



## JOINT AUDIT COMMITTEE

### DRAFT MINUTES

**Date:** 28 January 2020

**Time:** 10:30 hours

**Location:** Conference Room 3, Police Headquarters, Huntingdon

**Members :**

Simon Smith	Chair
Mike Hindmarch	
Ian Pinches	
Gary Ward	

**In Attendance:**

Nick Dean	Chief Constable
Ray Bisby	Acting Police and Crime Commissioner
Dorothy Gregson	Chief Executive for the OPCC
Jon Lee	Director of Finance & Resources for the Constabulary
Jo Conlon	Head of Finance for the Constabulary
Matthew Weller	BDO
Suzanne Rowlett	RSM
Trevor Rodenhurst	DCC Beds
Fiona Nunn	H&S Manager
Vicki Simms	Governance & Inspection Officer, Corporate Development Department
Nancy Leversha	Strategic Accountant for the OPCC

<b>1.</b>	<b>Welcome and Apologies</b>
	SS welcomed everybody to the meeting. Apologies were received from members Andrew Godman and Lucy Sales, Matthew Warren, Chief Finance Officer for the OPCC

	and Jane Gyford Deputy Chief Constable, A/Supt Mick Birchall CDD, Dan Harris RSM and Rachel Brittain BDO.
<b>2.</b>	<b>Declarations of Interest</b>
	No declarations were made.
<b>3.</b>	<b>Agreement of the minutes from the last meeting held on 25 July 2019 and 21 November 2019</b>
	<p>SS reminded the committee there are two sets of minutes as the November meeting was informal as we were without a PCC at that date. The July minutes were approved in November. It was agreed the minutes were correct and were signed.</p> <p>3ii) HMICFRS publication is now due in early February. A link will be sent around to the members following publication.</p> <p>4) SS asked whether the feedback from the Committee had been taken back to Herts. NL stated DH from RSM was to do this. SS stated the committee are anxious to see the process of feedback working.</p> <p>DG thanked the committee for continuing with the November meeting and stated although it was an informal meeting, there were helpful discussions and it allowed the business to carry on and no momentum was lost for the committee.</p> <p>GW asked for clarification of the position of the feedback provided to the organisations at the informal meeting especially as relating to the H&amp;S audit.</p> <p>DG stated points were made and an action was agreed to bring H&amp;S back to the committee and it is an agenda item today.</p>
	<p><b>Resolved</b></p> <p>(i) <i>The minutes were agreed and were signed.</i></p> <p>(ii) <i>NL to send link to HMICFRS webpage to members following PEEL report publication.</i></p>
<b>4.</b>	<b>Internal Audit Progress Report and Draft Internal Audit Plan 2020/21</b>
	<p><b>Progress Report</b></p> <p>SR stated there have been two Cambs only reports and one BCH report finalised. Income and Debtors received substantial assurance, Payroll received a negative opinion of partial assurance. RSM are working through the remaining audits with a follow up on H&amp;S scheduled for February.</p>

<p>GW asked for clarification for the reporting of the Governance report.</p> <p>SR replied the fieldwork has been completed, the reporting will be to the April JAC rather than January's meeting.</p> <p>The Annual Opinion notes there has been two negative reports, H&amp;S and Payroll, currently this is not expected to result in an overall negative opinion, but there are still ongoing audits.</p> <p>IP asked in relation to the Payroll audit, there is a recommendation about writing off debts, how long have the Head of Finance and Head of Financial Accounts been in post.</p> <p>JC responded, the audit took place in the interim period when they were without a CFO and the write off limits didn't catch up with the staff changes.</p> <p>IP stated the context was helpful.</p> <p>SR continued a recommendation was made around the lack of reporting changes capability of the new system.</p> <p>IP asked how the Finance team were mitigating potential errors/abuse when the system cannot spot changes.</p> <p>JL stated the new system went live in Cambs in September 2019 and the processes are still bedding in. However, the Head of Payroll has implemented extra due diligence checks. The department has also undergone a restructure so now there is stability with the staff. He is reviewing the processes and these will be tightened. He offered to bring an update to a committee meeting.</p> <p>IP stated he would welcome an update at a future meeting, but what controls have been implemented for the immediacy of this financial year. How is JL assuring himself that the risk is managed this close to year end.</p> <p>JL stated the Head of Payroll is undertaking additional manual checks and he will be implementing some retrospective sampling.</p> <p>IP was assured and welcomed an update at a future meeting.</p> <p>DG asked SR is the management action could be updated for the Payroll as well as checking through the Follow Up. DG stated the challenge over whether the management action should be amended was correct.</p> <p>MH stated the wider issue is with most new ICT systems design, the controls and reports to maintain governance need to be developed before implementation.</p> <p>SR continued the BCH report Business Continuity and ICT Delivery was a positive</p>
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opinion. SS noted that some of the actions are due for completion this week and requested an update.

