

Staff Responsibilities
Best practice
Team **Mission** Vision
Values Involvement
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Corporate Governance

Independent audit committee

Annual report 2021-22



Background

This is the fourth report of the Independent Audit Committee (the Committee) to the Chief Constables and Police and Crime Commissioners of both Forces (the four corporations sole). It covers the period from April 2021 to March 2022.

The background for a single Committee was given in the 2019-2020 annual report. The Committee provides independent advice and assurance for functions across both Force areas. This is a significant benefit with a shared Alliance finance department, single internal audit system and a single external audit provider.

The Committee's terms of reference set out its purpose: to *'provide independent advice, assurance and recommendations to the Chief Constables and Police and Crime Commissioners of Devon & Cornwall and Dorset, on the adequacy of governance and risk management frameworks, internal control environments and financial reporting, thereby helping to ensure efficient and effective assurance arrangements.'* Separate operating principles complement the terms of reference. Both are reviewed and amended annually, or when necessary.

This report covers the period during which there were elections for Police and Crime Commissioners, delayed due to the pandemic in 2020. The Devon & Cornwall Commissioner was re-elected; the previous Dorset Commissioner did not stand for re-election and a new Commissioner was elected. Following the retirement of the Chief Constable for Dorset in August 2021, the Deputy Chief Constable was appointed as Chief Constable. The Committee continued to develop working partnerships and share understanding with both Chief Constables and Police and Crime Commissioners.

The pandemic placed changing demands on all aspects of policing during the year as did training new officers. In addition, the challenging policing needs of the June 2021 G7 summit in Cornwall required high levels of mutual aid from all Forces. The Committee sought assurance that funding for policing G7 would not compromise the Force's financial reserves. The finance team gave clear updates on government grants, allaying concerns about funding for additional costs.

Members took full advantage of technology for meetings, sharing papers and team interaction. No meetings were held in person and none were delayed or cancelled.

The Chartered Institute of Public Finance and Accountancy (CIPFA)¹ framework of knowledge and skills for audit committees of police bodies is applied through the year to identify training needs and for self-evaluation. CIPFA recommends annual evaluation and reporting to the four corporations sole using that framework. The Alliance senior audit manager leads on this evaluation and Committee members adhere to the CIPFA guidance. All members of the Committee are pleased to note that the evaluation has been assessed as 5 in all areas (see assessment key on page 16).

We offer the Chief Constables and Police and Crime Commissioners this report to increase understanding of the Committee's work and impact in supporting governance and providing assurance. The Committee seeks openness and following your consideration will arrange for publication of the report on your websites.

¹ Chartered Institute of Public Finance and Accountancy; Practical Guide for Local Authorities and Police, 2018 Edition

Overview of 2021/22 activity

The year saw successes in the scope of work undertaken by the Committee and the efficiency with which the Committee and its members worked. The Committee was diligent in completing its activities during a year of challenges and change at a time when the pandemic continued. Members remain professionally curious, questioning and seeking clarity.

During the year, we reviewed over 100 papers, additional reports and reading from professional organisations. After each Committee meeting a summary of the main issues considered is prepared for the heads of the four corporations sole. Matters covered in 2021/22 were diverse and included examination of high-level findings of the Pulse survey results for staff and officers; processes used to improve the rigour and transparency of budget development; arrangements for controlling and reimbursing costs involved in hosting the G7 summit and the detailed codes of governance in both Forces. Unsurprisingly much of the Committee's work covered the production and auditing of the accounts, the work of internal and external auditors, risk management arrangements, treasury management activity and the annual governance statements. Particular attention was given to external audit arrangements, including performance in Dorset and Devon & Cornwall, as well the national malaise in the achievement of audits in local government and police sectors.

Four formal Committee meetings were held using Microsoft Teams with full quoracy at each one. Members found that so much activity needed further informal meetings. Decisions were not taken at these informal meetings, but information shared and issues discussed using the breadth and depth of each member's knowledge and skills. Part of the aim being to reduce the demands made on officers at formal Committee meetings. The Chair sent briefing notes for informal meetings to all members throughout the year and helped achieve a collegiate and teamwork ethos. The standing agenda item at formal meetings has now changed from 'Chairs business' to 'Significant matters of Committee business' to reflect this ethos.

The Chair was a member of the recruitment panel for the Dorset Chief Constable, following training from the College of Policing for all stages from short-listing to interviews and final selection.

