



JOINT AUDIT COMMITTEE

DRAFT MINUTES

Date: 23 June 2016

Time: 10.30 hours

Location: Conference Room 1, Police Headquarters, Huntingdon

Members : Nicola Scrivings Chair
Mike Hindmarch
Nicola Mullany

In Attendance:

Niki Howard	Director of Finance & Resources, Constabulary
Josie Gowler	Director of Finance, OPCC
Alec Wood	Chief Constable
Dorothy Gregson	Chief Executive, OPCC
Chris Hewitt	Ernst Young
Suzanne Lane	RSM
Mark Greenhalgh	Chief Inspector, Corporate Development
Natalie Benton	T/Head of Corporate Development
Nancy Leversha	Strategic Accountant, OPCC

1.	Welcome and Apologies
	Nicola Scrivings welcomed everybody. Apologies were received from Member James Morgan, Police and Crime Commissioner Jason Ablewhite, and also Deputy Chief Constable Alan Baldwin.
2.	Declarations of Interest
	There were no declarations of interest.
3.	Approval of the minutes from the last meeting held on 23 March 2016

	The minutes were agreed and signed by the Chair.
4.	Review of Action Log
	<p>Action 42 – ICT and Internal Auditors are in discussion over the scope and the audit will be conducted later in the year. The scope should be available for the September meeting. Action discharged.</p> <p>Action 41 – Athena briefing, there is a verbal update in this meeting, action discharged.</p> <p>Members asked that Target date be defined as Target Meeting Date and that the colours be removed.</p>
	<p>Resolved:</p> <p>(i) <i>The group noted the report.</i></p>
5.	Internal Audit Progress Report and Annual Report
	<p>Annual Report – The report gives the Internal Audit year end opinion for both the Constabulary and the OPCC, both are positive opinions. There is partial assurance with regard to controls assurance mainly due to Fleet and ERSOU reports. Members were assured this is similar to other forces and a benchmarking report is due to be circulated shortly.</p> <p>Progress Report – The final three reports have been finalised which is all of 15/16 reports completed. There are two planned changes to the 16/17 audit plan. Victim satisfaction has moved from Q1 to Q3 due to the victim support and witness care departments merging. Commissioning, Communication and Partnership has moved from Q1 to Q2 to allow time for the new PCC and any change in priorities.</p> <p>On the BCH schedule, Information Management has moved from 15/16 to 16/17. Public Contact has been delayed due to delays in the project and Athena is also paused.</p> <p>Members were informed that the delayed audits equate to approximately 40 days and that there are currently no resourcing issues. With the new PCC developing his Police and Crime Plan it was questioned whether there are any new risks that could potentially be included. The committee were offered a paper for the next meeting on the horizon scanning showing the transformations that are coming down from National Government to reassure them that risks are identified and tracked. The Audit Committee welcomed a briefing on PCC change and the way forward.</p> <p>Procurement – has significantly improved from the first audit. One outstanding recommendation remains regarding a collaborative procurement strategy not being</p>

implemented. The Committee registered their disappointment that this is outstanding. They were informed there is a strategy but not as the auditors recommend. They were also informed this is an area which is being looked at for further collaboration with seven forces and this business area is therefore changing quickly.

They were further informed that there is reasonable assurance that procurement is working well and there is very little risk, and the force and OPCC understand their disappointment but they need to appreciate our risk appetite in this area. It was agreed that the Governance process for the seven force collaboration be reported at a future meeting.

Fleet Management – the three remaining recommendations are around compliance. The Chief Constable stated he is very aware that the accountability lies with him and the Constabulary are working on tightening processes. The Committee asked whether any external body conducts audits in this area or whether the Constabulary has contacted external organisations such as Royal Mail to see how they manage these issues.

The Committee asked for a mid-year point report to check progress in this high risk area. The actions to take forward include looking at external regulation, research with other organisations, publishing case studies when fleet management goes wrong, speaking to staff and gathering data to chart progress.

Follow up – reasonable progress has been made although some compliance issues have been identified. The Constabulary noted there had been a procedural failing on the follow up report and how actions had been tracked but a process is now in place.

IT General Controls – reasonable assurance is given, two medium recommendations were made around where policy updates are required.

ERSOU – proceeds of crime, a partial assurance is given. This report was issued to Bedfordshire as the lead force for Joint Protective Services. This will be reported to the Strategic Alliance meeting. There have been compliance issues over the banking of cash due to the property system having a backlog but the amounts are usually small and there are no concerns over this. It was noted there is a new Criminal Finance Bill coming through which will change the percentage of seized funds that will be returned to the Force.

Ops Planning – reasonable assurance two medium recommendations made around key performance indicators. The committee were advised there is an updated Section 22 agreement including performance reporting framework.

