CAMBRIDGESHIRE POLICE & PCC

Audit Committee development – performance assessment

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Requirements

AS per the agreed proposal:

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.

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Observed practice

As part of the performance assessment, RSM were invited to observe the April 2018 JAC.

The JAC comprises 5 independent members, 4 of which were present for the above meeting. This was a standard JAC meeting albeit recognising the infancy of the current joint operating arrangements.

This observation was carried out by RSM, outside of the internal audit plan as part of JAC training and development.

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JAC meeting 18th April 2018

Agenda

Standing Items

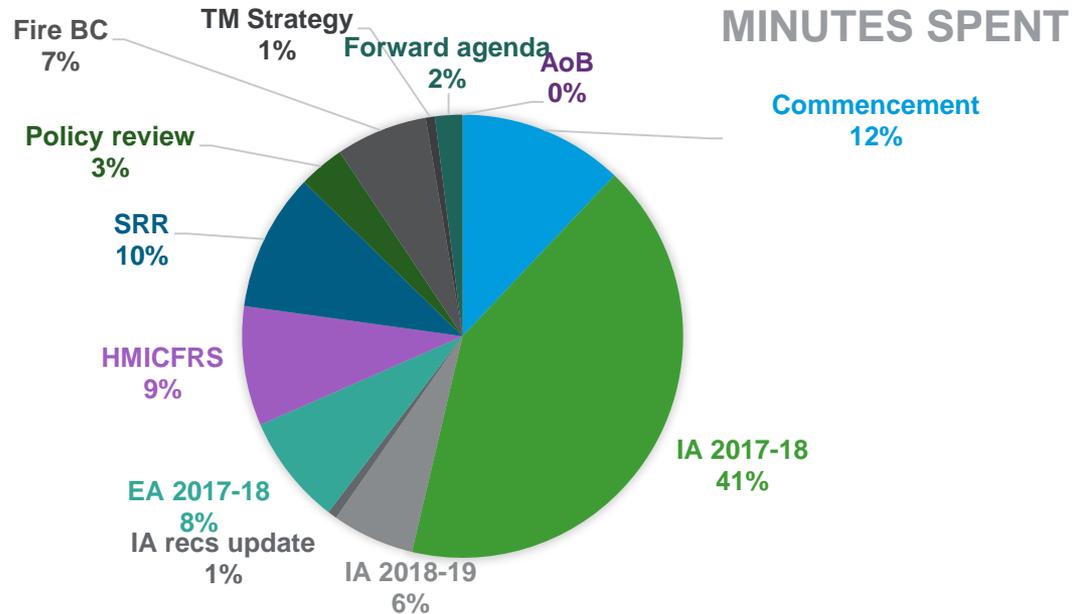|		
10.30	Welcome, apologies, declaration of interests and review of minutes	12 mins
10.48	Internal Audit 2017-18 progress report	62 mins
11.50	Internal Audit Plan 2018-19	9 mins
11.59	Internal Audit recommendation progress update	1 mins
		84 mins

For consideration

12.00	External Audit Plan 2017-18	12 mins
12.12	HMICFRS reports	13 mins
12.25	Strategic Risk Register	15 mins
12.40	Risk based policy review update	5 mins
12.45	Police & Fire business case update	10 mins
12.55	Treasury Management Strategy 2018-19	1 mins
12.56	Review of Forward Agenda Plan	3 mins
12.59	AoB	0 mins
12.59	Close of meeting	**59 mins**

Total meeting duration   144 mins

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JAC meeting 18th April 2018

Or displayed another way ……..

MINUTES SPENT

- Fire BC 7%
- TM Strategy 1%
- Forward agenda 2%
- AoB 0%
- Commencement 12%
- Policy review 3%
- SRR 10%
- HMICFRS 9%
- EA 2017-18 8%
- IA recs update 1%
- IA 2018-19 6%
- IA 2017-18 41%