Efficiency increased by internal audit reports being filed in the members secure system and not held until the next scheduled IAC meeting. The Committee will look to expand this approach to other topics, such as reports from HMICFRS. Members benefitted from one-to-one training on use of police laptop computers and software; they acknowledge that working remotely limited their opportunities for group training and overcoming shared technical issues.

All members reviewed the papers for each meeting and contributed to a focussed list of questions for officers and auditors, sent before the Committee meeting to allow them time to prepare responses and provide further information. This ensured all members were actively involved in the structure and content of each meeting, even when some of this work was 'behind the scenes'. However, improvements could be made in the efficiency and effectiveness of the process and this will be discussed with officers during 2022/23.

The Committee recognises that it cannot achieve its aims without the support, commitment and work of officers. Members value this support and place on record the Committee's appreciation of the work by officers and others in preparing and presenting reports and papers. Among the improvements the Committee seeks includes reducing occasions when report deadlines are missed, as this reduces members' time to review papers, has a knock-on effect on the preparation of advance questions for officers and increases the work of the Committee administrator.

In our 2020/21 report, we cautioned about how the absence of face-to-face meetings limits establishing professional understanding and relationships with officers and the executive. We acknowledge this limitation, especially as all interaction with the four corporations sole during the period of this report was through on-line meetings and communication. The Committee has not met in person since 2019 and the Chair and vice-Chair last had face-to-face meetings with the officers, Chief Constables and Police and Crime Commissioners in 2019.

More detail about the Committee's work is in the following sections.

Promoting the principles of good governance

The assessment is 5, with no change from the previous year.

The CIPFA evaluation confirms that the Committee is an established and valued part of the governance framework relied on by the four corporations sole.

The Committee's 2020/21 annual report raised concerns regarding overdue reviews of the Schemes of Governance. It is pleasing to see this has been addressed fully. The considerable volume of work by section 151 officers to complete the reviews is acknowledged. Devon & Cornwall implemented the new Code of Governance in April 2021. Dorset's section 151 officers built on this, having agreed to adopt a similar format to Devon and Cornwall, adapted to reflect the context of Dorset. This was completed in September 2021.

The Committee requested a full comparison of the two Codes of Governance. They received an exception report on the findings and assurances that any differences did not pose significant risks. The comparison tables within the report were useful in ensuring compliance and reducing the risk of human error, particularly in the finance department.

The next review of the Codes of Governance is due in 2022/23, however it was agreed to also review annually by exception for changes in legislation and CIPFA guidance.

A key responsibility of the Committee is to review the Annual Governance Statements (AGSs) and ensure they properly reflect the governance, risk and control environments of the four corporations sole. Devon & Cornwall produces a joint PCC and Force statement; Dorset a separate statement for each corporation sole but all are written following the same format.

The AGSs are presented to the Committee as part of its annual work plan. These provide an important framework for ensuring that the Committee fulfils all its responsibilities during the year.

The Committee will continue to challenge officers to improve accessibility and readability of all documents, including the AGSs, to provide openness and transparency. While improvements and examples of good practice are evident, particularly with the use of graphics to reduce text-heavy documents, the use of Plain English is not yet consistent in all reports submitted.

The Committee reviewed its Terms of Reference and Operating Principles to ensure they remain relevant and further changes were made following a review of members' expenses.

The Committee increased transparency in its work by reducing the number of IAC papers in 'closed' sessions to a minimal number.

Effective control environment and supporting the quality and independence of internal audit

The assessment is 5, with no change from the previous year.

In April 2021, the Committee considered and approved the draft internal audit plan proposed by the South West Audit Partnership (SWAP). This aligned to the key components in the Force Management Statements. The internal audit plan was to provide:

- substantial coverage of finance and Force-wide functions;
- reasonable coverage of knowledge management and ICT; Force wellbeing; and governance, fraud and risk management; and
- partial coverage of responding to the public, protecting vulnerable people, collaborations and OPCC (specific activity).

There was no provision for coverage of prevention and deterrence, investigations, managing offenders, managing serious and organised crime, or major events. SWAP advised that this assurance will be provided by from other sources, including Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS). The different sources of assurance were mapped and this confirmed that a mechanism for sufficient and appropriate assurances was in place for the corporations sole. The Committee continued to request specific guidance on the sources of assurance over unprovided topics. Further work on sources of assurance was agreed to be presented at the Committee's meeting in June 2022.

The Committee also reviewed the internal audit charter describing functional reporting arrangements, scope and authority of internal audit work and quality requirements of the internal auditor.