### **Audit Plan**

SR explained she had met with Cambs and drafted the plan for 2020/21. A new audit for Business Planning linking to major projects has been added, Risk Management has received positive assurance for the last few years so will not be undertaken in 20/21 releasing resources.

Payroll received a negative assurance so this is included for 20/21.

MH asked whether the financial remit is undertaken on a cyclical basis.

MW stated External Audit cannot rely on Internal Audit reports but will perform additional testing if an area is identified.

GW asked about Estates Management which received a reasonable assurance in 18/19 but the narrative had been debated at length and could have been a negative assurance. He queried whether this should be included in the 20/21 plan.

SR stated the recommendations would be covered by the Follow Up.

DG stated the plan is based on areas of risk and major projects and business planning is a bigger organisational issue, along with Equality and Diversity and we need to balance the number of days available alongside the risks to the organisations.

SS asked whether RSM could provide supporting narrative alongside implementation of the recommendations.

MH raised two points, one the collaborative audit is back loaded there were five audits and there are eight planned for 20/21. Secondly the internal audits need to be linked to the strategic risk register, the purpose of audits is to assist in mitigating risks.

SR confirmed the links will be shown in the full plan at the April meeting.

ND stated the timing and agreement needs to be considered how this ties into the planning cycle.

IP asked about BCH collaborated savings and noted this hadn't been undertaken for a considerable time.

DG said this is now Benefits Realisation. SR added the savings was a technical report.

SR informed the committee meetings are still to be held with Beds and Herts and will review the priorities once all parties have been spoken with.

	GW asked about where CCTV compliance sits. ND answered this would be covered by RIPA which is a separate compliance regime. He confirmed Cambs do not use facial recognition.
	<p><b>Resolved</b></p> <p>(i) <i>The committee noted the reports.</i></p> <p>(ii) <i>VS to ask Herts for an update on the status of the recommendations for Business Continuity and ICT Delivery.</i></p>
<b>5.</b>	<b>Internal Audit Recommendations progress update</b>
	<p><b>Finance</b> recommendations – JC stated the Payroll report was received after the update. Budgetary control – training of new budget managers has now taken place and awaiting feedback from the people involved. JL stated as he is new to the organisation, the report provides comfort and assurance and it is a credit to Jo and her team, but he will continue to look at areas to improve.</p> <p><b>Non – Finance</b> recommendation - no further audits undertaken since the last meeting.</p> <p>SS noted the spreadsheet is very helpful and noted there are 129 open actions and was this a reflection of anything. VS stated that actions are not closed on this sheet until after the follow up by RSM. SR added that BCH actions are now included in the sheet. IP asked whether the report could contain a brief amount of narrative to indicate progress. It was also noted that the ACC noted is the previous post holder.</p> <p><b>OPCC</b> recommendations – nothing to report.</p>
	<p><b>Resolved:</b></p> <p>(i) <i>The Committee noted the reports.</i></p> <p>(ii) <i>VS to provide brief update on progress of actions with future updates.</i></p> <p>(iii) <i>VS to update sheet with new post holder.</i></p>
<b>6.</b>	<b>Health &amp; Safety update on progression of IA recommendations</b>
	<p>SS thanked TR and FN for their attendance and informed them the committee had a good discussion about the audit of H&amp;S in November. He asked if TR could confirm how the governance works between local boards and BCH boards.</p> <p>TR stated he took over the portfolio just as the negative audit report had been received. He leads on behalf of BCH but has colleagues in Cambs and Herts. It makes sense with collaborated functions to have collaborated H&amp;S lead. However, we have relied on contractors for a period of time and have now recruited the last team member with the</p>

