



JOINT AUDIT COMMITTEE

DRAFT MINUTES

Date: 27 September 2017

Time: 10.30 hours

Location: Conference Room 3, Police Headquarters, Huntingdon

Members : Simon Smith Chair
James Morgan
Ian Pinches

In Attendance:

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| Alec Wood | Chief Constable |
| Dorothy Gregson | Chief Executive for the OPCC |
| Matthew Warren | Interim CFO for the OPCC |
| Niki Howard | Director of Finance & Resources - Constabulary |
| Jo Conlon | Head of Finance |
| Neil Harris | Ernst Young |
| Suzanne Rowlett | RSM |
| Daniel Harris | RSM |
| Natalie Benton | Head of Corporate Development Department |
| Vicki Simms | Governance & Inspection Officer, Corporate Development Department |
| Nancy Leversha | Strategic Accountant, OPCC |

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| 1. | Welcome and Apologies |
| | Simon welcomed everybody and asked for introductions to be made around the table and welcomed Ian to his first meeting. Simon stated that he was pleased with how very open and transparent the group are which makes the role of the committee easier to operate. He also stated he is conscious |

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| | of the role of the committee to facilitate good working relationships between audit and officers and is aware these are good and is keen this continues. |
| 2. | Declarations of Interest |
| | There were no new declarations of interest. |
| 3. | Approval of the minutes from the last meeting held on 29 June 2017 |
| | <p>The minutes were agreed and signed by the Chair.</p> <p>Action 5(ii) Schedule of risk based prioritisation of policy to be shared with the committee. Natalie updated the committee that a Policy & Planning officer was recruited in July and a risk based review in conjunction with business planning is underway. An update should come to the committee in December.</p> <p>A member asked about page 6 of the minutes, the paragraph about Grenfell fire, whether the question asked by the Home Office was the same question the committee had asked. They were reassured that none of the police buildings are above the height prescribed in the letter and only one new building has cladding which is the vehicle workshop which meets current building standards. A further question was asked if there are any plans to review fire evacuation. NH stated this has just been completed under the Health and Safety and have worked with the Fire Service.</p> <p>Action 7(ii) Simon asked how often the Collaboration risk register would come to the committee. NL stated twice a year.</p> <p>Action 10(ii) Fire/Police Governance update will come to the December meeting as we are just in the process of finalising before submission to the business case. All information is on the website.</p> <p>Action 11(iii) clarification of the integrity controls assurance report – NL confirmed an email had been sent outside of the meeting and would resend to Simon.</p> <p>Action 18(ii) service report Simon confirmed that Mike has written a report and Simon will send it round.</p> |
| 4. | Review of Action Log |
| | <p>Actions were reviewed and the following actions were closed as completed:</p> <p>48 – Health and Safety report will be picked up under AMS audit recommendations report</p> <p>52 – Constabulary Delivery Plan presented at meeting.</p> |

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| | <p>54 – Transparency report on agenda.</p> <p>74 – Progress of recommendations on AMS to be RAG rated, reported at this meeting.</p> <p>77 – Query over Integrity Controls report emailed response outside of meeting.</p> <p>78 – Draft MTFP reported at this meeting.</p> <p>79 – Service visit report to be shared outside of meeting.</p> |
| 5. | Internal Audit Progress Report |
| | <p>Page 3 of the progress report shows the schedule of reports for 17/18 and progress to date for Cambridgeshire only reports and BCH plan on page 4.</p> <p>There has been one Cambridgeshire report finalised on Equality and Diversity with reasonable assurance and one BCH report finalised on Major Crime, which is a JPS unit so Beds lead on this. Appendix B and C gives headline summary of these reports.</p> <p>One draft report on Seized property and controlled drugs is in draft and was issued with no assurance. Ongoing discussions with the constabulary have provided more context and findings and the final report should be available before the December meeting.</p> <p>There is one report in in quality assurance on the Medium Term Financial Planning savings assurance which should also come to December. There are a further three reports which should come to the December meeting. There have been no changes to the plan and no impact on the year-end opinions yet.</p> <p>The committee asked for confirmation that the actions from the Equality and Diversity are on the AMS report and this was confirmed.</p> <p>The flow of work for reports concentrates in Q3 and Q4 as shown on the timetable.</p> <p>Simon agreed he would speak to Dan outside of the meeting.</p> <p>A member asked whether they should be concerned regarding the seized property report still being in draft. Suzanne stated there has been a lot of work undertaken internally that Internal Audit were aware of and this is being included into report.</p> |
| | <p>Resolved:</p> <p>(i) <i>The group noted the report.</i></p> |
| 6. | Internal Audit Recommendations Progress Updates |
| | <p>Financial Recommendations – there is one outstanding action from the MTFP report and the action is being reiterated by auditors. NH stated the auditors want the savings to be tracked in one way. NH stated this causes difficulties as some of the savings</p> |