In reviewing the plan and progress reports regularly and considering management responses and target dates for action, the Committee gave support to internal audit and constructive challenge to the executive. The internal auditors' move to single page reports highlighted audit outcomes drawing attention to the most significant issues. While shorter reports reduced the volume of reports in Committee papers, initially members lacked sight of full audit reports which allow detailed findings, management responses and target dates for implementation to be reviewed. Subsequently, secure access to full audit reports allowed members to review these outside of Committee papers and raise questions at the following meeting. It also allowed the Committee to challenge significant gaps in timelines from the start of an audit to reporting. The Committee was assured by routine monitoring of audit recommendations being implemented within governance arrangements. Any amendments to the agreed plan for internal audits, whether additional, deferred or replaced audits were reported quarterly to the Committee.

In June 2022, SWAP brought its 2021/22 annual report for the four corporations sole to the Committee. The Audit Opinion stated:

'The majority of the assurance opinions resulting from Internal Audit work completed in 2021/22 were either substantial or reasonable, and giving consideration to the adequacy and effectiveness of the wider governance and risk management arrangements at the Forces and OPCCs, overall I am pleased to be able to offer a Reasonable Annual Opinion. There are currently no significant issues that Internal Audit is aware of which would require inclusion within the Annual Governance Statement'.

Arrangements for the governance of risk

The assessment is 5, with no change from the previous year.

The Committee values the open working relationship with the executive leads for risk management in Devon & Cornwall (the Head of Legal, Reputation and Risk), and Dorset (the Deputy Chief Constable). Concerns about previous arrangements for the governance of risk led to changes initiated in 2020/21 continuing and these had perceptible effects. The Committee's role focused on monitoring the strategy for risk management where risk owners are held to account for the detail within risk registers and reporting to relevant executive Boards.

The Committee remained concerned about risk management arrangements in Alliance departments, which evolved alongside the new responsibilities for day-to-day management of risk in both Forces. These concerns were mitigated by the increased rigour in risk management by the Planning and Performance manager in Devon & Cornwall, and Dorset's Risk Manager.

The Committee challenged a suggestion to reduce the frequency of information it received about risk management arrangements. This led to confirmation at executive level that assurance statements would be provided quarterly, as well as reports on the six-monthly 'deep dives' and strategic risk registers. The strategic risk registers for both Forces received in December 2021 were clearly structured and focused, so providing greater assurance than had previously been received.

It was unfortunate that the internal auditor's report on risk management arrangements could not be presented until the April 2022 Committee meeting. Members were assured that recommendations were being addressed and a follow-up report by internal audit is scheduled in the audit plan for 2022/23. The policy and procedures for risk management were reviewed and updated by the risk management leaders in 2021/22 and will be presented to the Committee at its September 2022 meeting.

Assurance frameworks and assurance planning

The assessment is 5, compared to 4 in the previous year.

The Committee's terms of reference include the requirement to consider governance and assurance frameworks and report on their effectiveness.

It is recognised that the assurance framework is complex and comes from many sources, including internal and external audit, and HMICFRS. The strategic boards within the four corporations sole perform an increasingly important role in the assurance framework since the ending of the Joint Risk and Assurance Board in December 2020.

The internal audit plan clearly states where internal audit can provide substantial, reasonable and limited assurance and areas where further assurance should be sought. All areas highlighted as requiring further assurance were in operational policing, which is outside the Committee's remit. However, the Committee received confirmation that the audit plan is aligned with the Force Management Statements (FMS) and that assurance is gained through the operational boards.

Regular reports from external and internal audit at each meeting provided information on the effectiveness of assurance frameworks in practice. The annual workplan covers the review of key documents such as Annual Governance Statements and Treasury Management reports. The Committee sought assurance in other areas including gift and gratuities policies and procedures,

governance of regional collaboration, staff well-being and the arrangements for additional funding arising from policing of the G7 summit.

In our 2020/21 report, the Committee welcomed the commitment to complete a mapping exercise to identify gaps in assurance, so helping inform future audit plans. This is a new piece of work. An assurance map based on the key controls around strategic risks was presented to the committee in September 2021. Lack of controls in one area resulted in a full audit of relevant controls and remedial actions were taken to overcome these. Following mapping of strategic risks, a rolling programme of assurance mapping in key areas was agreed with an environmental assurance map due to be completed by March 2022.

The Committee is required to review the effectiveness of internal and external audit.

