



Report to the PFCC for North Yorkshire and the CC of North Yorkshire Police

19th September 2023

Annual Report of the Joint Independent Audit Committee

Joint Independent Audit Committee

Annual Report

FOREWARD

The Purpose of this report is to provide assurance that the Joint Independent Audit Committee is satisfactorily undertaking its role and responsibilities to enhance public trust and confidence in the governance of the Office of the Police, Fire & Crime Commissioner (PFCC) and North Yorkshire Police. It provides an overview of the areas of work considered by the Committee during 2022/23 and details the areas that the Committee thought worthy of mention. It provides the PFCC and CC with the assurance that the Committee has fulfilled its terms of reference and demonstrates the added value that has been delivered by the Independent Committee to both the PFCC and Chief Constable (CC) and also the wider public throughout 2022/23.

1. INTRODUCTION

- 1.1 This annual report of the North Yorkshire Joint Independent Audit Committee covers the 2022/23 financial year.
- 1.3 The Committee has a wide range of responsibilities that are captured within the Terms of Reference. The Terms of Reference in place throughout 2022-23 are reproduced at Appendix A for information.
- 1.4 The table below details last year's Committee members. The Committee would like to place on record its thanks to the Officers of the PFCC and CC, and both the internal and external auditors who have supported its work throughout the year.

Members of the Joint Independent Audit Committee

Role	Member	Dates in Role
Chair	Stuart Green	Through out 2022/23
Vice Chair	Roman Pronysyn	Through out 2022/23
Member	Heather Cook	Through out 2022/23
Member	Joanne Gleeson	Resigned March-23
Member	Helen Fowler	Resigned Sept-22

- 1.5 The Committee has met 4 times during the financial year in line with the terms of reference for the Committee. The meetings took place on the following dates:
- 21st June 2022
 - 4th October 2022
 - 29th November 2023 – meeting brought forward from December to aid Final Accounts deadlines
 - 21st March 2023
- 1.6 Meetings during the year have all been held via Teams. A pre-meeting with both the Internal and External auditors, without management, has also taken place.

2 EXTERNAL AUDIT

- 2.1 Mazars LLP have been the external auditors for the PFCC Group throughout 2022/23.

Audit of the Statements of Accounts for 2021/22

- 2.2 The timelines for the audit of the Statement of Accounts for 2021/22 was significantly improved from 2020/21, with the final sign off on the 30th November 2022 – this was around 8 months quicker than the previous financial year however still later than the statutory deadlines, due to resourcing issues within the external auditors.
- 2.3 The Committee are committed to continuing to hold the external auditors to account for the timely audit of the 2022/23 accounts also.
- 2.4 In terms of the accounts themselves, they resulted in an unqualified audit opinion. In the opinion of Mazars the financial statements:
- Give a true and fair view of the financial position of the PFCC and Group as at 31st March 2022 and of its expenditure and income for the year then ended; and
 - Have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.
 - Give a true and fair view of the financial position of the Chief Constable as at 31st March 2022 and of the Chief Constable's expenditure and income for the year then ended; and
 - Have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

Audit Completion Report 2021/22

- 2.5 This was presented to the Committee by the external auditors on 29th November 2022. At the time of issuing the report there were a small number of outstanding matters that needed to be addressed however none of these were expected to impact in a material way on the accounts.
- 2.6 The external auditors subsequently wrote to the PFCC and CC on the 30th November 2022 stating that the outstanding matters that were included in the report to the November Audit Committee had now been resolved.

Value for Money Conclusion 2020/21 and 2021/22

- 2.7 As part of the Audit Completion Report the External Auditors are required to report on the arrangements for Value for Money. They are required to 'form a conclusion as to whether the PFCC and CC have made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out in order to form our conclusion and sets out the criterion and sub-criteria that we are required to consider.'
- 2.8 As a result of the pandemic, the National Audit Office updated its guidance to auditors in April 2021 to allow auditors to delay the completion of their work on VFM arrangements. The revised guidance requires auditors to complete their work and issue their Auditor's Annual Report no more than three months after the date of the opinion on the financial statements.
- 2.9 Given the date of the opinion of the 2020/21 financial statements was the 19th August 2022, this should mean a Value for Money conclusion being provided by the 19th November 2022.
- 2.10 The Value for Money conclusion has yet to be provided by the External Auditors for 2020/21, and it is still outstanding at the time of drafting this report. **It is now 30 months since the reporting period ended.**
- 2.11 Similarly for 2021/22, the opinion on the 2021/22 accounts was given on the 30th November 2022, which means that the Value for Money conclusion and Auditor's Annual report should have been provided by the end of February 2023.
- 2.12 The Value for Money conclusion has yet to be provided by the External Auditors for 2021/22, and it is still outstanding at the time of drafting this report. **It is now 18 months since the reporting period ended.**
- 2.13 The Committee are committed to holding the external auditors to account for better performance in relation to the 2022/23 financial year.