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| | <p>tracking are outside of her control. There is control around financial planning through Finance Sub Group, Business Co-ordination Board and Police and Crime Panel. The committee noted the context surrounding the recommendation.</p> <p>Non-Financial Recommendations – the committee asked for some changes to the AMS report last time. These changes have been requested but the system is owned by Herts and they are struggling to get changes through ICT and the usability of AMS is causing them issues too. Therefore, they are going to change the style of their report to a RAG in the style of the financial recommendations. Simon stated this would be very helpful so long as it is useful for the constabulary too. The Committee felt that it should be.</p> <p>OPCC Recommendations - There were no OPCC recommendations. With regard to the Major Crime recommendations the committee asked how they would gain sight of progress. It was suggested that the Tri-Force meeting is the best place for this to ensure controls are working.</p> |
| | <p>Resolved:</p> <p>(i) <i>The group noted the reports.</i></p> |
| <p>7.</p> | <p>Annual Financial Accounts 2016/17</p> |
| | <p>MW recorded his thanks to Jo Conlon and her team for their hard work in preparing the accounts. He highlighted on page 3 that we didn't use as much reserves as expected. Pages 7 and 8 show the MTFP and how we propose to control expenditure moving forward. Public sector pay has been factored into future plans as 2% from September 2018 and we will be using reserves to cover the in year uplift.</p> <p>The committee asked with regard to the Chief Constable's Accounts preface, it states the rise in reported crime is down to recording practices, is this the only factor. NH stated this is part down to a real increase in recording and partly to a change in recording practices where crimes with no chance of solving would be 'no crimed' whereas there has been additional work to ensure they are dealt with which has added to investigations and supervisors sign off.</p> |
| | <p>Resolved:</p> <p>(i) <i>The group noted the report.</i></p> |
| <p>8.</p> | <p>External Audit Results Report</p> |
| | <p>Neil Harris from EY introduced his report stating it is the responsibility of external audit to issue an opinion of financial statements and efficiency and effectiveness in use of resources.</p> <p>Final checks are complete and Neil stated an unqualified opinion on the PCC, Chief</p> |

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| | <p>Constable and Group accounts all give a true and fair view. Neil offered his thanks to Jo and her team who had contributed and answered the auditor queries promptly and was pleased to report this year’s audit was much smoother than last year.</p> <p>The key points he wished the committee to note were no concerns over management override. A key change for this year was the Expenditure and Funding Analysis was separated this year for the Chief Constable and PCC and this was satisfactory.</p> <p>The valuation of assets was subject to estimation but these were appropriate. The new finance system was implemented mid-year and so the audit was conducted with three months information from 16/17 on the new system. The auditors used their IT team to review data management and no material issues were identified, although it was noted that a line by line reconciliation had not been conducted between the systems. The auditors used additional work by data analytics to check for any differences between the systems and any variances and there were none. It was recommended that in future a line by line reconciliation should be carried out so they can be relied on as controls.</p> <p>There will be a report to the Tri-Force Audit Committee meeting in November looking across BCH implementation.</p> <p>The auditors and the constabulary staff agreed the audit was much better this time but noted communications could have been better as the IT audit started in January and there were no results until August by which time the old system administrator had left. The communication holdup appeared to be with the project team not disseminating information.</p> <p>2017/18 will be the first year for faster closedown and the auditors are starting in two weeks. The committee requested a report from EY for the December meeting about preparation for faster closedown.</p> <p>Neil added the additional work undertaken on the IT system will be included when EY finalise the fees in agreement with the officers and will be brought to the committee.</p> <p>He also agreed the auditors have been in a better position than last year and will include in the planning report any changes in governance for 17/18.</p> |
| | <p>Resolved:</p> <p>(i) <i>The group noted the report.</i></p> <p>(ii) <i>Neil Harris to present report on faster closedown preparation in December 2017.</i></p> |
| <p>9.</p> | <p>Strategic Risk Register</p> |

