

**JOINT INDEPENDENT AUDIT AND ETHICS COMMITTEE
8 JANUARY 2021**

**REPORT OF THE CHAIR
JOINT INDEPENDENT AUDIT COMMITTEE ANNUAL REPORT AND
FORWARD PLAN**

PURPOSE OF REPORT

1. To report on the activity of the Audit Committee during 2020 against the committee terms of reference which were in place for the reporting period and to agree the forward work plan for 2021.

2. KEY INFORMATION

Terms of Reference	Coverage During 2020
Governance, Risk and Control	
<ol style="list-style-type: none"> 1. Review the corporate governance arrangements against the good governance framework, including the ethical framework and consider the local code of governance. 	<p>Members receive regular COVID-19 business updates from the Force and the OPCC (from April onwards) and regular reports on Operation Jinmen (the Force response to COVID-19).</p> <p>Members have also received regular updates on progress towards devolution in West Yorkshire.</p> <p>Members have considered reports on business interests, gifts and hospitality and information governance in the Force and OPCC (July).</p> <p>The Chair of the Audit Committee sits on the PCC's Good Governance Group as an independent member.</p> <p>The Chair of the Audit Committee has assisted in the recruitment of an OPCC Chief of Staff (November).</p>
<ol style="list-style-type: none"> 2. Review the annual governance statements prior to approval and consider whether they properly reflect the governance, risk and control environment and supporting assurances and identify any actions required for improvement. 	<p>Members reviewed the annual governance statements for the Force and the OPCC (April).</p>

3. Review treasury management policies, practices and activities including an annual strategy and plan	Members have reviewed the treasury management strategy (January).
4. Consider the arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.	<p>Members receive reports on tender exceptions at each meeting and considered a further report on the contract for trauma support.</p> <p>Members have received a report on an Internal Audit review of PPE procurement (October).</p>
5. Consider the framework of assurance and ensure that it adequately addresses the risks and priorities of the OPCC/the Force.	Members reviewed the Assurance Framework in the January and July meetings.
6. Monitor the effective development and operation of risk management, review the risk profile, and monitor progress of the PCC/the Chief Constable in addressing risk-related issues reported to them.	<p>Members receive detailed risk management reports for both the Force and the OPCC at each meeting and have discussed specific issues relating to strategic HR management, digital forensics and the impact of COVID-19.</p> <p>The chair of the Audit Committee also attends the Force Risk Management Group on an annual basis.</p>
7. Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.	Members received regular internal audit reports and have also received reports on the development of national data standards (April) and the Force's actions to meet the data standards.
8. Review arrangements for the assessment of fraud risks and potential harm from fraud and corruption and monitor the effectiveness of the counter fraud strategy, actions and resources.	Members received reports on the Counter-fraud and Counter-corruption Policy in January and October.
9. To review the governance and assurance arrangements for significant partnerships or collaborations.	<p>Members received reports on NPAS governance (January, April and July).</p> <p>Members received commissioning updates in January and July and also received the Internal Audit review of grants and commissioning. Members received a report on sponsorship (January).</p>

10. To receive requests from, and provide advice to, the Treasurer, Force Chief Finance Officer, Monitoring Officer and Head of Internal Audit.	None noted in the reporting period.
Internal Audit	
11. Annually review the internal audit charter and resources.	Members reviewed the Internal Audit Charter, Internal Audit Strategy and work plan (January).
12. Review the internal audit plan and any proposed revisions to the internal audit plan.	Members have discussed the impact of COVID-19 on the internal audit plan (July).
13. Oversee the appointment process and consider the adequacy of the performance of the internal audit service and its independence	Members regularly scrutinise internal audit performance against the internal audit work plan.
14. Consider the Head of Internal Audit's annual report and opinion, and a regular summary of the progress of internal audit activity against the audit plan, and the level of assurance it can give over corporate governance arrangements.	Members received the Internal Audit annual report (April) and requested inclusion of expected performance targets for internal audit delivery. Members receive reports of all limited assurance reports.
15. To consider the Head of Internal Audit's statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement – these will indicate the reliability of the conclusions of internal audit.	Members considered the report of the Head of Internal Audit in January.
16. Consider summaries of internal audit reports and such detailed reports as the committee may request from the PCC/the Chief Constable, including issues raised or recommendations made by the internal audit service, management response and progress with agreed actions.	Members regularly receive internal audit reports and have also considered further reports on seized cash and cryptocurrency, workforce planning and tutor constables and assessors.
17. Consider a report on the effectiveness of internal audit to support the AGS, where required to do so by the Accounts and Audit Regulations (England) 2015.	The effectiveness of Internal Audit is reviewed through the review of the Annual Governance Statements.
18. To consider any impairments to independence or objectivity arising from additional roles or responsibilities	None noted in the reporting period.

