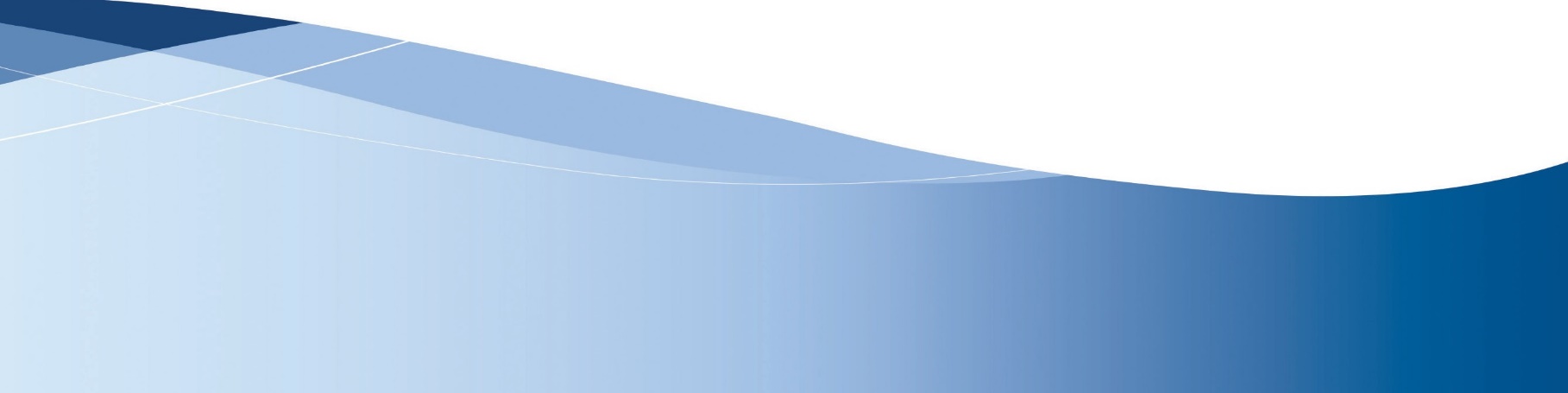
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**Joint Independent Audit Committee**

**Annual Report 2019/20**

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**To the Police, Crime and Victims’ Commissioner and the Chief Constable of Durham Constabulary**

**Joint Independent Audit Committee Annual Report 2019/20**

**Introduction**

The Chartered Institute of Public Finance and Accountancy (CIPFA) recommends that Audit Committees report on their work and assess their performance. The Joint Independent Audit Committee (JIAC) presents its annual report for 2019/20. The Committee is a key component of the corporate governance framework of the Office of the Police, Crime and Victims’ Commissioner and Chief Constable of County Durham and Darlington.

**Background**

The Joint Independent Audit Committee was set up as a statutory requirement alongside the changes which saw the introduction of a Police and Crime Commissioner (PCC) in November 2012. It operates as a single committee, providing assurance jointly both to the PCC and Chief Constable of County Durham and Darlington. It operates to a set of terms and reference agreed annually. The JIAC for County Durham and Darlington was established in April 2013.

The purpose of this committee is to independently review and advise on the effectiveness of the Police, Crime and Victims’ Commissioner (PCVC) and Chief Constable’s (CC) governance, risk management and control frameworks, financial reporting and annual governance processes, internal and external audit, and treasury management. This report sets out how these responsibilities were met in 2019/20.

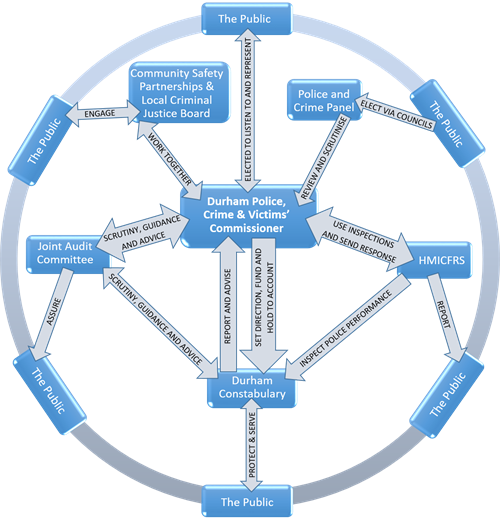
The committee consider reports from officers and staff of the PCVC or CC, and reports from internal and external auditors and also request reports as felt necessary.

