to support the achievement of the Police and Crime Plan by enhancing public trust and confidence in the governance of Durham Constabulary.

- The JIAC help improve the overall governance arrangements across the Police and Crime Commissioners Office and Durham Constabulary according to good governance principles and provide assurance to the Police and Crime Commissioner and the Chief Constable on the effectiveness of the framework in place for ensuring compliance with statutory requirements.
- The JIAC help improve the adequacy and effectiveness of risk management framework and internal control environment in place across the Police and Crime Commissioners Office and Durham Constabulary by seeking reliable assurance from whoever is best placed to provide it and ensuring appropriate and timely action is taken to address any weaknesses identified.
- The JIAC help improve the financial integrity of financial planning and reporting, and the achievement of Value for Money (VfM), in the Police and Crime Commissioners Office, Durham Constabulary and partner organisations.
- The JIAC review and monitor treasury management arrangements in accordance with Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (CIPFA, 2017)

The diagram below shows the Police and Crime Commissioner's relationship with the Chief Constable, how the Police and Crime Commissioner is ultimately responsible to the public, and the additional scrutiny mechanisms which are in place in Durham.



Durham Police and Crime Commissioner's Accountability Framework (taken from the Durham PCC website)

Membership of the Committee and Attendance Record

The Committee members come from a range of backgrounds with a wide skillset.

The Committee is composed of the following members Mr Eddie Bell (Chair), Mr Mac Williams (Vice-Chair), Mrs Jenny Flynn, Doctor Stuart Green, Mr Derek Shingleton, Professor Richard Scothon, Councillor Heather Scott nominated by Darlington Borough Council and Councillor Alex Watson nominated by Durham County Council.

Membership	No. of meetings held	No. of meetings attended	% of meetings attended
Mr Eddie Bell (Chair)	6	5	84%
Mr Mac Williams J.P. (Vice Chair)	6	5	84%
Mrs Jenny Flynn	6	5	84%
Dr Stuart Green	6	4	66%
Prof Richard Scothon	6	5	84%
Councillor Heather Scott	6	5	84%
Mr Derek Shingleton	6	4	66%
Councillor Alex Watson	6	6	100%

Table: Members' attendance in 2022/23

Members are paid for their time. The remuneration rates for the financial year 2022/23 were: £112.75 for up to a 4-hour period, £164.00 between 4- & 6-hour period, £215.25 more than a 6-hour period. (Please note that following advice from Her Majesty's Revenue and Customs (HMRC) all payments are subject to Pay as You Earn deduction. There is a policy in place which is reviewed annually, and members are reimbursed accordingly after each meeting. At the meeting held on 21st March 2023 all members agreed to accept the proposed 3% pay award. The cost of the Joint Independent Audit Committee for 2022/23 was £5,324.85.

Meetings 2022/23

The Committee met formally on six occasions during 2022/23.

Date	Place	Time	Meeting
10/05/2022	Darbley Room	09:30 am	JAC Training Day
05/07/2022	Watson Room	09:30 am	Joint Independent Audit
06/09/2022	Darbley Room	09:30 am	Joint Independent Audit
01/11/2022	Teams	10:00 am	Joint Independent Audit
10/01/2023	Hacker Room	10:00 am	Joint Independent Audit
23/03/2023	Watson Room	11:30 am	Joint Independent Audit

Table: Meetings held 2022/23

The JIAC meetings are normally attended by the Police and Crime Commissioner's Chief of Staff (as Monitoring Officer) however in this financial year this post has been vacant, the Joint Chief Finance Officer, Internal and External Auditors. Other officers attend in accordance with reporting requirements. The new Chief of Staff for the Police and Crime Commissioner attended the Committee's meeting on 23rd March 2023.

The Joint Independent Audit Committee Annual Report for 2021/22 was presented on 23rd June 2022 to the Police and Crime Commissioner, the Chief Constable and the Police and Crime Panel. The Police and Crime Commissioner and Chief Constable of Durham Constabulary welcomed this extra layer of assurance and accountability provided by this Committee.

