



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

19th September 2024

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 (former) 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 an extended 2023/24 financial year and details the areas that the Committee thought worthy of mention. It provides the DMPFC 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 former PFCC and Chief Constable (CC) and also the wider public throughout the extended 2023/24 financial year.

1. INTRODUCTION

- 1.1 This annual report of the North Yorkshire Joint Independent Audit Committee covers the extended 2023/24 financial year to the 6th May 2024.
- 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 the extended 2023/24 financial year 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 former 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	Throughout extended 2023/24 financial year
Vice-Chair	Roman Pronyszyn	Throughout extended 2023/24 financial year
Member	Heather Cook	Throughout extended 2023/24 financial year
Member	Alex Judge	Appointed 3rd May 2023

- 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:
- 20th June 2023
 - 19th September 2023
 - 30th November 2023
 - 18th April 2024
- 1.6 Meetings during the year have all been held via Teams with the option to also attend the meeting in person. A pre-meeting with both the Internal and External auditors, without management, has also taken place.

2 EXTERNAL AUDIT

- 2.1 Mazars LLP (which became Forvis Mazars LLP from the 1st June 2024) have been the external auditors for the PFCC Group throughout the extended 2023/24 financial year.

Audit of the Statements of Accounts for 2021/22

- 2.2 On the 1st May 2024 the External Auditors wrote to the former PFCC attaching their signed Audit Certificate for the 2021/22 financial year which formally concluded the 2021/22 audit.
- 2.3 There was a substantial delay in the issue of the Audit Certificate due to the External Auditors awaiting confirmation from the National Audit Office (NAO) that the Police, Fire and Crime Commissioner for North Yorkshire would not be selected for additional Whole of Government Accounts (WGA) work as a sampled component.
- 2.4 On 30 November 2022, following approval and certification of the 2021/22 financial statements by the Police, Fire and Crime Commissioner for North Yorkshire the External Auditors issued their Independent Auditor's Report in relation to the accounts for the year ended 31 March 2022. The audit opinion was unqualified.
- 2.5 At that point, they had not yet completed other areas of work. The External Auditors subsequently issued their commentary on Value for Money (VFM) arrangements in their Auditor's Annual Report 2020/21 and 2021/22 on 22 November 2023.

Value for Money Conclusion 2021/22

- 2.6 On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in January 2023, the External Auditors identified the following significant weakness in the Police, Fire and Crime Commissioner's and CC arrangements for the year ended 31 March 2022:

2021/22 HMICFRS Inspection Report Improving economy, efficiency and effectiveness

- The 2021/22 HMICFRS inspection report on the Chief Constable and the Force was published in March 2023. HMICFRS raised a specific cause for concern that the Chief Constable had failed to provide sufficient oversight of enabling services and did not have an effective workforce plan or performance management in place.
 - In our view, HMICFRS's concerns represent a significant weakness in arrangements in relation to how the Chief Constable evaluates the services provided to assess performance and identify areas for improvement under the Economy, Efficiency and Effectiveness criterion.
 - These concerns also represent an issue for the Police, Fire and Crime Commissioner (PFCC) who is elected by the public to hold the Chief Constable and the Force to account, as the PFCC's oversight of the Chief Constable did not identify or address these weaknesses prior to HMICFRS's inspection.
 - In our view, this represents a significant weakness in arrangements in relation to how the PFCC evaluates the services provided to assess performance and identify areas for improvement under the Economy, Efficiency and Effectiveness criterion.
- 2.7 Finally the External Auditors issued their report on WGA to NAO on 20 June 2023, following a delay in the issue of group audit instructions for this work by NAO.

Audit of the Statements of Accounts for 2022/23

- 2.8 On the 5th April 2024 the External Auditors wrote to the former PFCC with a copy of the Audit Completion Report for 2022/23, with the Audit Completion report being considered by the Audit Committee on the 18th April 2024.
- 2.9 The only matter currently outstanding in relation to the 2022/23 Audit is that the External Auditors haven't received the Pension Fund assurance letter from the auditor of North Yorkshire Pension Fund. This is very disappointing as this is the only substantive issue that needs to be resolved on the opinion audits for both the PFCC and CC.
- 2.10 The Committee are committed to continuing to hold the external auditors to account for the timely audit of the 2023/24 accounts also.
- 2.11 In terms of the accounts themselves, subject to the Pension Fund assurance letter, 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 2023 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 2022/23.
 - Give a true and fair view of the financial position of the Chief Constable as at 31st March 2023 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 2022/23.

Audit Completion Report 2022/23

- 2.12 This was presented to the Committee by the external auditors on 18th April 2024. 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.
- 2.13 All of these matters have now been concluded other than the Pension Fund auditor assurance letter.

Value for Money Conclusion 2022/23

- 2.14 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.'
- 2.15 The External Auditors reported to the Committee that 'as part of our work in 2022/23, we will follow up the progress made against the recommendations made during 2021/22. Due to the timing of the HMICFRS report that resulted in the significant weakness the significant weakness and recommendation will be reported in 2022/23. We are yet to complete our work.'

3 INTERNAL AUDIT

- 3.1 The provider of the former PFCC and CC's Internal Audit Service throughout the extended 2023/24 financial year has been RSM.
- 3.2 The Audit Plan for 2023/24 was based on analysing your risk register and key risks (of the former 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 2023/24-2025/26 internal audit strategy, including the 2023-24 internal plan at its meeting in March 2023 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 2023/24.

Internal Audit reports

- 3.5 In recognition of the importance 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 extended financial year (to the 6th May 2024) involved 8 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 10 audits that received assurances, including 2 follow-up audits, during the 2023/24 audit the assurance levels were as follows:

Assurance Level	No. of Audits
Substantial	2
Reasonable	5*
Partial	2
Minimal	1

*Within one of the 'follow-up' most areas were given reasonable assurance on progress in addressing audit actions, except Fleet Management that was assessed as having made 'poor' progress.