A full list of reports covered can be found in Appendix 1.

A full list of reports requested by the JIAC in 2019/20:

* Annual Governance Statement summary
* Commissioning Funding Streams
* Evaluation of Complaints Resolution Team
* Facial Recognition
* GDPR summary
* Internal Audit of a specific aspect of the Evidence Related Property (ERP) project
* Legal Services Review
* Pension summary
* Protocols around spit guards
* Treasury Management Reports

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

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

*Durham PCVC Accountability Framework* (taken from PCVC website)

**Membership**

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

The Committee is composed of seven members Elsie Davies (Chair), Jenny Flynn, Roger Humphries, Derek Shingleton, Diane Murphy, Cllr Edward Bell nominated by Durham County Council and Cllr Heather Scott (commenced 3rd September 2019) nominated by Darlington Borough Council.

|  |  |  |  |
| --- | --- | --- | --- |
| Member | No. of meetings held | No. of meetings attended | % of meetings attended |
| Elsie Davies (Chair) | 8 | 8 | 100 |
| Eddie Bell (Cllr) | 8 | 7 | 88 |
| Jenny Flynn | 8 | 6 | 75 |
| Roger Humphries | 8 | 5 | 63 |
| Diane Murphy | 8 | 6 | 75 |
| Heather Scott (Cllr) | 4 | 4 | 100 |
| Derek Shingleton | 8 | 6 | 75 |

The JIAC meetings are also attended by the PCVC’s Chief Executive (as Monitoring Officer), the Joint Chief Finance Officer, Internal and External Auditors. Other officers attend in accordance with reporting requirements.

*Table: Members’ attendance in 2019/20*

**Meetings 2019/20**

|  |  |  |  |
| --- | --- | --- | --- |
| **Date** | **Place** | **Time** | **Meeting** |
| 23/04/2019 | Police Headquarters | 11:00 am | Joint Independent Audit |
| 01/05/2019 | Police Headquarters | 11:00 am | JIA Training Day |
| 04/06/2019 | Police Headquarters | 11:00 am | Joint Independent Audit |
| 16/07/2019 | Police Headquarters | 11:00 am | Joint Independent Audit |
| 03/09/2019 | Police Headquarters | 11:00 am | Joint Independent Audit |
| 15/10/2019 | Police Headquarters | 11:00 am | Joint Independent Audit |
| 03/12/2019 | Police Headquarters | 11:00 am | Joint Independent Audit |
| 25/02/2020 | Police Headquarters | 11:00 am | Joint Independent Audit |

*Table: Meetings held 2019/20*

Members are paid for their time. The remuneration rates are: £110.00 (up to a 4 hour period), £160.00 (between 4 & 6 hour period), £210.00 (in excess of a 6 hour period). (Please note that following advice from HMRC all payments are subject to Pay As You Earn deduction). There is a policy and suitable arrangements in place that all claims received were reviewed and payments made accordingly.

The chair and note taker attended the CIPFA Police Audit Development Day held in York on 21st November 2019. The chair met with the Chief Constable and Head of External Audit in December 2019, and the Acting PCVC early in 2020.

The chair attended an Executive Board on 9th January 2020.

The Committee is accountable but independent of the PCVC and the Chief Constable. CIPFA sets criteria for this accountability which forms the basis of this report:

* 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?

In this financial year there has been a change of Chief Constable and a Temporary appointment of PCVC due to the ill health and sadly the death of PCVC Mr Ron Hogg.

In 2020 the Coronavirus brought disruption to people and businesses around the world. This Joint Audit Committee have remained dedicated and have adapted to modern methods of working.