	<p>Resolved:</p> <ul style="list-style-type: none"> (i) The group noted the reports. (ii) A paper on PCC change and the way forward that the OPCC are preparing for to be brought to the September 2016 meeting. (See Action 17 (ii)) (iii) Seven force collaboration governance processes to be reported at a future meeting. (iv) Mid-year point progress report on Fleet Management to be scheduled on agenda.
<p>6.</p>	<p>Internal Audit Recommendations Progress Updates</p>
	<p>Non-Financial Recommendations – most actions have been covered by the Internal Audit update, but it was reiterated the need to tighten up on a Cambridgeshire owner for collaborative audit recommendations has been recognised.</p> <p>Financial Recommendations – nothing to report on currently. External Audit may make some recommendations and the internal audit programme commences in October for finance.</p> <p>OPCC Recommendations – this completes the suite of monitoring recommendations from audits. This will continue in line with the other reports to provide transparency. In the future only medium and high recommendations will be presented.</p>
	<p>Resolved:</p> <ul style="list-style-type: none"> (i) The group noted the reports.
<p>7.</p>	<p>Operational Risk Register</p>
	<p>The Chief Constable gave an overview of the high risks and stated the Constabulary Risk Review Board is chaired by the Deputy Chief Constable (DCC) where they monitor organisation risk.</p> <p>Risk 295, collaboration savings not being delivered in line with Cambs savings plans, is high. There is a new benefits realisation strategy for BCH and the Cambs DCC is part of the governing process. There will be savings however, due to delays in projects the savings will not be realised when they were first planned.</p> <p>Risk 304 (risk of BCH Vetting Unit non-compliance with NPCC and College of Policing guidance): The Codes of practice have not been published yet and capacity issues are expected. The Chief Constables have just agreed an additional nine staff as a best</p>

	<p>assumption as to what the guidance will require.</p> <p>Risk 317 ICT resources: at the Organisation Support Board held on 22nd June 2016 the Head of ICT stated this risk could be reduced following the convergence of departments.</p> <p>Risk 313 potential monetary liability related to decision in Allard and Ors vs Chief Constable Devon & Cornwall Police: This is in relation to claims that undercover officers may make and the outcome and liability is unknown. There are 26 officers in Cambs that could claim. The Home Office are looking for a test case where an officer was seconded to another force and Cambs may be used. Any payments will come from general reserves.</p> <p>Risk 321 lack of understanding of demand and resourcing: it was noted that 84% of calls for service are not police related. Cambs are in a better place than last year however, there is still work to be done on understanding and reducing demand and how to better deploy resources. Cambs have agreed to be a pilot force for HMIC in relation to understanding demand and the risk remains red until we understand more.</p> <p>Risk 332 2016/17 budget will not balance: There is a £3.5m gap and all the pressures are captured. There are significant items on the pressures sheet such as regrading of contact management roles. The CFOs discuss the MTFP regularly and the first revenue outturn report will be available in September. The Committee were reminded that it is for the Police and Crime Panel to comment on budget.</p> <p>Risks 319 and 322 Athena: The system should have gone live in November 2015 but was put on hold. A verbal update was given to the Committee.</p> <p>Risk 294 Parkside custody: it is stable in the short term but a long term view is required and the Chief Constable and PCC have started having conversations about developing plans for a new operating base and custody provision. There should be a plan within 12 months.</p> <p>The Committee asked whether there should be a risk on the register following the attack on Jo Cox MP in West Yorkshire. They were assured this type of event is managed by the Constabulary as part of their threat/risk/harm and would not hit the risk register as it is dynamic.</p>
	<p>Resolved:</p> <p>(i) The group noted the report.</p> <p>(ii) A budget strategy paper on current state to be presented at December JAC.</p>
<p>8.</p>	<p>Strategic Risk Register</p>

	<p>This is a new format as the previous format had got unwieldy and the new format is bringing the PCC into line with our collaboration partners. It still covers the PCC’s strategic duties and acknowledges we have been through a significant change process and passed through it smoothly.</p> <p>There is one new risk which is the funding of the Emergency Services Network. The Committee asked whether the scores were correct following mitigation actions. They were informed this is the replacement for Airwaves and is a national contract governed by Central Government and we only have approximate costs until we know numbers and types of devices. Due to the external nature of this and lack of control we are content with the score. Previously this would have been nationally funded but now we have to fund it, so the risk has also transferred to Cambridgeshire.</p> <p>The Committee asked that dateline be included in future actions. They also asked for an explanation on the risk weighting.</p>
	<p>Resolved:</p> <ul style="list-style-type: none"> (i) <i>The group noted the report.</i> (ii) <i>Add dateline for future actions.</i> (iii) <i>Circulate risk weighting explanation.</i>
<p>9.</p>	<p>Athena Update</p>
	<p>This was covered under the Operational Risk Register update.</p> <p>A verbal update was given to the Committee but is not recorded due to commercial sensitivity.</p>
	<p>Resolved:</p> <ul style="list-style-type: none"> (i) <i>The group noted the update.</i>
<p>10.</p>	<p>Draft Annual Governance Statements (“AGS”)</p>
	<p>The governance statement have been drafted following CIPFA/SOLACE framework and accounting regulations. The AGSs include enhancements to the Strategic Alliance governance arrangements. They also note the Fleet Management and ERSOU internal audits. The Constabulary and PCC AGSs mirror each other where they are able but there are some differences where required.</p> <p>The Committee asked whether the AGSs were mandated and were informed they are. They provide reassurance and change with nuances plus a refresh of meetings and chief officer team.</p>