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| | <p>Dorothy informed the committee the strategic risk register focusses on statutory functions, the MTFs and Police and Crime Plan set the strategic direction to manage the biggest future risks.</p> <p>The risk register records the statutory functions of the PCC and Chief Constable and the controls and controls assurance relate to the management of risks. Internal Audit and External Audit have no major recommendations and this shows we deliver the statutory functions we are reviewing how we deliver outcomes.</p> <p>Our biggest risk is financial and it was noted that the MTFs agenda item would provide more detail on this.</p> <p>A BCB review of the risk register had led to a reassessment of the risk associated with partnership. We are aware of the complexity of the devolution and CJS and that our partners are under pressure too. A number of risks which had been on the register as a risk in their own right, had now been included in more strategic risks as a cause of not meeting a statutory function.</p> <p>The committee asked why Risk 4.3 had increased and Dorothy explained there had been a change in Chair of the Police and Crime Panel and expectations had changed and behaviours had changed but the methodology of working is improving.</p> |
| | <p>Resolved:</p> <p>(i) <i>The group noted the report.</i></p> |
| <p>10.</p> | <p>PCC Police and Crime Plan delivery plan</p> |
| | <p>This is work in progress and indicates where we are currently, the plan was published in April and some areas are more mature than others. This has linkages to the strategic risk register and the controls assurance to wider partnerships giving traction on the actions.</p> <p>The future will see increases in partnership work where we shrink together not apart and where the PCC can use his power of influence rather than of control to understand which objectives are within our power to deliver and which need partnership approach.</p> <p>The committee agreed it was a very useful start to see the linkages and is set at the correct level that they can be involved in. They asked what the timeframe as a guide is so they can challenge against the timeframe. Dorothy informed the group that she is currently reviewing the OPCC. It was set up five years ago as PCC's were first introduced and it is time to review capacity and business processes to ensure it can deliver the plan objectives. Dorothy asked whether a report on the review come to the December meeting. The committee stated they would welcome this.</p> |

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| | <p>The committee also requested a verbal update from Dorothy or the PCC on risk appetite as some of the objectives are for partnerships to deliver yet are in the PCC's plan. Dorothy stated the Countywide Community Safety Board is now working well. Of more concern is the Criminal Justice Service as there are a lot of silos at the moment and work is ongoing to understand how we can use our position nationally to influence.</p> |
| | <p>Resolved:</p> <ul style="list-style-type: none"> (i) <i>The group noted the report.</i> (ii) <i>A paper covering the OPCC restructure and how this will deliver the Police and Crime Plan for December 2017 meeting.</i> (iii) <i>A verbal update on risk appetite in relation to objectives of Police and Crime Plan delivery by partners.</i> |
| <p>11.</p> | <p>Constabulary Police and Crime Plan delivery plan</p> |
| | <p>Natalie reported the delivery plan has been a collection of ongoing delivery plans with a summary of business plans. Next year this will look different due to the HMIC requirement for Force Management Statements and research and consultation is ongoing with HMIC to see how this can be made more accessible and interesting to the public.</p> |
| | <p>Resolved:</p> <ul style="list-style-type: none"> (i) <i>The group noted the report.</i> |
| <p>12.</p> | <p>Draft Medium Term Financial Strategy</p> |
| | <p>Matthew stated the financial environment has been highlighted and this paper outlines some of the opportunities and risks.</p> <p>The MTFS will include narrative on demand, the Local Policing Review, economic factors all in one document which should provide assurance we are managing and there is a plan for the next four to five years. This will be consolidated in the next few weeks and the budget will be drafted for the new financial year. The budget is due on 22 November but the outcome for policing is usually known in the middle of December although does generally give an idea of additional pressures, this is the where we first learnt of the Apprenticeship Levy.</p> <p>Simon stated the table on page 2 is very useful and questioned how the committee could assist in relation to assurance and controls.</p> <p>The committee were informed of the controls in place; Niki Howard sits on the LPR Board; Estates managed through Estates Sub Group; collaboration through various monitoring boards. It was agreed controls are satisfactory.</p> |