The External Quality Assessment of Internal Audit Activity (EQA) of the internal auditors, SWAP, was carried out in 2020 and confirmed general conformance with the International Professional Practices Framework. The summary report and update on actions from the assessment were shared with the Committee in September 2021. While the requirement is for an EQA assessment every five years, SWAP indicated their preference for more frequent assessments.

The Committee continues to monitor progress against the actions and recommendations from the internal auditors. External audit is dealt with elsewhere in this report.

Supporting the development of robust arrangements for Value for Money (VfM)

The assessment is 5, with no change from the previous year.

The Committee takes a broad view on what constitutes 'robust arrangements'. VfM can be realised when risks are well managed, outcomes align with priorities and resources are consumed optimally. Assurance was gained from the Annual Governance Statements, risk management arrangements, budget planning and monitoring, audits and HMICFRS performance dashboard.

These component parts are dealt with in more detail in relevant sections of this report. Taken together, they confirm effective arrangements for achieving VfM.

Reporting requirements for the external auditors changed in 2021/22, with more extensive and robust examination of the key criteria to achieve VfM. Auditors found no significant weaknesses in the VfM arrangements. However, they highlighted the need for adequate capacity in the finance team.

Comparative judgements on outcomes/costs with other Force areas rely on national reports from HMICFRS. Comparative data was made available and considered by the Committee in July. Unsurprisingly there are some areas of activity where the two forces deviate from the mean average, but there were no significant 'outliers'. Most importantly the Committee sought assurance that the data profiles and information are used by officers to inform their work. In addition to informing business cases and plans to achieve savings, the 2022/23 budget process is expected to incorporate greater use of the data. The HMICFRS report on Dorset Police, published on 13 April 2022, recognised the work of this Committee in scrutinising work on using the Value for Money profiles to make comparisons with other forces.

External audit and inspection

The assessment is 5, with no change from the previous year.

The role of the Committee includes considering the work of the appointed external auditors, Grant Thornton, for all four corporations sole. Public Sector Audit Appointments Ltd (PSAA) is responsible for appointing the external auditors. The appointed auditors provided written reports and were represented at all Committee meetings.

The pandemic made 2020/21 a demanding and difficult year for every organisation. Grant Thornton adjusted working arrangements and handled internal resourcing difficulties, while dealing with additional national requirements to independently verify pension and property valuations in the accounts. The difficulties in addressing these challenges resulted in substantial delays in the issue of external audit opinions and joint audit letters not being reported to the Committee until April 2022. The Committee continued to challenge the external auditors at all meetings, raising its serious concerns about the delays and their impact.

The late audit opinions made a huge impact on external audit plans for 2021/22. These were provided later than usual and Grant Thornton made clear that achieving even the new later deadline of 30 September for publication of audited accounts would be extremely challenging. Completion of Devon and Cornwall audits was delayed, and the audit of Dorset accounts did not start until November 2021. As in the previous year, this caused disruption to the usual work of the finance teams and placed additional pressure on staff. The Committee supported the officers in making a formal complaint to Grant Thornton concerning the delays and concerns about their resources for audits. Summary reports sent to the four corporations sole after each Committee meeting expressed concerns about the delays, their impact and increases in audit fees.

In July 2021, the PSAA opened consultation on audited bodies' intentions on whether to remain in the PSAA procurement process from 2023 for five years. The section 151 officers explored other options to procure external audit outside of the PSAA process, including working with other police bodies. Their decision in March 2022 to join the PSAA procurement process was supported by extensive research and analysis.

The Committee continued to express its concerns over the unacceptable position reached with the audit of public bodies and the resulting impact. It is recognised that this is a national issue and has received much attention through the National Audit Office, the Public Accounts Committee and the PSAA. In response to a co-ordinated letter to PSAA from the regional Police and Crime Commissioners, the PSAA stated, 'We also appreciate the inconvenience that delays cause, and we are very conscious of the adverse effects which flow from delayed audit opinions. They include disrupted work plans for all parties, uncertainty about the financial position of organisations, and weakened governance and accountability processes. Perhaps most obviously, delayed audited accounts are less valuable and relevant.'

Promoting effective public reporting of accounts, partnership governance and accountability

The assessment is 5, with no change from the previous year.

The difficulties associated with completing the external audit of the financial statements are dealt with in the previous section. These reduced the timeliness and effectiveness of public reporting of accounts. Draft accounts were again produced for all four corporations sole within the statutory

deadlines. However, the difficulties with scheduling and performing the external audits led to consideration and examination of the accounts over a prolonged period.