	<p>Resolved:</p> <p>(i) The group noted the reports.</p>
11.	Integrity Controls Assurance
	<p>There have been no dramatic changes from last year. There has been some tightening of processes and the OPCC are currently reviewing the new PCC's requirements.</p> <p>The Committee asked how lessons learnt are shared. They were informed there is work ongoing and the plan is this will be discussed at an Organisation Development Board in July. This will include how it is embedded in the organisation and how it makes a difference.</p>
	<p>Resolved:</p> <p>(i) The group noted the report.</p>
12.	Exchequer Services Key Performance Indicators Report
	<p>This is the standard report for Exchequer Services. The debtors shows a significant reduction in the number of days. The Committee were informed this was due to the debtors mostly being our partners whereas previously the Home Office was a major debtor and were slower with making payments.</p>
	<p>Resolved:</p> <p>(i) The group noted the report.</p>
13.	Scale and Fee Charges
	<p>The Director of Finance & Resources stated she is reviewing this policy to bring Cambs in line with Beds & Herts. Cambs has a number of small events that are community led and these type of events are being reviewed to assess whether changing the charging policy would disadvantage this type of event.</p> <p>A paper is being drafted for the PCC to provide a view on a way forward.</p>
	<p>Resolved:</p> <p>(i) The group noted the report.</p>
14.	Treasury Management Strategy 2016/17
	<p>There was a review of counterparties and credit ratings in May 2015. The review also made investing easier for the Treasury team and there has been an increase in return of £4k. The time limits that investments are out has been reviewed but with the</p>

	referendum and cost pressures the time is not right to increase these.
	<p>Resolved:</p> <p>(i) <i>The group noted the report.</i></p>
15.	Board Assurance Framework
	The Board Assurance Framework looks forward more than one year and is based on the Police and Crime Plan objectives and risks and how to achieve/manage them. The new Plan is being developed in consultation with partners and the new plan will drive the BAF. Therefore, there is no update to the current BAF and a refreshed BAF will be brought to the committee once the Plan is published.
	<p>Resolved:</p> <p>(i) <i>The group noted the update.</i></p>
16.	Audit Fee Letters 2016/17
	The fees for 2016/17 are Constabulary £15k and OPCC £30,338. The detailed audit plan will be available for the March 2017 meeting. 2017/18 accounts will be the first year of early close. The contract with EY ends in 2018/19.
	<p>Resolved:</p> <p>(i) <i>The group noted the report.</i></p>
17.	JAC Annual Report and Effectiveness Review
	<p>The report reflects on the work throughout the year and highlights priorities for the coming year. Oversight of the collaboration programme will be key. The Committee also reiterated that they welcome the attendance by the Force and the PCC.</p> <p>The effectiveness review was completed and the key points are the Committee would benefit from an external review at an appropriate time after the PCC decides if the remit needs to be refreshed. The CIPFA focus needs validating and recruitment of a new member is required.</p> <p>Increasing business will be conducted through collaboration underpinning the work of Cambs, it will require flex on the journey whilst units collaborate but those units still have to perform for Cambs. The paper commissioned at Action 5(ii) around horizon scanning will include in the transformation that is ongoing to consider the terms of reference of the JAC and their role.</p>
	<p>Resolved:</p>

	<p>(i) <i>The group noted the report.</i></p> <p>(ii) <i>Paper at Action 5(ii) to include consideration of JAC terms of reference and their role in the transformation.</i></p>
18.	JAC Skills Audit
	The Chair stated there should be an independent review of skills.
	<p>Resolved:</p> <p>(i) <i>The group noted the report.</i></p> <p>(ii) <i>JG to consider how independent review of Chair can be undertaken.</i></p>
19.	Review of Forward Agenda Plan
	It was noted there is a lot on the agenda and the last few meetings have also had a lot of business to cover and meetings have lasted longer. The next meeting will be scheduled to finish at 1pm.
	<p>Resolved:</p> <p>(i) <i>The group noted the report.</i></p>
20.	AOB
	There was no AOB.
21.	Date of Next Meeting
	<p>The next meeting will be held on Thursday 29 September 2016 at 10.30am, Conference Room 2, Police Headquarters, Huntingdon.</p> <p>Members are invited to attend from 10am for a pre-meet.</p>

Nicola Scrivings