**Joint Audit Committee of the Police and Crime Commissioner and Chief Constable of Hampshire - Annual Report 2022/23**

**Introduction**

The Joint Audit Committee (JAC) was established by the Police and Crime Commissioner (PCC) and the Chief Constable (CC) in 2012, in accordance with the Financial Management Code of Practice for Police Forces.

Each year the JAC produces an annual report which explains the Committee’s work for the year and highlights any significant concerns or issues. This report covers the JAC’s activities for 2022/23.

**Governance**

The JAC is a key component of the organisations’ corporate governance and is totally independent of both the PCC and CC. The JAC’s primary role is to provide independent assurance, advice and challenge to the PCC and CC on the adequacy and effectiveness of the organisations’ governance, risk management, internal controls and financial reporting. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

The JAC sees its role as being instrumental in helping both organisations maintain safe and effective systems for managing and evaluating risk and making critical decisions on investment in the services being provided for the people of Hampshire and the Isle of Wight.

In carrying out its role, the JAC is informed by the work of the officers and management of the PCC and CC, by the reports of partner organisations where there are joint working arrangements, by the internal and external auditors and by external reports, for example from the Information Commissioner.

The JAC operates in accordance with Terms of Reference that were revised at the start of 2019 to take into account updated guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA). The Terms of Reference are reviewed annually.

The Committee met on 4 occasions in 2022/23, once in person and three times virtually, using ‘Teams’.

Committee membership is as follows:

Melvyn Neate – Chair

Katherine Pears – Vice Chair

Gordon Manickam

John Banks

Amanda Hassell

John and Amanda attended their first meeting in May 2023, replacing Liz Mackenzie and Peter Lloyd, who had both served the Committee for 8 years, the maximum time allowed by the Committee’s charter. The Committee would like to record its appreciation to Liz and Peter for the excellent service they have given during their time as committee members.

JAC meetings are also attended by representatives of the PCC and CC, together with the internal and external auditors.

The members of the JAC bring wide ranging senior experience and skills to their role including financial management, accountancy, governance, risk management, legal, strategic development as well as experience gained as members of other audit committees. Their experience covers private, public and not for profit organisations in a wide range of sectors. This gives the members of the JAC the confidence and ability to provide the required degree of challenge and support when considering, for example, risk registers, audit reports, papers seeking recommendations or endorsement and presentations on the issues facing the two organisations.

Before each meeting the Committee has taken advantage of the willingness of officers to give presentations and training sessions on a range of policing and financial areas and the Committee is grateful to everyone who has spent their time helping members to enhance their knowledge and understanding.

Committee members also logged in to a briefing on the Treasury Management Strategy, given by Arlingclose.

**Operation**

The Committee has worked to ensure it is able to give assurance to those charged with governance (the Chief Constable and the Police and Crime Commissioner) that risk and performance are being managed through robust internal controls together with strong financial management.

In addition to the normal cycle of financial and corporate governance reporting, during the course of the year the Committee has paid particular attention to a number of issues to try to gain assurance that there are adequate controls in place. In particular, the JAC sought clarity about:

* The ongoing development and management of the strategic risk registers
* The implications of and progress towards compliance with the CIPFA Financial Management Code
* The timeliness of internal audit reports and management responses

The guidance offered by the JAC with regard to the PCC’s and CC’s Strategic Risk Registers has been acknowledged as being instrumental in helping both organisations to improve their structures and processes. The JAC feels that there is a good understanding and appreciation of how risk management can be used as a dynamic management tool to inform decisions. Risk owners have been designated for each strategic risk with responsibility for putting in place mitigating actions to realistic timescales which are captured in the Risk Registers.

The JAC has confidence in the information it receives and the assurance it can offer but is aware that work must continue to develop the scope and rigour of risk management in the changing operational environment. In particular, it is important for risk exposures to be effectively escalated to the appropriate level and for risk management to be further embedded into the organisations’ decision-making and resource allocation.

During 2022/23 the Committee discharged its role in relation to *governance, risk and control* by:

* Reviewing the Annual Governance Statements
* Considering the Scheme of Corporate Governance
* Considering the Code of Treasury Management and the investment strategy
* Reviewing the risk registers and the supporting processes, spending considerable time advising and challenging the responsible officers in both organisations on the reporting and management of risk
* Considering the effectiveness of internal controls
* Reviewing the Annual Report of the Senior Information Risk Owner (SIRO)
* Reviewing the arrangements for countering fraud and corruption against the CIPFA Code of Practice
* Meeting in public and publishing all non-confidential minutes on the PCC website.

With regard to *internal audit* the Committee:

* Considered the Head of Internal Audit’s Annual Review and Opinion
* Reviewed the Internal Audit Charter
* Reviewed the Audit Plan, commenting on time spent and areas covered by the audit team
* Reviewed confidential audit reports (in private session where operational or personnel issues meant that confidentiality needed to be maintained)
* Considered the audit reports of partner organisations where there are joint working arrangements, specifically for IT and Information Management, provided by Thames Valley Constabulary, The Committee has received regular reports from the Thames Valley internal audit team as well as their annual internal audit opinion
* Invited the Head of Internal Audit to meet with the JAC in private to discuss issues of concern

With regard to *external audit the Committee:*

* Expressed its views on the scope of the external audit plan
* Considered and commented on the results of the work of the external auditors, including recommendations and their implementation
* Reviewed the external audit annual management letter which covers the audit opinion and value for money conclusions for the financial year
* Via the Chair, gave input to consultations on future external audit arrangements and financial reporting for the police.

Regarding *financial reporting* the Committee:

* Reviewed the Annual Statement of Accounts. At time of writing, it is disappointing that the organisations’ accounts have still not been ‘signed-off’ by EY, despite the deadline being 30 November 2023. Delay in signing-off public authority accounts is now a national issue and, whilst no significant issues have been raised concerning the HC and PCC accounts, the Committee have not been able to rely on the assurance provided by fully audited accounts. The delay in accounts ‘sign-off’ is a repeat of the situation last year, albeit last year’s delay was due to specific work needing to be completed by EY on embedded leases and property valuations
* Received for comment the outturn report of the Treasury Management Strategy and other progress reports.

Looking to the future the Committee will:

* Continue to review its Terms of Reference (TOR) to ensure they are fit for purpose and follow best practice guidance
* Continue to build on its knowledge and understanding of the organisations’ operations through training, engagement with key officers and attendance at meetings
* Focus on reviewing and continually improving its effectiveness, using the CIPFA Audit Committee self-evaluation tool
* Further improve links with the JACs of other constabularies with which Hampshire has partnership working arrangements to gain assurance about issues highlighted in internal audits.

In the coming year, the Committee looks forward to continuing to offer independent support, challenge and advice to the leaders of the two organisations as they face the inevitable need to prepare for and manage change in order to address continuing financial, political and societal challenges.

The Joint Audit Committee will focus on ensuring that it can offer the necessary challenge and review to provide assurance to those charged with governance that the strategy and operations of the organisations are underpinned with appropriate policies and procedures and that these are effectively managed to deliver a high quality, sustainable, safe and financially sound service.

**Conclusion**

The JAC has added value to both the PCC and CC by providing independent advice, support, challenge and assurance on their organisations’ governance, risk management, control and financial reporting processes.

**Melvyn Neate**

**Chair of the Joint Audit Committee**

**5 February 2024**