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Meeting behaviour

Behaviour	Commentary	
Mutual respect	The meeting was conducted in a professional and respectful manner.	
Open and honest discussion	Questions were responded to in a direct and candid manner.	
Clarity of contribution	Good contribution from attendees with questions being relatively succinct and responses being clear and focused.	
Sound judgements reached	Chair adopted a facilitative approach which enabled all participants to contribute. No evidence of closing down discussion. Good use of subject matter leads to aid understanding and provide further assurance. Members had clearly read the papers and were well prepared.	
Constructive challenge	Members provided purposeful and constructive challenge. Willingness to explore concerns to an appropriate level.	
Evidenced based decisions	From a single observation this was difficult to evidence. The Committee should be mindful of the balance of assurance v reassurance relating to the actions/responses to recommendations.	
Acceptance of challenge	Officers open to challenge and willing to provide wider contextual information and assurance over actions	
Equitable and non-siloed contribution	Meeting would benefit from a greater sense of collective discussion and shared responsibility across both members and officers. The number of report author absences which may have impacted.	
Agenda management	Agenda was used flexibly to allow a natural flow of discussion and attendee availability. Majority of time was appropriately spent on standing items with items for consideration receiving less attention.	
Pace and interest	Meeting flowed without guillotining of debate. No obvious ebb to either pace or contribution during the meeting.	
Meeting etiquette	Some evidence of side conversations and laptop distractions taking place.	

Observation reflections

- Overall a professional, positive and value adding meeting

- Good level of contribution and appropriate challenge displayed throughout the meeting

- Good use of subject matter leads to talk to relevant papers

- Whilst the meeting was a very positive experience, improvements to JAC effectiveness and efficiency could be gained by:
  - closer collegiate working;
  - greater focus on evidenced assurance over the impact of actions
  - clearer summation of discussions, next steps and future expectations may reduce the need for offline papers
  - improved linkage between discussions and risk
  - clear expectations of invited attendees re approach and papers
  - 'tweaks' to certain papers
  - Use of 'wash up' session to aid continuous improvement and clarify meeting outcomes

- Attendance of key officers – all three report authors for item 6 were absent although deputies were in attendance to respond to queries.

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JAC Meeting papers - comments

Paper	Comments
Minutes	Good length and appropriate detail. Clear summation of outcome for each agenda item. Tendency to use 'committee' as opposed to individual's initials so difficult to identify contributions.
Papers (general)	No front sheet currently utilised although Committee members have queried this and are looking to potentially introduce this
	Paper format is clearly set out with purpose, background, main section and conclusion.
	Appendix action plans tend to lack action target date so difficult for members to know if actions are behind schedule. Authors could consider additional column referencing 'assurance of impact'
HMICFRS Reports update	If this paper is written as a general update paper then probably sufficient as a high level update. However, if the purpose is to assure JAC as the oversight body over any remedial actions then the paper is lacking sufficient detail in relation to the actions emanating from the 'requires improvement' inspection outcomes
Strategic Risk Management	Value of the overarching paper could be improved by enhancing the readability and clarity of assurance being offered to the committee. Update section is wordy and would benefit from a visual layout and commentary on management of risk as opposed to duplicating highlighted changes in the body of the Strategic Risk Register. Actual risk register layout is good although difficult to track cause and effects to individual controls and assurances and if there are gaps in assurance or negative assurances. Some gaps in target risk scores and multiple instances of 'ongoing' being used to define action dates also dilute the effectiveness of the report.

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Observation commentary

Meeting commencement
- ✓ Meeting commenced on time at 10:30 hrs
- ✓ Chaired professionally from the outset and with some (appropriate) humour

Previous minutes
- ✓ Minutes accepted as true and accurate record with minor points of accuracy
- ✓ Chair went back through minutes at an appropriate pace to check for matters arising not on agenda or action log
- ✗ Early discussion re the need for clarity in relation to joint working and how risks are managed – no clear outcome to discussion or way forward

Internal Audit Progress report
- • **Cyber Security**
- ✓ Cyber Security – verbal update from RSM and subject matter lead in attendance to respond to questions from members
- ✓ Early evidence of members seeking assurance rather than detail – "how can we be assured that …."
- ✗ Re legacy software the subject matter lead indicated that a list is being worked up which will list extant risk exposure and will be going to the SIRO for action in due course. It is clear that the level of risk is currently unknown but no cross reference to risk register and impact of discussion/audit report on risk.
- ? Outcome of discussion is an off line note to members describing the current governance arrangements and then for members to determine if this is an issue to remain on the agenda
- ✗ Discussion re last penetration test "9 months ago" and next one planned for 7/18. Some concern over the appropriateness of the timeline by members with conclusion being "take it away and think about it" – perhaps a clearer outcome re whether the committee is assured or not and if not then next steps would be more beneficial.
- ✓ Good early indication of positive challenge and willingness to disagree and form independent judgement

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Observation commentary

Internal Audit Progress report

- **Seized property**
  - ✓ Subject matter lead attended for this item to provide more granular level of detail and understanding of actions and current status
  - ✓ Good two way discussion between members and officers re priority and speed of response to audit. Discussion re interim 'work arounds' finishing with a clear request re "are you saying that you are satisfied and can assure the committee that all reasonable steps are being taken" – this is positive in that it identifies a clear level of assurance (or not) and provides for clarity of discussion outcome in the minutes. However overuse of this approach may lead to an imbalance between assurance and reassurance if not supported by requests for further future evidence

- **BCH Governance**
  - ✕ Verbal update provided by subject matter lead. Content quite complex and would have benefitted from having a written paper. Recognised by the meeting and outcome was an offline paper circulated outside of the meeting. This could perhaps have been avoided via clearer expectations regarding the format and content of updates to JAC.