The Work of the Committee in 2022/23

The Committee consider reports from officers and staff of the Police and Crime Commissioner or Chief Constable, and reports from internal and external auditors and request reports as felt necessary.

Training was given at the meeting held on 10th May 2022 from Internal Audit, Professional Standards and Legal Services. Presentations on the Roles and Functions of the JIAC, Terms of Reference, Decision Making Process, Seven Principles of Public Life, Durham Constabulary's Plan on a Page, and Treasury Management were shared.

Members were invited to attend the Investigative Hub new build Custody Suite located on the outskirts of Durham City on 3rd and 10th March 2023.

Investigative Hub

The investigative hub which will open later this year, will provide Durham Constabulary with a modern, efficient, and regulatory compliant custody suite, crime scene examiners facility and evidence store. Located at DurhamGate, the Investigative hub is centrally located in relation to the area's main conurbations, and adjacent to the main arterial road network allowing ease of access for officers, staff and public, including those that need to reach it via public transport.

Currently spread around the Constabulary area, the existing custody provision at Darlington, Durham and Peterlee Police stations is problematic to maintain, failing many of the basic requirements required by the His Majesties Inspectorate of Constabulary. The hub will provide the Constabulary with a modern and safe custody facility, built in line with national guidance and with an eye on foreseeable future requirements such as virtual courts and increased standards around forensic evidential recovery. Efficiencies in layout and the consolidation of staffing into one site allows for changes to working practices that aren't feasible when spread over three sites, this includes significant improvements in the availability of on-site medical care. The first floor to the hub will be occupied by various investigation and related teams from across the organisation.

Co-located on the same site is the new base for the Constabulary's crime scene examiners. Replacing their existing out of date building; modern rooms and efficient workflows, with effective ventilation have been designed to heighten the integrity of evidence stored and examined, in line with the requirements sent by the Forensic science regulator. Adjacent is a new secure storage facility, designed to replace the disparate series of property stores currently in use around the Constabulary estate.

Below is a picture of a couple of the Joint Independent Audit Committee members who visited the site earlier in the year:



Senior Project Manager Tilbury Douglas Construction Limited Tim Shepherd, JIAC Chair Mr Bell and JIAC member Mrs Flynn visiting the Investigative Hub on 3rd March 2023.

Reports

A full list of reports and presentations reviewed/requested by the JIAC in 2022/23:

- Durham Constabulary - Assistant Chief Constable Introduction
- Durham Constabulary - Budget Monitoring Report 2022/23
- Durham Constabulary – Collaboration Annual update
- Durham Constabulary - Draft Budget Outturn 2021/22
- Durham Constabulary - Fleet Management Update
- Durham Constabulary - Force Management Statement
- Durham Constabulary - Force Review
- Durham Constabulary - Investigative Hub updates (every meeting)
- Durham Constabulary - National Wellbeing Survey 2021/22
- Durham Constabulary - Plan on a Page/Risk Register
- Durham Constabulary - Professional Standards quarterly updates
- Durham Constabulary - Staff Survey
- Durham Constabulary – Treasury Management Update
- Durham Constabulary - Use of Force
- External Audit - Annual Report
- External Audit - Audit Update 2021/22 & Progress Report x 2
- External Audit - Completion Report 2020/21
- External Audit - Progress Report 2021/22
- Internal Audit – Annual Fraud and Corruption Report
- Internal Audit – Annual Governance Statement/Chief Constable
- Internal Audit – Annual Governance Statement/Police and Crime Commissioner
- Internal Audit – Annual Opinion 2021/22
- Internal Audit – Annual Review of the System of Internal Audit 2021/22
- Internal Audit – Charter
- Internal Audit – Evaluating the Effectiveness of the JIAC