<p>right skills. The governance arrangements have also been refined. There is a Tri-Force Board every quarter and H&amp;S is also an agenda item on local Force Boards. The local boards are held to account at the tri-force board which in turn is held to account by the three Chief Constables.</p> <p>There is now a cohesive plan in place, risk assessments are undertaken, and training our staff is progressing across BCH. The ToR are due to be signed off at the next tri-force board but significant progress has been made with the team and training. TR stated he could provide reassurance on the timeline to achieve progress against the actions.</p> <p>GW asked whether the H&amp;S included occupational health and whether the statutory compliance of estate fitted in too.</p> <p>FN confirmed the estate teams undertake the compliance tests but she monitors the testing.</p> <p>SS asked how this fits with the Organisational Support board. ND stated there are three main boards; JPS Board chaired by the DCC Beds, Op Support chaired by DCC Herts and Org Support Board chaired by DCC Cambs. These Boards report to the lead force and TR has the H&amp;S mantle across BCH.</p> <p>FN provided the meeting with updates for the action plan on recommendations. The actions coloured green are fully complete, amber are in progress and red have not been commenced yet.</p> <p>Action 1 is complete.</p> <p>Action 2 once team induction is complete and all staff are in place, this action will be on track for completion by April 2020.</p> <p>GW asked whilst resources are put in place how has the risk to H&amp;S been managed in the interim. FN stated she has commenced mini audits starting with injuries on duty. There are SPOCs in place who proactively deal with issues immediately.</p> <p>TR stated he has given FN direction to prioritise risk assessments and training this year. TR continued compliance is high in high risk areas.</p> <p>Action 3a and b will happen following an audit programme commences.</p> <p>Action 4 was a low recommendation but some quick wins have been communicated across the organisations. The H&amp;S team are checking the severity of injuries on duty notifications and will report in to the Board next week. FN stated she is reviewing the reporting mechanism to design and has a meeting with the supplier to action. There is management information being captured but this will make it easier.</p> <p>FN had received feedback the forms were onerous to complete so has reviewed the</p>
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<p>form and improved the process which should increase reporting.</p> <p>Action 5 NCALT H&amp;S training has been a big engagement with the organisations. The training is mandatory and L&amp;D have a tracking ability for completion rates which is disseminated to department heads. An increase in risk assessments following training has been noticed. This is shown as amber as is work in progress but completion is expected to be by the end of March deadline.</p> <p>TR stated this has been a big commitment by all officers and staff and completion rates have been moving up. FN explained there have always been mandatory training packages but now BCH are all using the same mandatory learning.</p> <p>Action 6 training needs analysis has been a big focus and worked with L&amp;D. H&amp;S is now a separate branch and FN stated her team will be able to influence in support of eLearning and provide more specific technical assistance where required.</p> <p>Action 7 the ToR has been reviewed and all Boards have a L&amp;D representative. There is more to draw together and this is work in progress. GW asked if there was specific training for board level members. FN stated IOSH Board level training was undertaken last year and this is included in the Policy.</p> <p>Action 8 the managing and monitoring of risk assessments is undertaken by local H&amp;S boards. They will report formally next month on where we are and what is needed.</p> <p>Action 9 the ToR are to be uploaded to the Policy library then this action will be complete.</p> <p>Action 10 KPIs are red as they are in development. FN is keen that team performance will be measured in conjunction with what the boards ask for.</p> <p>GW asked whether benchmarking with other forces to identify best practice is undertaken. FN stated she sits on the Association of Police H&amp;S Advisors board and represents ten forces. She uses their statistics and benchmarking. TR added they also engage with the College of Policing.</p> <p>Action 11 Cambs board has now been held so this action is complete.</p> <p>SS stated it is evident how much work has gone on and TR and FN have answered the points raised at the last meeting.</p> <p>SR stated RSM will complete their follow up work at the end of February on progress and will report back to the April JAC and a further audit has been proposed for 20/21. She continued saying the negative opinion will not change but progress on the implementation will counter this.</p> <p>SS thanked for their attendance and stated it had been very useful and the committee</p>
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	felt much more assured.
	<p><b>Resolved:</b></p> <p>(i) The group noted the reports.</p>
<b>7.</b>	<b>Operational Risk Register</b>
	<p>ND provided an update on the red risks in the operational risk register.</p> <p>403 HMICFRS inspection results in a third 'Requires improvement' grading for investigations – publication is due early February and the Force has seen significant improvements but until publication this remains red.</p> <p>416 risk of inability to comply with HMICFRS PEEL recommendation – Professional Standards growth bid has been approved for the anti-corruption unit, new regulations come in on 1 February 2020 and are being progressed.</p> <p>340 Excessive vacancies across the Occupational Health, Safety &amp; Wellbeing function – this is managed by HR Transformation.</p> <p>401 BCH failing to deliver robust H&amp;S management – covered fully by TR and FN.</p> <p>410 Additional pension liabilities – awaiting an update from the next meeting on 17<sup>th</sup> February but this is a very complex area.</p>
	<p><b>Resolved:</b></p> <p>(i) The group noted the update.</p>
<b>8.</b>	<b>External Audit – Audit Plan 2019/20</b>
	<p>MW informed the committee the plan does not contain a timetable due to national discussions over completion deadlines. The deadline for Public Sector accounts being finalised earlier was achieved by 60% of external auditors nationally. BDO's completion rate was in line with the national figure. There have been a number of audit reforms and this increases each year. It makes competing the audits more difficult to complete with a shorter deadline. The Public Service Audit Association (PSAA) are in negotiation and S151 Officers should receive a letter from PSAA. Therefore with this background, there is no timetable in the audit plan.</p> <p>SS expressed his surprise at no timetable.</p> <p>MW clarified that BDO are working to 31 July 20 completion until they hear different, but didn't include the timetable as it may not be factually accurate.</p> <p>SS stated he had attended a PSAA meeting and was aware that some in some sectors</p>