3 INTERNAL AUDIT

- 3.1 The provider of PFCC and CC's Internal Audit Service has been provided throughout the period of this report by RSM.
- 3.2 The Audit Plan for 2022/23 is based on analysing your risk register and key risks (of the Police, Fire Crime Commissioner and Chief Constable), and assurances provided by other providers e.g. HMICFRS. It also considered other factors affecting you in the year ahead including changes within the sector.
- 3.3 The Joint Committee commented on, considered and endorsed the 2022/23-2024/25 internal audit strategy at its meeting in March 2022 to ensure that the work could start for the new financial year as soon as possible.
- 3.4 During the course of the year, the Committee has closely monitored progress against the objectives and programme of work set out in the Internal Audit Plan for 2022/23.

Internal Audit reports

- 3.5 In recognition of the important of this area of work management continue to invest in the scope and level of internal audit work to be undertaken each year. The aim of which is to provide independent assurance, or otherwise, on key areas of risk and governance of the organisation.
- 3.6 The audit work for the year to the 31 March 2023 involved 9 separate reviews which were assessed based on the level of assurance that the PFCC and CC can take from the controls within the areas under review and how well they are being adhered to/implemented.
- 3.7 These assurance levels are as follows:
 - **Substantial assurance:** Taking account of the issues identified, the Police, Fire and Crime Commissioner for North Yorkshire and / or the Chief Constable of North Yorkshire can take substantial assurance that the controls upon which the organisations relies to manage this risk are suitably designed, consistently applied and effective.
 - **Reasonable assurance:** Taking account of the issues identified, the Police, Fire and Crime Commissioner for North Yorkshire and / or the Chief Constable of North Yorkshire can take reasonable assurance that the controls upon which the organisations relies to manage this risk are suitably designed, consistently applied and effective. However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risk.
 - **Partial assurance:** Taking account of the issues identified, the Police, Fire and Crime Commissioner for North Yorkshire and / or the Chief Constable of North Yorkshire can take partial assurance that the controls

upon which the organisations relies to manage this risk are suitably designed, consistently applied or effective. Action is needed to strengthen the control framework to manage the identified risk.

- **Minimal assurance:** Taking account of the issues identified, the Police, Fire and Crime Commissioner for North Yorkshire and / or the Chief Constable of North Yorkshire can take minimal assurance that the controls upon which the organisations relies to manage this risk are suitably designed, consistently applied or effective. Urgent action is needed to strengthen the control framework to manage the identified risk.

3.8 Of the 9 audits that received assurances during the 2022/23 audit the assurance levels were as follows:

Assurance Level	No. of Audits
Substantial	1
Reasonable	4
Partial	3
Minimal	1

3.9 These 9 audits generated 73 actions that were agreed by management. The actions are graded High, Medium or Low depending on the urgency and priority with which they need to be addressed. The 73 actions were split as follows:

Action Level	No. of Recommendations
High	17
Medium	36
Low	20

3.10 The number of actions issued in 2022/23 was twice the volume raised in 2021/22 (of 35) and back to the levels raised in 2020/21.

3.11 Internal Audit also undertook 2 follow ups of previous management actions, the first of which they reported 'Reasonable Progress' and the second highlighted that 'Good Progress' was made in dealing with the actions raised by.

3.12 In addition to the 9 formal reports and 2 reports following up on progress against the agreed actions, Internal Audit also undertook 1 Advisory piece of work covering:

- Purchasing Process Review

3.13 The review identified 17 actions, of which 1 was High and 6 were Medium and 10 were low. This area will therefore need a great deal of focus over the coming year.

