

**JOINT INDEPENDENT AUDIT AND ETHICS COMMITTEE  
7 JANUARY 2022**

**REPORT OF THE CHAIR  
JOINT INDEPENDENT AUDIT COMMITTEE ANNUAL REPORT**

**PURPOSE OF REPORT**

1. To report on the activity of the Audit Committee during 2021 against the committee terms of reference which were in place for the reporting period.

**2. KEY INFORMATION**

<b>Terms of Reference</b>	<b>Coverage During 2021</b>
<b>Governance, Risk and Control</b>	
<p>1. Review the corporate governance arrangements against the good governance framework, including the ethical framework and consider the local code of governance.</p>	<p>Members received regular COVID-19 business updates from the Force and the Policing and Crime Team and regular reports on Operation Jinmen (the Force response to COVID-19).</p> <p>Members also received regular updates on progress towards devolution in West Yorkshire in May 2021 and on post-devolution governance arrangements including assurance regarding the independence of the Internal Audit function, on financial systems audits post-devolution, on the commissioning and grants strategy, the revised scheme of delegation regarding sponsorship, on the treasurer function and the arrangements for risk management post-devolution.</p> <p>Members have considered reports on business interests, gifts and hospitality and information governance in the Force and Policing and Crime Team (July).</p> <p>The Chair of the Audit Committee sits on the Good Governance Group as an independent member.</p>
<p>2. Review the annual governance statements prior to approval and consider whether they properly reflect the governance, risk and control</p>	<p>Members reviewed the annual governance statements for the Force and the OPCC (July) reflecting the financial year 2020-21.</p>

<p>environment and supporting assurances and identify any actions required for improvement.</p>	
<p>3. Review treasury management policies, practices and activities including an annual strategy and plan</p>	<p>Members have reviewed the treasury management strategy (March).</p>
<p>4. Consider the arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.</p>	<p>Members receive reports on tender exceptions at each meeting.</p> <p>Members have received a final report on an Internal Audit review of PPE procurement (January).</p>
<p>5. Consider the framework of assurance and ensure that it adequately addresses the risks and priorities of the Mayor's PCC functions/the Force.</p>	<p>Members reviewed the Assurance Framework in July.</p>
<p>6. Monitor the effective development and operation of risk management, review the risk profile, and monitor progress of the Mayor's PCC functions/the Chief Constable in addressing risk-related issues reported to them.</p>	<p>Members receive detailed risk management reports for both the Force and the Mayor's PCC functions at each meeting and have discussed specific issues relating to the loss of data from the national PNC database, PDR completion and the introduction of a new PDR and HR system in the Force, the availability of legacy payroll data and the management of risk relating to safeguarding.</p> <p>The chair of the Audit Committee also attends the Force Risk Management Group on an annual basis.</p>
<p>7. Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.</p>	<p>Members received regular internal audit reports including draft reports in advance of management responses and progress in implementing recommendations from Internal Audit reports.</p>
<p>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.</p>	<p>Members received a report on the Counter-fraud and Counter-corruption Strategy in October 2021 and have provided comment to assist in its development.</p>
<p>9. To review the governance and assurance arrangements for significant partnerships or collaborations.</p>	<p>Members received a commissioning update in October and a report on sponsorship in March.</p>

<p>10. To receive requests from, and provide advice to, the Treasurer, Force Chief Finance Officer, Monitoring Officer and Head of Internal Audit.</p>	<p>None noted in the reporting period.</p>
<p><b>Internal Audit</b></p>	
<p>11. Annually review the internal audit charter and resources.</p>	<p>Members reviewed the Internal Audit Charter, Internal Audit Strategy and work plan (March).</p>
<p>12. Review the internal audit plan and any proposed revisions to the internal audit plan.</p>	<p>Members have discussed the impact of COVID-19 on the internal audit plan (March) and have reviewed Internal Audit coverage during the COVID-19 pandemic.</p>
<p>13. Oversee the appointment process and consider the adequacy of the performance of the internal audit service and its independence</p>	<p>Members regularly scrutinise internal audit performance against the internal audit work plan.</p>
<p>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.</p>	<p>Members received the Internal Audit annual report (July) and requested further information about progress in implementing recommendations, agreeing that limited assurance reports should be brought to Committee within three months, regardless of whether management responses had been received.</p> <p>Members receive reports of all limited assurance reports.</p>
<p>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.</p>	<p>The Internal Audit function is subject to external quality assessment every five years in line with PSIAS recommendations. The next review is scheduled for 2022.</p>
<p>16. Consider summaries of internal audit reports and such detailed reports as the committee may request from the Mayor/the Chief Constable, including issues raised or recommendations made by the internal audit service, management response and progress with agreed actions.</p>	<p>Members regularly receive internal audit reports.</p>
<p>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.</p>	<p>The effectiveness of Internal Audit is reviewed through the review of the Annual Governance Statements.</p>

<p>18. To consider any impairments to independence or objectivity arising from additional roles or responsibilities 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>	<p>None noted in the reporting period.</p>
<p><b>External Audit</b></p>	
<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 the External Audit fee (January) and have also received a report on the Redmond Review (March).</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, the impact of COVID-19 on the external audit work plan, the changes in the Code of Practice relating to Value for Money audits and the impact of devolution in West Yorkshire which led to the financial year being extended to 13 months for 2020-21.</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) and sought assurance that the external audit would be concluded by January 2022.</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>
<p><b>Financial Reporting</b></p>	
<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</p>	<p>Members have benefitted from a familiarisation session on the draft statements of account (September) and considered the draft annual accounts for 2020-21 (October).</p> <p>Members noted the draft accounting policies (January).</p>

of the Mayor and/or the Chief Constable.	Members receive budget management reports and business updates at each meeting.
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.
<b>Accountability Arrangements</b>	
26. On a timely basis report to the Mayor 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 Mayor and Chief Constable are represented at each meeting by their statutory officers who have a responsibility to report relevant matters.
27. Report to the Mayor 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 Mayor and the Chief Constable.	Members agreed the Committee terms of reference and work plan (January) and a self-assessment report (January).
29. Report to the Governance and Audit Committee of the Combined Authority on an annual basis on the work of the Committee and any matters relating to accounts and audit functions.	The Joint Independent Audit Committee is being reviewed post-devolution to ensure that appropriate reporting lines are established.
30. Publish an annual report on the work of the committee.	Members received a report on the Committee's activity over the previous year (January).

## RECOMMENDATION

**Members note the content of the report.**

Julie Reid  
 Governance Manager  
 Policing and Crime Team