**Has the committee fulfilled its terms of reference?**

Terms of reference have regard to CIPFA guidance and were reviewed at the training day on 1st May 2019. The JIAC agreed to the revised terms of reference on 4th June 2019. Details can be found on the PCVC website and are summarised below:

|  |  |
| --- | --- |
| Governance, risk and control | The Chartered Institute of Public Finance and Accountancy (CIPFA) recommends that Audit Committees report on their work and assess their performance. This is the report of the Joint Independent Audit Committee.  There is a process in place detailing the requirements of Members of the Joint Independent Audit Committee to declare any conflicts of interest, or any offers of gifts and hospitality which may be received. |
| Internal audit (IA) | Internal audit charter, audit plan, audit progress report, performance of the internal audit service and its independence, annual report and opinion, progress of internal audit activity against the audit plan, internal audit reports (fraud & corruption, review of the system of IA, review of terms of reference) |
| External audit | Scope and depth of external audit work, its independence and value for money, annual management letter, progress reports, report to those charged with governance and other reports, effectiveness of relationships between external and internal audit and other inspection bodies. |
| Financial reporting | Annual statement of accounts, accounting policies, concerns arising from the audit, report to those charged with governance. |
| Accountability arrangements | Report to the PCVC and Chief Constable with advice and recommendations on any relevant matters, review performance against terms of reference annually and report the results to the PCVC and Chief Constable |
| Treasury Management | Ensure effective scrutiny of the treasury management strategy and policies. |

The Committee believes it has met these requirements, through both relevant agenda items and the effectiveness of its review. Audit activity is reviewed quarterly including internal and external audit plans and reports. The external quality assessment of internal audit was also considered. Aspects of governance, including risk management, have been reviewed. Treasury management strategy and performance have also been reviewed. The Annual Governance Statements were considered in April and the action plan was discussed at the October meeting. The annual accounts and external auditor’s report were considered and approved.

**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. (Appendix 2).

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

The Committee has assessed its own effectiveness based on CIPFA guidance (Appendix 3).

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

As part of their continuing development JIAC members have received training, presentations and briefings in several areas during 2019/20, including Audit Committee Practical Guidance for Police 2018, the role of the Head of Internal Audit, Whistleblowing, and Code of Corporate Governance.

The Chair has a forward planning mechanism and holds regular pre meetings with the Chief Executive and Joint Chief Finance Officer. The forward plan is updated at these meetings.

JIAC members will continue to receive training and development in their roles and an induction seminar is planned for new committee members.

Training was received in October in relation to the Statutory Accounts. Members are satisfied with the level of training received.

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

The Committee has considered a wide range of areas during the year, but legislation restricts the role of police audit committees. The Chief Constable and PCVC are ‘those charged with governance’ the Committee’s role is non-executive and purely advisory.

The Committee has made an impact during the year and good examples of this are:

• 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 a key role in reviewing the annual accounts and annual governance statements. With its overview of governance, the Committee is well-placed to provide assurance to the PCVC and Chief Constable before they formally approve these documents.

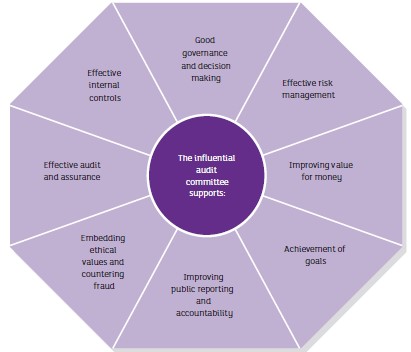
• The Committee monitors internal audit resources and progress against the audit plan. It regularly challenges progress, resources and discusses findings from reports.

• The Committee have recommended that there is scrutiny of stop and search. The force have analysed this and the Committee were updated on outcomes at the December meeting.

• The Committee reviewed the complaint files process and until 16th July 2019 looked at each file in order of severity. The rest of the files were categorised and randomly sampled. Conduct files were reviewed at every meeting.

A report was brought to the September meeting on the Future Governance Arrangements for Police Complaints and as a result of this the Committee agreed with the recommendation to disband the Joint Independent Audit Sub-Complaints Committee. The future scrutiny of Police Complaint and Conduct files will be scrutinised by the Office of the Durham Police, Crime and Victims’ Commissioner, and that the Committee receive a regular ‘Complaints Against The Police/Police Staff’ report from Professional Standards outlining key data, trends, comparisons against other forces and risks applicable to the way in which complaints are handled. Should the JIAC note anything they consider poor quality or risk to the PCVC office/Force, a more specific report could be requested.

The influential audit committee



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

**Committee’s Conclusions on Governance**

The PCVC and Chief Constable have established a Joint Independent Audit Committee. Its role is to provide an independent review of the effectiveness of governance, risk management and control frameworks, financial reporting and annual governance processes, internal and external audit, and treasury management. This annual report sets out how the Committee fulfilled these responsibilities in the financial year 2019/20.