The Committee considered the chief finance officers' narrative and outturn reports at its meeting in July 2021. The accounts and audit findings for Devon and Cornwall were examined in September, with the accounts and preliminary audit findings for Dorset following in December. Final audit findings and the adjusted accounts were then considered at the April 2022 meeting. At the end of the 2021/22 financial year the external auditor's audit opinions and annual report for 2020/21 had not been issued. It remains the Committee's strong view that these delays weaken public accountability.

Several questions and challenges about the accounts were raised with officers. These covered the valuation of property and pensions, as well as timing of the pension audits. The Committee compares differences in accounting treatment or approach to items such as the required level of reserves. This is a strength of a committee covering both Force areas. In all cases the officers provided explanations. This allowed the Committee to provide assurance over the quality and depth of financial reporting, despite diverse and extensive challenges.

The major area of partnership continues to be the joint arrangements between the two Forces following the earlier exploration of a potential merger. Governance of these areas is dealt with in the comprehensive Annual Governance Statements (AGSs). These were reviewed at the Committee's meetings in April 2021 and April 2022. The Committee noted that some recommendations for improvements in relation to risk management of Alliance functions had been highlighted in an internal audit. Addressing those recommendations will improve the governance of the partnership.

Ethical values

The assessment is 5, with no change from the previous year.

In recent years, considerable efforts have been made to raise the profile of ethical standards and supporting behaviour in both Forces. Both have ethics committees and contribute to regional ethics meetings. All meetings were held virtually and this might encourage higher numbers of dilemmas being submitted, as shift patterns and work location are not limiting factors. Staff and officers at all levels raise ethical dilemmas for discussion at the multi-disciplinary ethics meetings. While the number of dilemmas fell during the pandemic and a small number of meetings were lost, the number of dilemmas and breadth of subjects saw a return to previous levels during the year. The Committee were assured by this ethical behaviour, indicating that ethics remains an important part of policing.

The current Code of Ethics also includes the Police Code of Conduct. Initial steps to create greater distinction between these in the national review of the Code of Ethics may lead to changes and the Committee watches this work with interest.

Committee members are encouraged to observe an ethics meeting and valued the insights into aligning the Code with real ethical dilemmas faced by police officers and staff. People management processes and procedures, allied to the work of the Professional Standards Department ensure that there is zero tolerance of unacceptable behaviours and expectations that the Code of Ethics is applied and followed.

In carrying out its functions, Committee members closely follow the Code of Ethics. The Code informs the actions and behaviour of all members and members actively promote the Code in the

way they interact with colleagues, stakeholders and external partners. All members recently completed online training on the Code of Ethics.

The Committee challenges bias whenever this is evident and monitors its own behaviour very closely. Committee meetings are used to illustrate the Code of Ethics in action. Members are very familiar with the Code and its principles underpinning policing. The preparation and management of meetings is carefully considered so that it creates an inclusive environment where all are welcome and comfortable to express their opinions and challenge the views of others. This must be achieved alongside their role and challenging any aspect of governance within the Forces.

Treasury Management

The assessment is 5, with no change from the previous year.

The Committee's role is to provide assurance that the components of effective Treasury Management are established, applied and actions taken to deal with changes in circumstances. To fulfil this role effectively the Committee accesses annual training and considers extensive reports.

Treasury Management training in 2021/22 was delivered at an online meeting using 'in-house' expertise rather than an external provider. It was, therefore, tailored to members' needs and allowed for greater interaction with all participants. It included information on changes to the Prudential Code that will operate from 2023/24 and means the Committee is well placed to continue to perform its role.

The Committee reviewed Treasury Management strategies, their inter-relationships with capital and borrowing strategies, and considered performance outcomes of all strategies. This enabled the Committee to provide assurance that effective arrangements are established in both Force areas. Recognition of the emphasis that must be placed on reducing risk was evident in the strategies.

The strategies continued to follow an approach acknowledging how low rates of interest require use of internal borrowing and short-term loans. Importantly, operational arrangements mean that changes can be made if interest rates show signs of significant increase.

In 2020/21 several breaches of the Treasury Management strategies occurred. These were identified internally and promptly addressed. The finance team ensured that the Committee was fully informed, reflecting the strength of working relationships within the governance framework. It was pleasing to note that following an audit of the processes applied, changes ensured that no further breaches occurred.

Environment and sustainability

The assessment is 5, with no change from the previous year.

Members of the Committee place high priority on contributing to sustainability and environmental concerns. It monitored both Forces' implementation of the principles of the Codes of Governance which set out the need to define outcomes in terms of sustainable and environmental benefits. The Committee also took into account the Principles of Corporate Social Responsibility which includes the principle of environmental sustainability.