- 3.14 A monitoring report on the implementation of audit recommendations is submitted to each Committee. The last report relating to the 2022/23 financial year, was in March 2023 and showed 50 outstanding recommendations (this is up from 36 reported a year earlier).
- 3.15 Of these 36 actions however only 3 are reported as overdue. The overdue items were at the following levels:
- High – 0
 - Medium – 2
 - Low - 1

The Head of Audit's annual report

- 3.16 The Head of Audit's annual report was received by the Committee in June 2023 relating to the work carried out primarily in the financial year 2022/23. The report concluded that:
- 3.17 The Police, Fire and Crime Commissioner for North Yorkshire
There are weaknesses in the framework of governance, risk management and control such that it become, inadequate and ineffective.
- North Yorkshire Police
There are weaknesses in the framework of governance, risk management and control such that it become, inadequate and ineffective.
- 3.18 In giving this opinion context was provided as follows: 'Our reviews have been commissioned on a risk basis and directed to those areas where the organisations have identified some significant concerns and wanted some independent third line assurance coverage. The organisations are collectively trying to make enhancements to existing control frameworks in a range of areas and have specifically targeted internal audit coverage to help with this objective.
- 3.19 To reflect the risk profile of the organisations, in 2022/23 the internal audit plan has remained flexible and has been amended to review on-going areas of concern and/or new risks. This has resulted in internal audit resource being directed towards the areas of Fleet Management and Custody Detention. Our reviews of the support services provided through enableNY, which continues to be an area of management concern, have resulted in a number of negative assurance opinions, most notably in the areas of Fleet Management, Payroll and Key Financial Controls: Accounts Payable.
- 3.20 The concerns identified by the Chief Constable's Chief Finance Officer resulted in a further review being commissioned to assess the purchasing arrangements, which resulted in a number of actions being agreed.

3.21 **Inspection and Review**

The governance and scrutiny arrangements associated with HMICFRS activity are the responsibility of the Risk and Insurance Board, which is led by the Deputy Chief Constable.

3.22 An overview on all areas are brought to the Committee in a similar manner to the Internal Audit actions and the Committee continues to seek assurances around the timely implementation of all actions and the governance processes in place around this area.

3.23 The report received from the Force in March 2023 showed that the internal register of all recommendations and areas for improvement made by HMICFRS had **increased significantly in the last 12 months** and contained the following:

- 98 (up from 29) recommendations and AFI's currently live on the register (261 (up from 42) actions in total)
- 31 (up from 3) of which are specific to NYP, the remainder stem from national thematic reports
- 3 are currently awaiting evaluation or decision for adoption
- 1 recommendation was made in a report over two years old – this relates to a super complaint.

3.24 The Committee are keen to see updates in this area throughout 2023/24 to provide assurance on the internal control environment within the Force and that any governance issues have been addressed.

4 Internal Control Environment and Regulatory Framework

4.1 The November 2022 meeting of the Committee considered the joint PFCC and CC's Annual Governance Statement; the Committee recommended that both the PFCC and CC adopt the document presented. The draft version of the document for 2022/23 was considered by the Committee in June 2023, feedback will be provided prior to the final version of the 2022/23 Statements being agreed alongside the final statement of accounts for the 2022/23 year.

4.2 In addition to the review of the Annual Governance Statements the Committee also receives and endorses any proposed changes to the Code of Corporate Governance. The Committee did not receive any proposed changes to the Code during 2022/23.

5 Corporate Risk Management

5.1 The Committee has an important role in ensuring that both the PFCC and CC has effective arrangements for the identification, assessment, mitigation, management and monitoring of risk.

5.2 During the year the Committee has considered the joint strategic risk register and continues to ensure that the work of Internal Audit is appropriately linked to the Risk Register to ensure those areas highlighted as a Risk to the organisations are appropriately reviewed.

6 Insurance and Civil Claims

- 6.1 The Committee received reports on Civil Claims during the year, providing statistics relating to civil claims and other legal proceedings against North Yorkshire Police and the PFCC, the information provided within this report showed that across the last 4 financial years there had only been 1 insurance claim that was above the policy excess.