- 3.9 These 10 audits generated 78 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 78 actions were split as follows:

Action Level	No. of Audits
High	11
Medium	44
Low	23

- 3.10 The number of actions issued in 2023/24 (78) was in-line with the number raised in 2022/23 (of 73).
- 3.11 Included within the 10 internal audits were 2 'follow ups' of previous management actions, the first of which they reported 'Reasonable Progress' and the second was mostly highlighted as 'Reasonable Progress' although 'Poor Progress' was reported on address action raised within the Fleet Management Audit.
- 3.12 **The Committee would generally expect to see 'Good Progress' made on addressing actions raised by Internal Audit and looks forward to seeing improvement in this area in 2024/25.**
- 3.13 A monitoring report on the implementation of audit recommendations is submitted to each Committee. The last report relating to the 2023/24 financial year, was in April 2024 and showed 68 outstanding recommendations (this is up from 50 reported a year earlier).
- 3.14 Of these 68 actions, 9 are reported as overdue. The overdue items were at the following levels:
- High – 4
 - Medium – 4
 - Low - 1

The Head of Audit's annual report

- 3.15 The Head of Audit's annual report was received by the Committee in June 2024 relating to the work carried out primarily in the financial year 2023/24 and covered the period to the 6th May 2024. The report concluded that:
- 3.16 The Police, Fire and Crime Commissioner for North Yorkshire
The organisation has an adequate and effective framework for risk management, governance and internal control.

However our work identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.

North Yorkshire Police

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3.17 The Committee was pleased to see the improvements needed and made in this area given that this was an area highlighted during 2022/23 that required improvements.

3.18 Inspection and Review

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

3.19 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.

3.20 The report received from the Force in April 2024 showed that the internal register of all recommendations and areas for improvement made by HMICFRS had **reduced significantly in the last 12 months** and contained the following:

- There are 65 recommendations (down from 98) and AFI's currently live on the register (117 actions in total) – down from 261 in 2022/23. This includes recommendations from national super-complaints.
- 22 of which are specific to NYP, the remainder stem from national thematic reports.
- 12 are currently awaiting evaluation or decision for adoption

3.21 The Committee highlighted significant increases during 2022/23 as an area of concern and therefore are pleased to see the significant reductions that are apparent this year.

3.22 These reductions in recommendations and areas for improvements, aligned with commentary from the HMIC in December 2023, which follow, show a positive direction of travel that the Committee is keen to see progress further through maintaining a clear focus from the Force on addressing these issues raised.

- I am pleased to see the significant steps that the force has taken to address the cause of concern we issued. The strengthened governance and improved understanding of its performance is improving the service it provides to the public. We saw evidence that these improvements are sustainable and that senior leaders will continue to manage them.

- The force recognises that there is still more work to do, particularly in refining the structure of its shared enabling services. However, the steps taken since our last inspection reassure us that these services and how they are overseen have improved.
- The force has improved its workforce planning so it can fill vacancies with skilled officers and staff. We can already see the benefit of this approach in the control room and the improved speed at which the force is answering calls from the public.
- We recognise the considerable work that the force has done to support these improvements. As a result, we now consider this cause of concern to be discharged. We will, however, continue to monitor the force's progress through our PEEL continuous assessment

3.23 The Committee will continue to oversee the levels of recommendations and Areas for Improvement that are outstanding throughout 2024/25.

4 Internal Control Environment and Regulatory Framework

- 4.1 The November 2023 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 2023/24 is due to be considered by the Committee in September 2024, feedback will be provided prior to the final version of the 2023/24 Statement being agreed alongside the final statement of accounts for the 2023/24 year.
- 4.2 **Members are concerned to see that a number of Areas for Development included within the AGS for progress during 2022/23 were not addressed and re-stated as Areas for Development during 2023/24.**
- 4.3 **This appears to be also the case for the 2023/24 Annual Government Statement, with Areas for Development that were due to be addressed during 2023/24 being re-stated as Areas for Development during 2024/25.**
- 4.4 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 2023/24.

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 5 financial years there had only been 2 insurance claims that were above the policy excess.
- 6.2 The Committee continues to recognise the high quality of information, data and analysis that is provided in this area which provides a great deal of assurance that this area is being well managed.

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, the Committee was particularly concerned to see that only 52% of FOIs in the last period reported on, which was October to December 2023, were completed within the statutory timescale – this was down from over 80% in the first half of the financial year – and a return to the performance of the first half of 2022/23.
- 7.3 **This performance, aligns with an Internal Audit review of FOIs during 2023/24 that only provided 'partial assurance' that the controls upon which the organisation relies to manage this area are suitably designed, consistently applied or effective.**
- 7.4 **The Committee agrees with the Internal Auditors that 'Action is needed to strengthen the control framework to manage the identified area(s)' and is keen to understand what the organisation is planning to do to improve this area.**
- 7.5 Compliance with Subject Access Request statutory timescales showed some improvement from 2022/23, with the compliance rate for the 9 months to December 2023 at 67%. (this was higher than the 54% reported in 2022/23 and almost back to the level reported in 2020/21 of 69%)

- 7.6 The Committee noted that the number of Data Breaches reduced during the 9 months to December 2023, after a significant increase during 2022/23.
- 7.7 The Committee will continue to monitor management actions across this important area.
- 7.8 The Committee was pleased to receive a report in May 2023 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 was looking forward to seeing the progress that was made when the next update of this work was complete towards the end of 2023.
- 7.9 **The Committee is therefore disappointed that no update has been provided to the Committee in over a year and given the contents of the previous report is concerned that this report has not been provided to the Committee.**

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