The Committee reflected on how it works to minimise any negative impact on the environment. IAC meetings are now held virtually and will remain so, reducing the need for road or rail travel to meetings. The use of technology also eliminated paper documents for meetings, saving printing and postage costs, as well as reducing the environmental impact of hardware and consumables.

The Committee recognises national guidance on sustainability and the environment and welcomes that this is considered in internal and external audit reports. The Committee noted that a regional audit on environment and sustainability features in the 2022/23 internal audit plan.

Committee members explored both Forces' approach to setting carbon-neutral targets as part of their capital strategies. Police and Crime Plans set out objectives to achieve sustainable environment targets for 2021/25. Both Commissioners attended Committee meetings where progress towards these targets was considered. Devon and Cornwall Force has established an environment and sustainability policy overseen at executive level to ensure that all levels of the organisation contribute and are held to account. The Committee reviewed the Corporate Governance frameworks in 2021 and ensured that decision-making processes support sustainable environmental benefits.

The Committee welcomes the expansion of assurance mapping within the overall assurance map due in September 2022 with the aim of identifying specific ways to secure environmental and sustainable benefits. Both Forces take environmental factors into account when making investment decisions.

Equality

The assessment is 5, with no change from the previous year.

The Forces have well-developed Equality, Diversity and Inclusion policies. Each has equality objectives that are reviewed regularly. Executive boards receive regular information to assist the Forces in monitoring the effectiveness of their policies. The Committee will consider examination of the effectiveness of arrangements in its future work programme. Dorset has established 27 equality champions, for gender, age, disability, race, religion/beliefs and LGB&T. Their role is to support colleagues at work across the community, offering specialist advice and opening opportunities to engage with those members of the community often perceived as 'hard to engage'. The Committee noted the new objectives and actions taken. In Devon & Cornwall's equality objectives, the Commissioner sets out her role as employer, scrutineer and commissioner. This indicates how equality is taken into account in all aspects of the Commissioner's work.

The Committee also follows these policies. Members consistently apply the principles of the Equality Act 2010. They firmly recognise the rights of individuals and the need to promote equality of opportunities in all aspects of the Committee's work.

Members have taken steps to ensure that the Committee's actions and processes do not discriminate against anyone on the grounds of any of the nine Protected Characteristics identified in the Equality Act 2010. This included arrangements to ensure that the members with disabilities are fully included and could carry out their roles successfully. All the Committee's meetings in 2021/22 were held virtually and software options for sub-titles meant that hearing-impaired people participated fully.

Members requested a review of their expenses arrangements. Existing arrangements had not encouraged diversity of applicants to serve on the Committee to reflect the nature of society. In

addition, expenses arrangements need to reflect members' roles and responsibilities. The move to monthly payments of a fixed annual amount was proposed by officers and supported by the four corporations sole.

The Committee currently has members from Dorset, Devon and Cornwall offering a range of experience. They provide breadth and depth of local knowledge across the three counties, at the same time as having members with the requisite skills, knowledge and attitudes for the role.

Membership and effectiveness; independence and accountability

The assessment is 5, with no change from the previous year.

Members suggested moving the date to agree a Chair and vice-Chair from the April meeting to the September one. This is to allow a new Chair to take the lead in assembling the Committee's annual report with six months' experience in the role. This suggestion was agreed by the officers at the April 2022 meeting.

During the year, the Alliance senior audit manager regularly added reports, papers and guidelines to the Committee's secure online files. This increased effectiveness by giving access to information at local, regional and national level, and required members to be active outside of Committee meetings by reading and keeping up to date.

The section 151 officers responded positively to the Committee's request for a review of expense/remuneration arrangements. Existing members had the option to move from submitting monthly expenses to a fixed allowance before the end of the 2021/22 financial year. All new appointments to the Committee will be paid an agreed annual amount. The revised method reflects the maturity of members' roles since the establishment of IAC arrangements, as well as providing a welcome contribution in the quest to achieve as diverse and inclusive Committee membership as possible.

Appraisals follow CIPFA guidance and include members' perception of the Chair. Training needs are identified during the appraisal discussion and this informs the Committee's annual training plan. Appraisal of the Chair by a section 151 officer did not take place during the period of this report.

The terms of reference set out requirements for independent membership of the Committee and members remain impartial in all their work.