- Internal Audit – Plan 2023/24
- Internal Audit – Progress Report 2022/23
- Internal Audit – Self Assessment of Good Practice 2021/22
- JIAC - Annual Report 2021/22
- JIAC - Draft Annual Report 2021/22
- JIAC - Deputy Police and Crime Commissioner Introduction of Role
- JIAC - Roles and Functions of the Joint Independent Audit Committee
- JIAC - Review of Members Allowance/Expenses
- JIAC - Self-Assessment
- JIAC - Terms of Reference Annual Review
- PCC – Allocation of Funds
- PCC - Commissioning update
- PCC - Decision Making Process
- PCC - Fire Reform White Paper
- PCC - Governance Process
- PCC - Grant Funding 2022/23
- PCC - Risk Register
- PCC – Review of Joint Audit Committee Expenses
- PCC - Review of Joint Chief Finance Officer Role
- PCC - Seven Principles of Public Life
- PCC - Treasury Management



The JIAC questions and challenges the staff on the reports it receives and any other matters arising. It aims to add value to the work of the Police and Crime Commissioner and Chief Constable by posing these questions in a constructive manner. Where follow up action is agreed as necessary, this is noted in a forward plan/action log and added to the appropriate meeting.

The Committee is accountable to the Police and Crime Commissioner and the Chief Constable. CIPFA's Practical Guidance for Local Authorities and Police Audit Committees sets the criteria for this accountability which forms the basis of this report.

The criteria is as follow:

Has the committee fulfilled its agreed terms of reference?

Has the committee adopted recommended practice?

Have the development needs of the committee members been assessed and are committee members accessing training opportunities?

Has the committee assessed its own effectiveness or been the subject of a review?

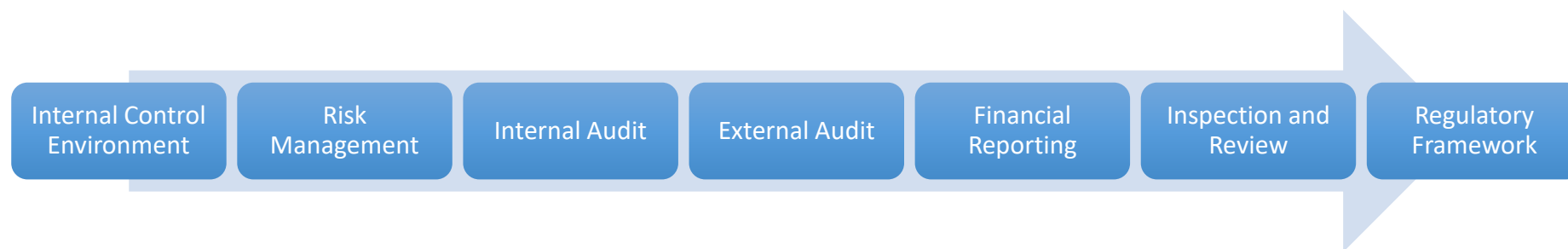
What impact has the committee had on the improvement of governance, risk and control?

Has the Committee fulfilled its terms of reference?

The Committee's terms of reference were reviewed. Details can be found on the Police and Crime Commissioner website at <https://www.durham-pcc.gov.uk>

The specific objectives of the Committee during 2022/23 was to oversee the following arrangements:

- Internal Control Environment
- Risk Management
- Internal Audit
- External Audit
- Financial Reporting
- Inspection and Review
- Regulatory Framework



The Committee has met its requirements through the year. A total of 42 reports/updates were considered the details of which are provided in Appendix 1. The key activities are summarised below:

- **Internal Control Environment** - The Committee-maintained oversight of the preparation of Annual Governance Statements for the Police and Crime Commissioner and Chief Constable, which are consistent with the principles of the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government. The Annual Governance Statements were considered by the Committee prior to their final production. The Committee also considered the robustness of the internal control environment through reports from both internal and external audit.
- **Risk Management** - The risk registers presented throughout 2022/23 focused on the most strategic risks.
- **Internal Audit** - Internal Audit activities were reviewed with updates on agreed plans, performance of the internal audit team and significant findings from those audits with a “limited” opinion being considered. The internal audit findings considered by the Committee continue to be wide ranging.

In addition, updates on internal audit’s compliance against the Public Sector Internal Audit Standards have also been deliberated. In March 2023, the Committee endorsed the Internal Audit Strategy and Audit Charter and the Work Programme for 2022/23.

