

Dear Simon

## **Proposal: Audit Committee Development – Performance Assessment**

It was good to briefly chat with you recently on the phone. I have set out in this proposal how RSM might support the Cambridgeshire Constabulary & Police and Crime Commissioner (PCC) Joint Audit Committee (JAC) in their assessment of performance against the terms of reference.

The UK code for corporate governance recommends that all boards should evaluate their performance and that at least every three years this is subject to an independent appraisal. The principle is extended to sub-committees of the board. The code is applicable to all listed companies though it is recognised that the principles are the basis of all governance codes in all sectors, hence the JAC's desire to follow best practice. This desire is likely intensified by the facts that the JAC are overseeing the use of public money between two corporations sole, the constabulary and the PCC, both of which attract a high level of public interest.

To be clear we are not at this stage suggesting that this assessment seeks to appraise individual members of the JAC but instead considers how the terms of reference have been fulfilled by the JAC.

### **Requirements**

The Chair of the JAC has requested support from RSM in undertaking an assessment of the JAC's performance against the terms of reference and in doing so has requested that RSM draw on their cumulative knowledge and experience of audit and assurance gained in working in the policing sector as well as beyond to inform further the JAC terms of reference, focus and outlook i.e. to ensure that they are reflective of a modern audit / assurance committee.

### **Purpose of the advisory support**

The involvement of RSM enables the JAC to access the support they require whilst also providing for independent facilitation of the assessment.

### **Our outline approach**

Following our initial discussion the following components were identified as potentially beneficial to enable the assessment of the performance against the JAC terms of reference:

1. **A survey of JAC members and key participant / attendees.** The survey would allow for an anonymous self-assessment / judgement of performance against the scope, key duties, roles and responsibilities within the terms of reference. The survey responses would be summarised and used as part of a check and challenge workshop.

2. **A check and challenge workshop involving JAC members.** The aim of the workshop would be to discuss performance drawing on survey responses as a basis for dialogue and further explanation and exploration. This workshop would be facilitated by RSM whom would also draw on their wider experiences of audit / assurance committees for the purpose of comparison, therefore contributing to the discussion. The aim of the workshop will be to identify where performance improvements can be made by the JAC. Improvements identified would be summarised during the workshop.
  
3. **Development of a JAC improvement plan.** This would be based on the outputs from the facilitated workshop following any further refinement. This would include suggested actions for the JAC.

The workshop would last approximately 2 hours.

This support would be advisory only, this assignment will not be undertaken in accordance with any auditing standards and no opinion would be provided.

### Our team and credentials

This assignment will be undertaken by members of the RSM GRC Advisory team, all of whom have experience of helping organisations in all sectors review, design, develop, implement and improve their GRC arrangements.



**Matthew Humphrey**



**Sophie Guest**

#### **Matt Humphrey, Partner and engagement lead.**

Matt leads the firm's Insight4GRC service group for RSM UK. He has over 25 years of risk advisory and consulting experience, having worked with Grant Thornton, the Audit Commission, as well as being a Head of Internal Audit within the public sector before joining RSM in 2004. He works across all sectors with all types of business.

In 2002 Matt architected and mobilised the then largest local government Internal Audit Consortium. This was held up by the then ODPM strategic partnering taskforce as a prime example of good practice in alternative delivery. Matt's particular focus is on ensuring that sound risk management prevails during the periods of development, operation and growth to ensure that entities become commercially sustainable.

Matt was instrumental in the development of 4Risk a key module within the **RSM Insight4GRC** software suite. Insight4GRC has in excess of 250 clients, 95,000 end users and is now in its 10<sup>th</sup> anniversary. Matt currently works with a number of PLC's helping them make their GRC more efficient and effective through use of the Insight4GRC software solution.

Matt was lead author for a number of the RSM Assurance Toolkits including health, further education, housing and academy sectors, the most recent being published in July 2017. Matt was also author of the Polish Government Risk Management Guide undertaken as part of a European Union capacity building initiative, as well as having numerous articles published that challenge thinking on risk management, controls and assurance, including “the Risk Test” in Managing Partner magazine. Matt recently spoke at the NHF Audit Committee conference on the subject of “Managing risk and gaining assurance”.