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| | <p>The committee asked with regard to the table of savings, is there an extension with RAG rating. They were assured there is and this will be included in the MTFS showing savings across the years of the plan.</p> |
| | <p>Resolved:</p> <p>(i) <i>The group noted the report.</i></p> |
| <p>13.</p> | <p>BCH Combined action plan from Concerto recommendations</p> |
| | <p>This was spoken about at the last JAC meeting. Dorothy gave a brief history of how we have got to this point.</p> <p>About seven or eight years ago Bedfordshire and Hertfordshire made plans towards a merger which was ultimately not pursued. Collaboration was seen to be the way forward and Cambridgeshire could have joined Norfolk/Suffolk or Beds/Herts but joined the Beds/Herts as it was felt we are more strategically aligned with them. We collaborated with Joint Protective Services (JPS) and Procurement very early.</p> <p>PCC's then arrived just as a business case about outsourcing back office functions had been developed. The PCCs reviewed and rejected this deciding they could drive more efficiencies through themselves. This created internal business cases with elements of savings included. The business planning process was protracted and as business cases have been implemented gaps have appeared between aspirations and actual delivery.</p> <p>BCH is seen as a strong partnership around the country. There has been a second PCC election and two have changed plus there has been a change of Chief Constables and an Internal Audit report highlighted areas of only partial assurance. An external review of governance was commissioned to identify the best way forward.</p> <p>Following this review an action plan has been agreed and implementation is moving forward. It recommended delayering the governance structure as there was duplication. The focus has changed from the Change Management Team reporting on portfolio change to the Joint Chief Operating Board (JCOB) running the business. Our biggest risks are currently ICT and HR and additional capacity has been brought in to bolster these areas. The savings are being re-profiled alongside a strategic narrative to ensure awareness of progress.</p> <p>An internal audit on the Action Plans implementation will ensure the Audit Committee will be fully sighted on progress in this area.</p> |
| | <p>Resolved:</p> <p>(i) <i>The group noted the report.</i></p> |

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| 14. | Public Accountability/Transparency Annual Report |
| | The committee welcomed the report and stated it was very helpful. |
| | <p>Resolved:</p> <p>(i) <i>The group noted the report.</i></p> |
| 15. | Charging for Police Services |
| | This is for the PCC to approve and has come to the committee as an update. The recommendation is for the PCC to approve 1% inflationary increase in charges. |
| | <p>Resolved:</p> <p>(i) <i>The group noted the report.</i></p> |
| 16. | Treasury Management Annual Report 2016/17 |
| | <p>This report is backward looking. Page 7 summarises the positive position and we are well within our borrowing limits.</p> <p>The Treasury Management Strategy details how much we invest in each institution, they all have to be highly rated, UK based which limits our choice.</p> |
| | <p>Resolved:</p> <p>(i) <i>The group noted the report.</i></p> |
| 17. | Review of Terms of Reference of Committee |
| | <p>Changes had been highlighted and these were agreed by the committee.</p> <p>A discussion in relation to point 4.4 the appraisal process for members concluded that this would be best undertaken in March 2018. Members were reminded the appraisal is on the functionality of the committee rather than a personal appraisal. The committee asked Daniel Harris from RSM to consider some ideas where Internal audit may be able to assist and report back to the next meeting.</p> <p>A question was raised over whether the Tri-Force audit meeting should be included, it was agreed that point 4.10 refers to other meetings and this would count as the tri-force audit meeting is not a formal part of the governance mechanism.</p> |
| | <p>Resolved:</p> <p>(i) <i>The group noted the report.</i></p> <p>(ii) <i>Committee appraisal to be scheduled for March 2018.</i></p> |

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| | <i>(iii) Daniel Harris to consider ideas for committee appraisal and report to December 2017 meeting.</i> |
| 18. | Forward Agenda Plan |
| | Items will be added from this meeting. |
| | Resolved: <i>(i) The group noted the fast close down report.</i> |
| 19. | AOB |
| | Dates of 2018 meetings was raised, Cambridgeshire have scheduled five meetings with the final accounts being a single agenda item meeting scheduled for July. Beds and Herts have scheduled their meetings in March, May, end of July and November. Neil Harris also stated the 31 st July is potentially very busy as other organisations have already indicated their audit committees will meet on that date. More will be known once the External Audit Plan is developed. |
| | Resolved: <i>(i) NL to review 2018 meeting dates.</i> |
| 19. | Date of Next Meeting |
| | The next meeting will be held on Thursday 14 December 2017 at 10.30am, Conference Room 3, Police Headquarters, Huntingdon. Members are invited to attend from 09.45am for a pre-meet. |

Simon Smith