The Committee recognises the significant challenges facing the Commissioner and Chief Constable and aims to support them in developing governance arrangements as they address key challenges, while also meeting the continuing requirement to make cost savings.

The continued openness of the Police Crime and Victims’ Commissioner and Chief Constable and the value they place on the work of the Joint Audit Committee in assisting them to provide best value to the public is acknowledged.

To conclude, on behalf of the Committee, I would like to thank the officers of the Police, Crime and Victims’ Commissioner and Durham Constabulary, Internal Audit and Mazars for their cooperation, and timely reports These are essential in ensuring that the Joint Independent Audit Committee is able to function effectively and fulfil its role during 2019/20.

Elsie Davies (chair Joint Independent Audit Committee)

**Appendix 1**

**Joint Audit Committee: Reports Covered & Members Attendance 2019/20**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 23 April 2019 | 1 May 2019 | 4 June 2019 | 16 July 2019 | 3 Sept 2019 | 15 Oct 2019 | 3 Dec 2019 | 25 Feb 2020 |
| Governance/  Risk Management | * Local Criminal Justice Plan Presentation * Evolve Legal Services Review * JAC Attendance * JAC Declarations of Interest | * Draft JAC Annual Reports 2017/18 & 2018/19 | * Quarterly Risk Register * Draft Risk Register * JAC Annual Reports 2017/18 & 2018/19 * Review of JAC Terms of Reference | * Domestic Abuse, Whole Systems Approach * Annual Force management Statement   •Independent Office of Police Conduct (Nat v Local picture) | * Protocols around Spit guards * Integrity Line (Whistleblowing, employment tribunals, fairness at work, complaints, praise) * Future Governance Arrangements of Police Complaints * Legal Services Report * PCVC Decision Record * Evaluation of Complaints Resolution team | * Protocols around Taser & Firearms Deployed * Review of Joint Chief Finance Officer Role * Commissioning Funding Streams * PCVC Risk Register * Quarterly Professional Standards Report | * Cleveland & Durham Specialist Operations Unit * Stop & Search Analysis * Facial Recognition * Temporary Arrangements for the OPCVC * GDPR Update * Professional Standards Performance Report * PCVC Decision Records * Chief Constable Risk register | * Code of Corporate Governance * PCVC Risk register * Chief Constable Gifts & Hospitality Register |
| Internal Audit | * Annual Governance Statement Action Plan * Draft Annual Governance Statement * Internal Audit Progress Report | * Audit Committee Practical Guide for Local Authorities * Review of JAC Terms of Reference * Role of Head of Internal Audit | * Annual Internal Audit Opinion and Report 2018/19 * Annual Fraud & Corruption Report * Annual Review of the System of Internal Audit | * Role of Head of Internal Audit * Breakdown of National Fraud Initiative * Evidence Related Property Audit Update | * Internal Audit Activity Review Process | * Internal Audit Progress Report * Annual Governance Statement Action Plan |  | * Internal Audit Charter * Internal Audit Plan 2020/21 * Internal Audit progress Report * Evidence Related Property Audit Update |
| External Audit | * Progress Report |  |  |  | * External Audit – Draft Audit Completion Report * Final Annual Audit letters PCVC & CC | * Annual Audit Letter 2018/19 |  | * Audit Strategy memorandum |
| Financial Reporting |  |  | * Pensions Update | * 2019/20 Budget Monitoring Quarterly Report | * Statutory Accounts – verbal update | * PCVC & CC Statutory Accounts * Treasury Management Report | * 2019/20 Budget Monitoring Report | * MTFP 2020/21 to 2023/24 Revenue & Capital budget 2019/20 |
| Elsie Davies (chair) | Attended | Attended | Attended | Attended | Attended | Attended | Attended | Attended |
| Cllr Eddie Bell | Attended | Attended | Apologies | Attended | Attended | Attended | Attended | Attended |
| Cllr Heather Scott (3/9/19) | Not in post | Not in post | Note in Post | Not in Post | Attended | Attended | Attended | Attended |
| Jenny Flynn | Attended | Attended | Apologies | Attended | Attended | Attended | Attended | Apologies |
| Roger Humphries | Apologies | Apologies | Attended | Attended | Attended | Attended | Apologies | Attended |
| Diane Murphy | Attended | Attended | Attended | Attended | Attended | Apologies | Attended | Apologies |
| Derek Shingleton | Attended | Attended | Attended | Apologies | Attended | Apologies | Attended | Attended |