7 Information Governance

- 7.1 The Committee received reports throughout the year setting out some performance indicators across a number of areas, including compliance with statutory response rates for FOI requests, compliance with statutory response rates for Subject Access Requests, details around progress towards achieving the backlog of information sharing agreements.
- 7.2 While there were some elements of improvement around compliance with FOI statutory timelines, which were up from 39% in 2021/22, to 56% in the 9 months to the end of December 2022 this is still an area of concern for the Committee.
- 7.3 Compliance with Subject Access Request statutory timescales showed no improvement from 2021/22, with the compliance rate for the 9 months to December 2022 at 47%. (this was lower than the 49% reported in 2021/22 and significantly lower than the 69% reported in 2020/21).
- 7.4 The Committee is concerned to see the number of Data Breaches increasing so significantly, there were almost 40% more data breaches in the 9 months to December 2022 than there were in the whole of 2021/22.
- 7.5 In addition to this, despite there being 428 data breaches in the 9 months to December 2022 there was only 1 reported to the ICO and only 1 reported to the data subjects.
- 7.6 The Committee was pleased to receive a report on the IT Health Check, after this was missed in 2021/22. The report highlighted a number of areas that require remediation to mitigate risks and vulnerabilities and the Committee looks forward to seeing the progress made when the next update of this work is complete towards the end of 2023.

Terms of reference:**Composition of the Joint Independent Audit Committee (JIAC)**

That the JIAC comprises not less than 5 Members, including 1 Chair, who are independent of the Commissioner's office and North Yorkshire Police. The length of each appointment will be confirmed on recruitment, but will be between 2 and 4 years, with a maximum term of four years. A member may apply for re-appointment however re-appointment may only take place once.

To support the Committee in undertaking their role attendees from each of the following will also attend every ordinary meeting of JIAC:

- The Command Team of the Police Force, including at least one operational Police Officer, are required to be represented at each meeting of the Committee.
- At least one of the OPFCC's Statutory Officers are required to attend each meeting of the Committee.
- A representative from each of External Audit and Internal Audit shall also attend each meeting of the Committee.

Other attendees will be confirmed by the Chair as and when required. The Police, Fire and Crime Commissioner and Chief Constable although not Members of the JIAC, may attend any meeting.

Quorum of the JIAC

No decisions can be made at the meeting of the JIAC unless at least 3 Members of the JIAC are present.

At any meeting the Chair shall preside, if present. In his or her absence the Members present shall appoint one of their number to act as Chair for that meeting.

Press and Public

The Public shall be admitted to all meetings of the JIAC unless excluded by resolution in accordance with the provisions of the Local Government Act 1972 (Schedule 12a), as amended by the Local Government (Access to Information) Act 1985.

A member of the public will not be permitted to speak or ask questions at the meeting except with the consent of the meeting Chair.

Exclusion of Public Access

The public must be excluded from meetings whenever it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that confidential information would be disclosed.

Confidential information means information given to the Commissioner or Chief Constable by a Government Department on terms which forbid its public disclosure or information which cannot be publicly disclosed by Court Order.

Items will be considered '**Below the Line**' or '**not for publication**' when they contain exempt information as defined by schedule 12 of the Local Government Act 1972.

Individual members of the public may be excluded at the discretion of the meeting Chair on the basis of maintaining good order.

Purpose

The JIAC is responsible for enhancing public trust and confidence in the governance of the Commissioner's office and North Yorkshire Police. It also assists the Commissioner in discharging statutory responsibilities in holding the Police Force to account, and ensures that effective governance and risk management arrangements are in place and functioning efficiently and effectively. This is achieved by;

- Advising the Commissioner and Chief Constable of North Yorkshire Police according to good governance principles.
- Independently scrutinising financial and non-financial performance to the extent that it affects the Commissioner's office and North Yorkshire Police exposure to risks and weakens the internal control environment.
- Providing independent assurance on the adequacy and effectiveness of the Commissioner's office and North Yorkshire Police internal control environment and risk management framework.
- Overseeing the effectiveness of the framework in place for ensuring compliance with statutory requirements.
- Overseeing governance and monitoring of governance within the organisation.
- Overseeing the financial reporting process.
- Having unfettered access to Internal Audit and External Audit where required and to meet with them at least once a year out with formal JIAC sessions and without executive representation.

On an annual basis the JIAC shall complete a self-assessment which shall inform a report on the work of the Committee to the Commissioner and Chief Constable.