<p>outside of internal auditing of the Head of Internal Audit. To make recommendations on safeguards to limit such impairments and periodically review their operation.</p>	
External Audit	
<p>19. Support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by either PSAA or the auditor panel as appropriate.</p>	<p>Members have considered PSAA correspondence regarding fees and a PSAA review of procurement of external audit services (April).</p>
<p>20. Comment on the scope and depth of external audit work, its independence and whether it gives satisfactory value for money.</p>	<p>Members receive external audit reports at each meeting, including reports on the external audit plan and the impact of COVID-19 on the external audit work plan.</p>
<p>21. Consider the external auditor's annual management letter, relevant reports and the report to those charged with governance.</p>	<p>Members received a progress report (October) as conclusion of the audit was delayed as a result of COVID-19. It was agreed that a report of key findings and significant matters would be made outside of the formal meeting on conclusion of the audit in late November.</p>
<p>22. Consider specific reports as agreed with the external auditor.</p>	<p>As above, members consider reports from External Audit at each meeting of the Committee.</p>
<p>23. Advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.</p>	<p>None noted in the reporting period.</p>
Financial Reporting	
<p>24. Review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit of the financial statements that need to be brought to the attention of the PCC and/or the Chief Constable.</p>	<p>Members have benefitted from a familiarisation session on the draft statements of account (September) and considered the draft annual accounts for 2019-20 (October).</p> <p>Members agreed the draft accounting policies (January).</p> <p>Members receive budget management reports and business updates at each meeting.</p>

25. Consider the external auditor's report to those charged with governance on issues arising from the audit of the financial statements.	As above, members receive regular reports from External Audit including the annual management letter.
Accountability Arrangements	
26. On a timely basis report to the PCC and the Chief Constable with its advice and recommendations in relation to any matters that it considers relevant to governance, risk management and financial management.	The Police and Crime Commissioner attended committee in April to provide an update and to receive a report on matters raised by members. The Chief Constable is scheduled to attend in March 2021.
27. Report to the PCC and the Chief Constable on its findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.	The work programme and terms of reference are designed to be able to provide such assurance. Where concerns have been raised by the Audit Committee these have been addressed.
28. Review its performance against its terms of reference and objectives on an annual basis and report the results of this review to the PCC and the Chief Constable.	Members agreed the Committee terms of reference and work plan (January) and a self-assessment report (January).
29. Publish an annual report on the work of the committee.	Members received a report on the Committee's activity over the previous year (January).

COMMITTEE WORKPLAN - AUDIT

AUDIT CYCLE	
<p style="text-align: center;">SPRING (March)</p> Internal Audit Strategy, Charter and Plan Internal Audit Annual Report and Opinion Commissioning and Grants Strategy Treasury Management Strategy Report Update on cyber-crime Sponsorship report Assurance Framework Annual Governance Statements	<p style="text-align: center;">SUMMER (July)</p> External Audit Findings Report (ISA 260) Business Interests, Gifts & Hospitality Draft Annual Accounts WYP FOI/DPA Governance Report OPCC FOI/DPA Governance Report Force Budget Monitoring
<p>ALL MEETINGS</p> Progress on Internal Audit recommendation implementation and summary reports Progress on the Internal Audit annual work plan Specific External Audit Reports as required Specific reports of the statutory officers Force & OPCC Risk Management Update Tender exception reporting	
<p style="text-align: center;">AUTUMN (October)</p> Annual Audit Letter Force Budget Monitoring Governance Framework and Review of Scheme of Consent Review of Committee terms of reference OPCC/Force anti-fraud and anti-corruption strategies	<p style="text-align: center;">WINTER (January)</p> External Audit Plan Review of Draft Accounting Policies Committee Annual Report and work plan Committee Self-Assessment
<p><u>Additional Coverage</u></p> NPAS presentation/ update Organisational transitional arrangements (as arising) Oversee Internal Audit appointment process and adequacy of performance	

RECOMMENDATION

Members note the content of the report.

Julie Reid
 Governance Manager
 Office of the Police and Crime Commissioner