**Appendix 2**

**Self-Assessment of Good Practice during 2019/20**

Completed by Stephen Carter Durham County Council Audit Manager

| **Good practice questions** | **Yes** | **Partly** | **No** | **Comment** |
| --- | --- | --- | --- | --- |
| **Audit Committee Purpose and Governance** |  |  |  |  |
| 1. Do the organisations have a dedicated audit committee? | **X** |  |  |  |
| 1. Does the audit committee report directly to full council? (Applicable to local government only). | **N/A** | **N/A** | **N/A** |  |
| 1. Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA’s Position Statement? | **X** |  |  | ToR revised June 2019 to reflect CIPFA position statement |
| 1. Is the role and purpose of the audit committee understood and accepted across the organisations? |  | **X** |  | Understood by those Officers / Staff who report to / supportCommittee |
| 1. Does the audit committee provide support to both organisations in meeting the requirements of good governance? | **X** |  |  |  |
| 1. Are the arrangements to hold the committee to account for its performance operating satisfactorily? | **X** |  |  |  |
| **Functions of the Committee** |  |  |  |  |
| 1. Do the committee’s terms of reference explicitly address all the core areas identified in CIPFA’s Position Statement? |  |  |  |  |
| * Good Governance | **X** |  |  |  |
| * Assurance Framework, including partnership and collaboration arrangements | **X** |  |  |  |
| * Internal Audit | **X** |  |  |  |
| * External Audit | **X** |  |  |  |
| * Financial Reporting | **X** |  |  |  |
| * Risk Management | **X** |  |  |  |
| * Value for Money (VfM) or Best Value | **X** |  |  |  |
| * Counter-fraud and corruption | **X** |  |  |  |
| * Supporting the ethical framework | **X** |  |  |  |
| 1. 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? | **X** |  |  | Annual Review of ToR  Annual Review of System  of Internal Audit  Joint Audit Committee Annual Report |
| 1. 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? | **X** |  |  |  |
| 1. Where coverage of core areas has been found to be limited, are plans in place to address this? | **N/A** | **N/A** | **N/A** | No issues with coverage of core areas |
| 1. Has the committee maintained its advisory role by not taking on any decision-making powers that are not in line with its core purpose? | **X** |  |  |  |
| **Membership and Support** |  |  |  |  |
| 1. 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 that is not unwieldy * consideration has been given to the inclusion of at least one independent member (where it is not already a mandatory requirement) | **X**  **X**  **X**  **X** |  |  |  |
| 1. Have independent members appointed to the committee been recruited in an open and transparent way and approved by the PCVC and Chief Constable as appropriate for the organisation. | **X** |  |  |  |
| 1. Does the chair of the committee have appropriate knowledge and skills? | **X** |  |  |  |
| 1. Are arrangements in place to support the committee with briefings and training? | **X** |  |  |  |
| 1. Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory? |  | **X** |  | Assessed in 2018/19 as Committee but extended in 2019/20 when Members requested to complete own skills framework document |
| 1. Does the committee have good working relations with key people and organisations, including external audit, internal audit and the chief financial officer (CFO)? | **X** |  |  |  |
| 1. Is adequate secretariat and administrative support to the committee provided? | **X** |  |  |  |
| **Effectiveness of the Committee** |  |  |  |  |
| 1. Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work? | **X** |  |  |  |
| 1. Are meetings effective with a good level of discussion and engagement from all members? | **X** |  |  |  |
| 1. Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with responsible officers? | **X** |  |  |  |
| 1. Does the committee make recommendations for the improvement of governance, risk and control and are these acted on? | **X** |  |  |  |
| 1. Has the committee evaluated whether and how it is adding value to the organisation? | **X** |  |  | Joint Audit Committee Annual Report |
| 1. Does the committee have an action plan to improve any areas of weakness? | **X** |  |  | Joint Audit Committee Annual Report |
| 1. Does the committee publish an annual report to account for its performance and explain its work | **X** |  |  | Joint Audit Committee Annual Report |

The Committee went through this self-assessment further to initial discussion at its Virtual meeting on 2nd June 2020 and 21st July 2020.