- **External Audit** – External audit activity throughout 2022/23 has been limited due to staffing issues. The Chair and members raised concerns on the performance of external audit against their pre-defined Key Performance Indicators.
- **Financial Reporting** – Statements of Accounts were reviewed prior to their final production in addition to the Committee considering the related external auditor’s report. Members reviewed the HMICFRS value for money outcomes that are published annually.
- **Inspection and Review** – Regular updates from HMICFRS inspections were considered, which include details of recommendations or improvement actions and grading’s awarded for each inspection. Where relevant, the Committee asked for additional information and updates to be provided.
- **Regulatory Framework** - Specific aspects of the regulatory framework, such a review of Accounting Policies, Treasury Management Strategy, Anti-Fraud and Corruption arrangements etc. have taken place during the year. The annual effectiveness review of anti-fraud and corruption

arrangements included an update on internal investigations undertaken by the Professional Standards Department, providing oversight on matters of conduct and behaviour. The Committee has maintained an overview in respect of financial regulations and contract standing orders through the assurance work provided by internal audit during the year on key financial systems.

Has the Committee adopted recommended practice?

As part of its annual review, the Committee reviewed its performance against good practices identified by CIPFA. The review shows the Committee is following good practice in the way it operates.

Has the Committee assessed its own effectiveness or been the subject of a review?

The Committee considered and accepted the benefit of undertaking a further self-assessment against the CIPFA requirements during 2022/23. This will determine whether any further training is required for new and existing members.

The Committee has assessed its own effectiveness based on CIPFA guidance, this information has been shared with the Chief of Staff, Internal, and External Audit.

Have the development needs of Committee members been assessed and are they accessing briefing and training opportunities?

The Chair has a forward planning mechanism and holds regular pre meetings with the Chief of Staff and the Joint Chief Finance Officer. The forward plan is updated at these meetings, and this informs the agenda of upcoming meetings.

JlAC members received training and development in their roles and an induction seminar took place for new and existing Committee members on 10th May 2022.

The outcomes outlined from the training day was the members felt they would benefit from refresher training *in arrangements for the appointment of External Audit, Risk Management (including sight of the policy and strategy), and the overview of the governance structures of the PCC office and Durham Constabulary (decision making processes, knowledge of the organisational objectives and major function of the organisations).* Also new members requested training on the Audit Committees role and functions, counter fraud, the seven principles of public live, and members felt that they understood the reports but clearer communication mechanisms need to be in place so members of the public understand, and they should be less use of acronyms and a wider use of plain English. These topics were covered at the meeting held 10th May 2022.

What impact has the Committee had on the improvement of governance, risk, and control?

A wide range of issues were considered by the Committee during the year, providing independent scrutiny of the Police and Crime Commissioner and the Chief Constable. The Committee has made an impact on the governance of both organisations as demonstrated in the following examples.

- The Committee has identified areas where briefings and training were required to fulfil its role. It has received reports or presentations on a range of areas including the budget setting process. This provides assurance on these arrangements.
- The Committee has played a key role in reviewing the annual accounts and annual governance statements, providing assurance to the Police and Crime Commissioner and Chief Constable before they formally approve these documents.
- The Committee monitors the performance of the internal and external auditors and members have continued to actively participate in nationally held PSAA Local Audit Quality Forum events and receive updates on the Future of Local Government Audit.
- The Committee were briefed on the Scheme of Corporate Governance Framework, which sets out how the Police and Crime Commissioner and the Chief Constable conduct their organisations business both jointly and separately.
- The Committee identified a need for further information on commissioned services to be presented to the JIAC for assurance purposes on value for money and effectiveness.

The Chief Constable and Police and Crime Commissioner are 'those charged with governance' the Committee's role is non-executive and purely advisory.

The influential 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.

The influential audit Committee supports:



Source: Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2013)

Committee's Conclusions on Governance

The Committee's primary contribution to the Police and Crime Commissioner's Plan and the Chief Constables strategic objectives is to ensure the governance, control, risk management and audit systems which underpin the work of the Police and Crime Commissioner, and Durham Constabulary are sound, reliable, robust, and secure.

This annual report sets out how the Committee fulfilled these responsibilities in the financial year 2022/23.