To aid the JIAC in delivering its purpose and objectives the Commissioner will make available funds for the JIAC to take independent legal and financial advice where the JIAC deems it is reasonably necessary to do so. Where the JIAC deems this advice is necessary it should be discussed and coordinated with the Commissioner's Monitoring Officer and the Chief Finance Officers of the Commissioner and Chief Constable.

Notice of Meetings

The JIAC meets on at least four occasions during a financial cycle typically in May, July, November and March.

In the event that additional formal JIAC sessions are required these can be convened at the request of either the Chair or at least two JIAC members.

Objectives

The JIAC in effectively discharging its function is responsible for:

Internal Control Environment

- Satisfying itself as to the effectiveness of the internal control framework in operation within the Office of the Commissioner and North Yorkshire Police and advising the Commissioner and Chief Constable of North Yorkshire Police as appropriate.

- Considering the Annual Governance Statement for publication with the annual accounts, together with associated action plans for addressing areas of improvement and advising the Commissioner as appropriate.
- Considering the arrangements to secure value for money and review assurances on the effectiveness of those arrangements.

Corporate Risk Management

- Approving the Commissioner's and North Yorkshire Police's corporate risk management strategy and framework; ensuring that an appropriate framework is in place for assessing and managing key risks to the Office of the Commissioner and North Yorkshire Police.
- Considering the financial risks to which the Commissioner and North Yorkshire Police are exposed and approving measures to treat, tolerate, transfer or terminate them as appropriate.
- Providing assurance to the Commissioner and Chief Constable of North Yorkshire Police as appropriate on the effectiveness of the risk management framework in operation.
- Providing oversight and scrutiny of the risk registers of both the Commissioner and Chief Constable

Regulatory Framework

- Maintain an overview of the governance framework in respect of contract procedure rules, financial regulations and codes of conduct and behaviour.
- Review any issue referred to it by the statutory officers of the Commissioner and Chief Constable and make recommendations as appropriate.
- Monitor the policies of both the Commissioner and Chief Constable on the making of protected disclosures (whistleblowing) and any anti-fraud & anti-corruption strategy.

Internal Audit

- Advising the Commissioner and Chief Constable of North Yorkshire Police on the appropriate arrangements for internal audit, the appointment of the Internal Auditors and approving the Internal Audit Strategy.
- Approving the internal audit annual programme.
- Overseeing and giving assurance to the Commissioner and Chief Constable of North Yorkshire Police on the provision of an adequate and effective internal audit service; receiving progress reports on the internal audit work plan and ensuring appropriate action is taken in response to audit findings, particularly in areas of high risk.
- Considering the Internal Audit's findings on the internal control environment for the Office of the Commissioner and North Yorkshire Police; ensuring appropriate action is taken to address any areas for improvement.
- Reviewing and monitoring the effectiveness of office of the Commissioner and North Yorkshire Police on fraud, irregularity and corruption.

External Audit

- Advising the Commissioner and Chief Constable of North Yorkshire Police on the appointment of external auditors.
- Approving/recommending on behalf of the Commissioner and Chief Constable of North Yorkshire Police the external audit programme and associated fees.
- Reviewing the external auditor's Audit Completion Report and any other reports; reporting on these to the Commissioner and Chief Constable of North Yorkshire Police as appropriate and including progress on the implementation of agreed recommendations.
- Reviewing External Auditor's Annual Audit Letter and making recommendations as appropriate to the Commissioner and Chief Constable of North Yorkshire Police.

Financial Reporting

- Reviewing the Annual Statement of Accounts and make recommendations, or bring to the attention of the Commissioner or Chief Constable, any concerns or issues.
- Considering whether appropriate accounting policies have been followed and any changes to them.

Inspection and Review

- Considering HMICFRS, external review agencies and any internal inspection reports that provide assurance on the internal control environment and/or may highlight governance issues for the Office of the Commissioner and/or North Yorkshire Police.

Civil Claims

- Maintaining an overview of civil claims and other legal proceedings affecting or revealing matters of good governance.

Information Governance

- Reviewing Corporate Strategy, policies and procedures in relation to Information Governance for both the Commissioner and Chief Constable.
- Reviewing reports from the Senior Information Risk Owner (SIRO), of both the Commissioner and Chief Constable, relating to the implementation of the corporate strategy, compliance with the legal framework regulating data protection and other information governance.
- Considering any implications for governance and the annual governance statements of both the Commissioner and Chief Constable from issues in this area