Positive feedback on the Committee's work by all four corporations sole is reflected in the following statements

'With a strong IAC I can be confident that significant governance issues – external audit difficulties, risk management process, treasury management breaches and countering fraud and corruption – are being overseen.
I am of course also pleased to see how the report sets the IACs activity in an ethical, sustainable and equality context.'

'... the IAC has been a major contributor to the success and integrity of Devon & Cornwall Police in my time as Chief Constable. Thank you for the calibre of your membership and the quality of your work.'

Planning to increase effectiveness in 2022-23

The next financial year is likely to see significant changes to membership of the Committee. The June 2022 meeting is the last before the tenure of three of the five existing members ends. Changed membership from the September 27 2022 meeting will influence plans for increased effectiveness.

Existing members identified areas where the focus of the Committee's work may benefit from further work. In this, they applied feedback from the formal evaluation/assessment referred to in CIPFA Appendix E, self-evaluation and feedback from officers and the four corporations sole.

Achieving the aims of further activity without compromising the Committee's existing work to provide assurance in the critical areas of financial control and accountability is crucial. The training plan referred to above also reflects national changes to guidance and advice. These include the 2022 update to CIPFA guidance (the Committee's terms of reference and operating principles will need to reflect this) and the 2022 National Audit Office (NAO) report on Climate Change Risk: good practice for audit and risk committees. It is essential that training is provided to ensure that the Committee can remain effective and build on recognised good practice. The Committee has asked for the process to select mandatory training modules to be clarified. This follows receipt of a surprise email requiring members to complete ten mandatory online training modules, some of which do not recognise members' roles.

Committee members recognise that all organisations are vulnerable to strategic risks. These may be overlooked, or given limited attention, if focus is limited to the detail of risk management arrangements and long-term financial planning. A firm focus for the Committee will be identifying areas where the corporations sole might benefit from closer assurance including:

- work in partnership with other organisations, in particular other Forces, probation service, criminal justice, local authorities and the NHS
- the culture in the four corporations sole reflecting challenges facing all Forces, including bias, racism and misogyny
- national and local political changes, ranging from internal roles or mergers of organisations and economic challenges

Committee members wish to deepen their understanding of how the context of risk is used to influence budgets and the effectiveness of operational governance.

They remain very committed to learn from other audit committees, especially police audit committees. The Committee will continue to explore ways of achieving this.

Informal Committee meetings using technology will sustain the focus on areas to improve, identify concerns and allow the Committee to respond to the changing context and demands facing Chief Constables and Police and Crime Commissioners. Committee members are keen to build on their use of technology to develop sharing secure information, build on team strengths and support their role in providing assurance to each of the four corporations sole. They have identified the need for a more efficient process to assemble questions sent to officers before Committee meetings, particularly using file-sharing software. The current approach evolved from a suggestion more than three years ago and before police laptops were issued. It is a natural step in building effectiveness and increasing efficiency.

In August 2021, Scott Chilton became Dorset Chief Constable following the retirement of Chief Constable James Vaughan QPM. The Committee valued his commitment to working with them throughout his appointment and welcomed Chief Constable Chilton to meetings. Devon &

Cornwall's Chief Constable, Shaun Sawyer QPM, will retire in August 2022. The Committee benefitted from a positive working relationship with him, his challenges and support. We thank him for being thoughtful and well-informed, and sharing his knowledge with humility and humour.

While virtual meetings have many advantages, the Committee recognises drawbacks too. The most obvious is the loss of opportunities to strengthen working relationships with the four corporations sole. This is a particular concern with the changes in Chief Constables and the Dorset Police and Crime Commissioner not having met any of the Committee in person. Equally, the Committee has not met in person since 2019 and with recruitment taking place in June/July 2022, the absence of on-site meetings has the potential to impede the development of successful working.

David Bowles

Helen Donnellan (Chair)

Tom Grainger (Vice Chair)