**Issues arising from this self-assessment are highlighted in relevant comments section**

**Appendix 3**

**Evaluating the Effectiveness of the Audit Committee**

Completed by Stephen Carter DCC Audit Manager who assessed each area providing a score from 1 to 5 in accordance with the following assessment criteria:

|  |  |
| --- | --- |
| 5 | Clear evidence available from numerous sources that committee is actively supporting improvements across all aspects of area. 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. There 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 |

| **Areas to Add Value by supporting improvement** | **Examples of how the audit committee can add value and provide evidence of effectiveness** | **Self-evaluation, examples of areas of strength and weakness** | **Overall Assessment**  **Score 1-5** |
| --- | --- | --- | --- |
| Promoting the principles of good governance and their application to decision making. | * Supporting the development of a local code of governance * Providing robust review of the AGS and the assurances underpinning it * Working with key members to improve their understanding of the AGS and their contribution to it * Supporting reviews/audits of governance arrangements * Participating in self-assessments of governance arrangements * Working with partner audit committees to review governance arrangements in partnerships | Review of the local code of governance.  Review of the Draft AGS prior to its inclusion in the Statement of Accounts. Internal Audit reviews of governance arrangements are completed regularly as part of the risk-based plan.  No formal work with partner audit committees takes place | 4 |
| Contributing to the development of an effective control environment. | * Actively monitoring the implementation of recommendations from auditors * Encouraging ownership of the internal control framework by appropriate managers * Raising significant concerns over controls with appropriate senior managers | Recommendations from auditors are monitored regularly. Senior Officers provide confirmation of action taken / planned where concerns exist. | 5 |
| Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks. | * Reviewing risk management arrangements and their effectiveness, e.g. risk management benchmarking. * Monitoring improvements * Holding risk owners to account for major/strategic risks | Risk management arrangements for both the PCVC and Constabulary are reviewed on a regular basis.  Emerging issues reported by Joint CFO as part of update process. | 5 |
| Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively. | * Specifying assurance needs, identifying gaps or overlaps * Seeking to streamline assurance gathering and reporting * Reviewing the effectiveness of assurance providers e.g. internal audit, risk management, external audit. | Review of the local code of governance and Annual Governance Statement. | 5 |
| Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence. | * Reviewing the audit charter and functional reporting arrangements * Assessing the effectiveness of internal audit arrangements, providing constructive challenge and supporting improvements * Actively supporting the quality assurance and improvement programme of internal audit | Annual review of the audit charter and strategy.  Annual review of the assessment of internal audit arrangements.  Provision of constructive challenge and support for improvements.  Review of Quality Assurance and Improvement Plan targets via quarterly progress reports and Internal Audit's annual report. | 5 |
| Aiding the achievement of the organisation’s goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements. | * Reviewing how the governance arrangements support the achievement of sustainable outcomes * Reviewing major projects and programmes to ensure that governance and assurance arrangements are in place * Reviewing the effectiveness of performance management arrangements | Governance arrangements are reviewed via the Annual Governance Statement Process.  Red Sigma / Capital programme updates provided as part of Joint CFO budget reporting arrangements.  Performance Management forms part of the strategic internal audit plan coverage, however, testing exists in most audits to ensure performance management is robust. | 4 |
| Supporting the development of robust arrangements for ensuring value for money. | * Ensuring that assurance on value for money arrangements is included in the assurances received by the audit committee * Considering how performance in value for money is evaluated as part of the AGS | Value for money is assessed by both Internal and External Audit.  External Audit specifically deliver an assurance opinion on value for money as part of the annual audit process. This and Internal Audit's work throughout the year form part of the assurance for the AGS | 5 |
| Helping the organisations to implement the values of good governance, including effective arrangements for countering fraud and corruption risks. | * Reviewing arrangements against the standards set out in the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014) * Reviewing fraud risks and the effectiveness of the organisation's strategy to address those risks * Assessing the effectiveness of ethical governance arrangements for staff | Internal Audit undertakes an Annual Review of Fraud and Corruption arrangements as outlined within its Annual Report. This incorporates the outcomes of each National Fraud Initiative exercise and work undertaken with Professional Standards identifying any investigations they have undertaken against a range of qualifying criteria. Internal Audit includes within its strategic plan reviews under a heading of Ethical Governance which includes reviews of Member Expenses, Gifts and Hospitality, Force PDR arrangements and Complaints. | 4 |
| Promoting effective public reporting to the organisation’s stakeholders and local community and measures to improve transparency and accountability. | Improving how the authority discharges its responsibilities for public reporting; for example, better targeting at the audience, plain English.  Reviewing whether decision making through partnership organisations remains transparent and publicly accessible and encourages greater transparency.  Publishing an annual report from the committee. | The committee meets in private with all reports being exempt from public discussion. Minutes of each meeting are however displayed on the PCVC website.  An annual report from the committee is published on the PCVC website. | 3 |