Internal Audit Plan 2018-19

- ✓ Good risk based debate regarding the scope of the planned Estates Audit

External Audit

- ✓ Members wanting to see greater transparency and assurance over the timeline
- ✓ Some expressed concern regarding lack of progress to date although verbal reassurance of progress provided to the committee with an agreement to send an update paper offline to members within two weeks
- ✓ This is x3 offline papers already which feels relatively high in comparison to other audit committees. Two of which could have been prevented had clearer expectations and communication happened (one of which was outwith the control of JAC)

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Observation commentary

HMICFRS reports
- ✓ Good discussion re custody governance with members seeking clarity of understanding and assurance over actions being taken

Strategic Risk Register
- ✓ Members raised the issue re the number of 'ongoing' actions contained within the SRR. Clarity appears to be required over the use of, and interpretation of, the word 'ongoing'
- ✗ Lengthy discussion re the increasingly hostile external environment which whilst not lending itself to a natural outcome still identified the changing external environment and greater strategic risks (horizon scanning) without the discussion reflecting on whether this is adequately covered within the SRR and whether existing controls are adequate.

Policy Review
- ✓ Was a previous issue (hence the request for an update paper) and now resolved following a period of focus
- ✗ Unclear outcome from discussion re future expectations regarding this area and the need for continued assurance i.e. is issue 'closed off'?

Police & Fire Business Case
- ✓ Update provided re latest position and relevant challenge re whether legal and audit advice has been secured in addition to CIPFA generic guidance
- ✗ Unclear future governance and audit arrangements which is understandable at this stage but unclear of process and timeline to achieve clarity beyond the need for an offline conversation to help move this forward. Need for greater formal closure of discussion and next steps

Treasury Management Strategy
- ✗ No discussion from the committee in relation to this matter. Not unreasonable bearing in mind the proposal to remain 'as is' from last year to next year

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Observation commentary

Forward Plan
- ✓ Members appropriately questioned whether or not there should be any changes as a result of todays discussion
- ✓ The list of actions (outcomes) were reiterated from todays meeting in support of the above query
- ✗ No proposed changes were agreed as a result of today although possible opportunity missed to consider how the offline reports flow back into the formal meeting (in particular the BCH Governance) and how the future arrangements relating to the Police and Fire Business joint oversight governance arrangements will work going forward

Action Log
- Minimal discussion regarding this item. All actions removed as completed.

Meeting closed at 12:59

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Wider points for consideration

In addition to the JAC observation specific improvement points there are other, wider considerations that will impact on the future effectiveness of JAC.

- Unclear scrutiny and oversight processes in relation to collaborative services when Cambridgeshire is not the lead force
- Understand how JAC will work in post era of joint Cambridgeshire Police and Fire oversight arrangements
- Finding an appropriate balance of assurance (push not pull) and reassurance
- Oversight maturity resulting in a shift in focus from action completion to effectiveness and embeddedness of actions

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JAC Terms of Reference

- From a review of the JAC ToRs and CIPFA guidance along with a review of a sample of Audit Committee ToRs from other sectors we have found that the Cambridgeshire JAC ToRs reflect CIPFA guidance - *Audit Committees, Practical Guidance for Local Authorities and Police (CIPFA, 2013).*

- A review of a sample Audit Committee ToRs have found not significant differences in scope or function with the Cambridgeshire JAC ToRs

- Existing Cambridgeshire JAC ToRs could be enhanced or clarified further by the following:
  - Who owns risk? (ToRs reference adequacy of risk management arrangements including effective development and operation of risk management) but AWP suggests greater scrutiny of the actual risks
  - Annual Work Plan (AWP) does not appear to be representative of the responsibilities of JAC as set out in the ToRs e.g. procurement, scheme of consent, whistleblowing, fraud and complaints process do not prominently feature within the AWP
  - Annual integrity controls assurance report – is frequency and breadth of reporting sufficient to discharge JAC's responsibilities in relation to the above?

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QUESTIONS AND ANSWERS?

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