**Sophie Guest, Associate Director, Risk & Governance Specialist**

Sophie has 12 years of technical expertise in governance and risk management coupled with cross sector experience. She is Big 4 ACA qualified and will be directly involved the governance stock take. Prior to joining RSM, Sophie worked at EMI Music in their global risk assurance function where she co-led the implementation of their Enterprise Risk Management framework and Governance, Risk and Compliance system working closely with members of the Audit Committee. Her role at EMI also involved extensive international working across all continents.

At RSM, Sophie leads and delivers a variety of governance and risk advisory projects involving senior executive and NED engagement.

What some of our clients say about our services:

*“RSM provided risk management support to my programme. Their depth of experience allowed them to offer insights into the risks facing the programme, and to come up with realistic plans to mitigate the risks. Their support went beyond mere “process knowledge”: they took the time to understand the environment and to offer bespoke advice.”*

**Kate Davies OBE, Head of Public Health, Armed Forces and their Families and Health & Justice Commissioning, NHS England**

*“I value the relationship I have with the RSM team as they continue to demonstrate excellence and value added service. The team have proved to be highly responsive and in tune with our needs and expectations. The depth and knowledge of the risk consulting team in their understanding of our business has provided a greater confidence. In conjunction with the use of the Insight4GRC software, the RSM team have helped embed risk management across Guernsey Electricity”.*

**Sally-Ann David, Executive Director for and on behalf of Guernsey Electricity Ltd**

*“Managing the risks associated with collaboration amongst agencies in Leicestershire and Rutland involved in tackling crime was going to be key to the successful execution of the role of Police and Crime Commissioner. We engaged RSM to assist us in a number of areas including the identification of partners with whom we should look to work with in the future, facilitate meetings with partner agencies to explore opportunities and risk that may exist, play a key part on the Leicestershire strategic transition board as well as the leading the development of a collaborative governance and risk management plan. Since then, RSM have continued to work with us, providing expertise and capacity to assist with the achievement of outcomes envisaged. The RSM team had sufficient flexibility to meet our needs, with senior input all the way, working jointly with us, very much part of one team”.*

**Paul Stock, Chief Executive, Office of the Police & Crime Commissioner for Leicestershire.**

The RSM team have undertaken a wide range of governance, risk and controls development assignments including many that are similar to that required by Cambridgeshire Constabulary and PCC. We have provided some examples:

- A high street retail PLC: the review and development and roll out of their governance, risk and assurance management processes.
- EPC Europe PLC: a review of Audit Committee effectiveness and adherence with best practice. This led to a re-shaping of the European Audit Committee and the development of the EPC assurance map.
- Essex Constabulary & PCC: revision and updating of the joint audit committee terms of reference, assessment of membership capability, recruitment of new audit committee members and on-boarding support.
- The East Midlands Police Forces: in the design and development of their joint collaboration assurance framework to strengthen their governance framework working in conjunction with the combined Audit Committee Chairs of the East Midlands Forces.
- Leicestershire Police: preparation of the JAC terms of reference coupled with advisory support to aid establishment of the committee.
- The British Psychological Society: revision of the audit committee scope, membership, focus and terms of reference, coupled with consultation to aid establishment of the new committee set up.
- National Treatment Agency for Substance Misuse: development of the risk and assurance committee, coupled with on-going advice and performance appraisal.
- A large multi-academy trust: the design and development of their enterprise risk management and assurance approach incorporating in excess of 50 Schools.
- The Royal Institute of British Architects: the design, development and training in connection with the revised risk management approach.
- Luceco PLC: mapping of the control framework making use of an Internal Controls Questionnaire deployed globally via Insight4GRC, with gaps in controls being identified and remedial actions determined, all of which is now being monitored via 4Action.
- Guernsey Electric Limited: design, development and implementation of the company risk management approach, incorporating strategic and operational business risk, environmental risks and business continuity. RSM provided support to GEL over a 4 year period in a co-sourced risk management function.
- Civil Nuclear Constabulary: the review of their planning, performance and risk (PPR) processes leading to the development and roll out of an integrated PPR framework, including assurance and oversight, making use of 4Risk and 4Action.

## **Our fees**

We shall charge £5,000 for the work set out in the outline scope above. Support would be provided both on and off site.

All fees quoted exclude VAT and reasonable expenses, both of which would be charged in addition.

I shall be happy to discuss any aspect of the above further with you.

## **Contact**

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