**Appendix 3**

**Audit Committee Members Assessment – Knowledge and Skills Framework**

(Based on Appendix C of CIPFA’s “Audit Committees - Practical Guidance for Local Authorities and Police”)

| **Knowledge Area** | **Details of core knowledge required** | **How the Audit Committee member is to apply the knowledge/training need** | **Yes** | **No** | **Partly** | **Comment** |
| --- | --- | --- | --- | --- | --- | --- |
| Organisational Knowledge | An overview of the governance structures of the organisations and decision-making processes.  Knowledge of the organisational objectives and major functions of the organisations. | Continue to receive regular briefings on any major collaborations. |  |  |  |  |
| Audit committee role and functions | An understanding of the audit committee’s role and place within the governance structures. Familiarity with the committee’s terms of reference and accountability arrangements.  Knowledge of the purpose and role of the audit committee. |  |  |  |  |  |
| Governance | Knowledge of the seven principles of the CIPFA/Solace Good Governance Framework and the requirements of the Annual Governance Statement (AGS).  Knowledge of the local code of governance. |  |  |  |  |  |
| Internal Audit | An awareness of the key principles of the Public Sector Internal Audit Standards and the Local Government Application Note.  Knowledge of the arrangements for delivery of the internal audit service in the organisations and how the role of the head of internal audit is fulfilled. |  |  |  |  |  |
| Financial management and accounting | Awareness of the financial statements that the  local organisations must produce and the principles it must follow to produce them.  Understanding of good financial management  principles.  **Knowledge** of how the organisation meets the  requirements of the role of the chief financial  officer, as required by the Role of the Chief Financial Officer in Local Government (CIPFA, 2016) and the CIPFA Statement on the Role of the Chief Financial Officers in Policing (2018) | The Committee  receives an annual  briefing on the  financial statements as well as regular updates. |  |  |  |  |
| External audit | Knowledge of the role and functions of the external auditor and who currently undertakes this role. Knowledge of the key reports and assurances that external audit will provide.  Knowledge about arrangements for the appointment of auditors and quality monitoring undertaken. | External Audit regular updates received.  The chair of the JIAC had a meeting with the Head of External Audit on 20th December 2019. |  |  |  |  |
| Risk  management | Understanding of the principles of risk management, including linkage to good governance and decision making.  Knowledge of the risk management policy and strategy of the organisation. Understanding of risk governance arrangements, including the role of members and of the audit committee. |  |  |  |  |  |
| Counter-fraud | An understanding of the main areas of fraud risk the organisation is exposed.  Knowledge of the principles of good fraud risk management in accordance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014)  Knowledge of the organisation’s arrangements for tackling fraud. |  |  |  |  |  |
| Values of good governance | Knowledge of the Seven Principles of Public Life. Knowledge of the organisation’s key arrangements to uphold ethical standards for both members and staff.  Knowledge of the whistleblowing arrangements in the organisations. |  |  |  |  |  |
| Treasury Management (only if it is within the terms of reference of the Committee to provide scrutiny) | Effective Scrutiny of Treasury Management is an assessment tool for reviewing the arrangement for undertaking scrutiny of treasury management. The key knowledge areas identified are:  Regulatory requirements   * Treasury risks * The organisation’s treasury management strategy * The organisations policies and procedures in relation to treasury management. | Training was given at the meeting held on 15th October 2019. |  |  |  |  |