Gordon Mattocks

Jo Norton

Updates on Areas for Consideration from 2021 Evaluation of Audit Committee;			
	Action Points	Comments from the Independent Audit Committee	Update For Closure of the Actions
Supporting the development of a local code of governance	The IAC should ensure assurance of a biennial review of the Local Code of Governance is presented to them going forward from 2021/2022.	The Committee welcomed the progress made in the thorough review and updating of the Code of Governance in both Forces. It received progress reports and gave feedback on drafts. The new Codes include arrangements for routine review to ensure that they remain up to date.	<i>April 2022</i> The 'principles of good governance' section of this report confirm the Committee's oversight of the Codes of Governance and Financial regulations for Dorset and Devon & Cornwall.
Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence	The IAC should prepare an Annual Review of Effectiveness for Internal Audit. This will be the preparation of a checklist and presentation to IAC.	IAC recognises that such a Review would provide evidence of the effectiveness of internal audit for the four corporations' sole. It has contacted CIPFA about a structured evaluation tool, relevant to police bodies. If CIPFA cannot provide this by the end of the 21/22 financial year, IAC will explore other options including the Institute of Internal Audit. The intention is that an annual review of effectiveness will be carried out and contribute to the evaluation of this Committee in April/May 2022.	<i>April 2022</i> Exploring options to achieve this action point were worthwhile although no checklist, as such, was created. The internal audit provider, SWAP, is keen for the Equality Impact Assessment of the Public Service Internal Audit Standards (PSIAS) to be more frequent than the required five yearly intervals. In addition, progress on actions to improve practice in relation to the PSIAS will be reported to the Committee in SWAP's annual opinion report. The Committee noted that some actions in SWAP's action plan shown as incomplete need to be addressed and progress reported.

			Considering the internal audit provider's aim to increase the frequency of the external assessment and annual reporting to the Committee, the decision has been taken not to develop a further quality assessment tool.
Reviewing the effectiveness of assurance providers, e.g., internal audit, risk management, external audit	IAC to receive a copy of the PSAA annual audit quality report for Grant Thornton when available in 2021. Seeking assurance that the performance surrounding delivery of annual accounts sign off is improved for the coming year.	The Committee consistently made clear to Grant Thornton its concerns about late delivery of annual accounts and the impact on staff. Improvement in the delivery of external audit work was not achieved and the Committee continues to seek assurance for improvement.	<i>April 2022</i> The PSAA quality report is not yet available. Delivery of the annual accounts shows no improvement. The Committee and officers remain highly concerned about this pattern of delays and the impact on finance teams. Formal complaints were submitted to Grant Thornton. The national picture remains bleak and the lack of suggested dates for 2021/22 external audits gives little cause for optimism about reduced delays.

1. Action Plan for Improvement

1.1 As a result of the assessment carried out from 2022, the IAC may wish to consider making the following improvements to its activities, to improve compliance with the CIPFA guidelines detailed above.

Areas for Consideration From 2022 Evaluation of Audit Committee;			
	Action Points	Comments from the Independent Audit Committee	
Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks	To receive assurances that the planned "Deep Dives" on Risk management are taking place.	IAC has been advised of the next Deep Dives and will be informed of the outcomes. <hr/> Monitoring improvements and taking action to overcome barriers to progress also	

	Continue to monitor improvements for both forces as identified in the SWAP internal audit reports.	supported by quarterly reports from both risk managers.	
Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks	Sight of the OPCC Risk registers should also be provided at least annually to IAC members.	<p>To be raised with the PCCs and agree the most appropriate time of each year for this.</p> <hr/> <p>Raised with Dorset PCC on 28.6.2022 and will be explored further.</p>	
Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence	SWAP to meet independently with the IAC Chair as defined within the PSIAS regulations.	The first meeting with the CEO was scheduled for June 28, 2022. Topics to be covered include engagement with the PCCs, CCs and CEOs, sharing outcomes of audits and increasing joint working.	

2021/22 evaluation

Assessment key

CIPFA has, within its guidance, produced the following assessment key for assisting the evaluation of the effectiveness of Audit Committees. This key will be used to assess the effectiveness of the Independent Audit Committee (IAC) representing the four corporations sole; Devon & Cornwall PCC and CC, and Dorset PCC and CC.

Key (5 = Most effective 1= Least effective)	Evidence required
5	Clear evidence is available from a number of sources that the committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.
4	Clear evidence from some sources that the committee is actively and effectively supporting improvement across some aspects of this area.
3	The committee has had mixed experience in supporting improvement in this area. There is some evidence that demonstrates their impact but there are also significant gaps.
2	There is some evidence that the committee has supported improvements, but the impact of this support is limited.
1	No evidence can be found that the audit committee has supported improvements in this area.

Areas where the Audit Committee can add value by supporting improvement	Overall Assessment
Promoting the principles of good governance and their application to decision making	5
Contributing to the development of an effective control environment	5
Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks	5
Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively	5
Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence	5
Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements	5

Supporting the development of robust arrangements for ensuring value for money	5
Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks	5
Promoting effective public report to the authority's stakeholders and local community and measures to improve transparency and accountability	5