The Committee reviewed its effectiveness against its terms of reference and has continued to develop the areas for improvement identified in the self-assessment undertaken in April 2022, against the revised CIPFA Practical Guidance for Local Authorities and Police Audit Committees.

The Committee continues to recognise the significant challenges facing the Police and Crime Commissioner and the Chief Constable and aims to promote and support good governance. Any advice offered will be considerate of these challenges.

The continued openness of the Police and Crime Commissioner and Chief Constable and the value they place on the work of the Joint Independent Audit Committee in assisting them to provide best value to the public is acknowledged. I was especially grateful for the flexible and swift response from the Police and Crime Commissioners Office to the changes in Committee membership, which has allowed us to maintain excellent levels of attendance throughout the year.

To conclude, on behalf of the Committee, I would like to thank the officers of the Police and Crime Commissioner and Durham Constabulary, Internal Audit (Durham County Council) and External Audit (Mazars) for their cooperation in challenging times. They were essential in ensuring that the Joint Independent Audit Committee was able to function effectively and fulfil its role during 2022/23.

Edward Bell

Chair Joint Independent Audit Committee 2022/23

Appendix 1

Joint Independent Audit Committee: Items Covered & Members Attendance 2022/23

	10/05/2022	05/07/2022	06/09/2022	01/11/2022	10/01/2023	23/03/2023
	Training Day					
Governance /Risk Management		Investigative Hub Update Update of Review of Joint Chief Finance Officer Role Fire Governance White Paper Annual Force Management Statement	Investigative Hub Update Force Review	Investigative Hub Update Fleet Management Update Professional Standards Update Risk Register – Chief Constable Risk Register - PCC	Investigative Hub Update	Investigative Hub Update Professional Standards Update Commissioning and Grant Funding 2022/23 Governance Process & Allocation of Funds Efficiency Plan on a Page

	10/05/2022 Training Day	05/07/2022	06/09/2022	01/11/2022	10/01/2023	23/03/2023
Internal Audit (IA) Internal Control Environment	Self-assessment on Effectiveness of Committee and Members	Annual Report – Fraud & Corruption Internal Audit Progress Report Q4 2021/22 Annual Internal Audit Opinion 2021/22 Annual Governance Statement Action Plan 2020/21 Draft Annual Governance Statement Annual Review of the System of Internal Audit 2022	Final Annual Governance Statement 2021/22	Internal Audit Progress Report	Internal Audit Progress Report	Internal Audit Plan 2023/21 Internal Audit Charter

	10/05/2022	05/07/2022	06/09/2022	01/11/2022	10/01/2023	23/03/2023
	Training Day					
External Audit (EA)			External Audit Completion Report 2020/21 External Auditor's Annual Report	External Audit Progress Report 2021/22	External Audit Progress Report 2021/22	External Audit Update 2021/22 & Progress Report
Inspection and Review	Draft JIAC Annual Report 2021/22 Investigative Hub Update	JIAC Annual Report 2021/22 Review of Effectiveness	National Wellbeing Survey 2021/22			Annual Report: Collaboration Review of Joint Audit Committee Expenses
Regulatory Framework / Financial Reporting			Draft Budget Outturn 2021/22 Budget Monitoring Report 2022/23			Treasury Management

Members Attendance	10/05/2022 Training Day	05/07/2022	06/09/2022	01/11/2022	10/01/2023	23/03/2023
Eddie Bell (Chair)	Apologies	Attended	Attended	Attended	Attended	Attended
Mac Williams (Vice Chair)	Attended	Attended	Attended	Apologies	Attended	Attended
Jenny Flynn	Attended	Attended	Attended	Attended	Apologies	Attended
Stuart Green	Apologies	Attended	Attended	Attended	Attended	Apologies
Derek Shingleton	Apologies	Apologies	Attended	Attended	Attended	Attended
Richard Scothon	Attended	Attended	Attended	Attended	Attended	Apologies
Cllr Heather Scott	Apologies	Attended	Attended	Attended	Attended	Attended
Cllr Alex Watson	Attended	Attended	Attended	Attended	Attended	Attended