	<p>the position was dire. SS stated the committee and officers would like an indication of a timetable even if it changes with common consent.</p> <p>IP asked has any risk assessment mitigation if the deadline is missed been undertaken. What is the organisation's perspective?</p> <p>JL answered he has worked in organisation's where missing the deadline has happened, a notice has been published on the website but it is the reputational damage that this could cause. We will be working to 31 July 2020 if the plan needs a caveat that the plan is subject to national changes.</p> <p>SS stated we would like to see the plan included working to the deadline of 31 July subject to any national changes.</p> <p>DG stated we pay for a service and was surprised there is no plan to meet national changes. We understand the amount of work undertaken by Jo and her team so it is really important we have a timetable and plan for success. We have the PCC election in May and signing the Statement of Accounts will be one of the first things they do so we need to have confidence in the plan and BDO resources.</p> <p>MW stated BDO are discussing deadlines and individual clients. He continued there is a meeting at the end of February with Jo and Elaine and they are working the plan to 31 July.</p> <p>JL added that maximising the interim audit with substantive testing could lessen the burden of the final audit.</p> <p>MW stated the interim audit of Payroll had started.</p> <p>SS stated there were good communications between BDO and the constabulary team last year with weekly meetings, will this continue.</p> <p>JC stated the interim audit started this week and meetings with Matthew will be scheduled weekly as the final audit starts.</p> <p>Page 4 shows the materiality for the accounts which are the same as last year.</p> <p>Page 6 shows the standard risks but Health &amp; Safety has also been included and will review following the RSM work and any impact on them and VfM work.</p> <p>Page 20 details the approach to fraud.</p> <p>Page 21 outlines two new standards of Going Concern assessment and Accounting Estimates. BDO will be undertaking the Going Concern work, the estimates can be deferred to 20/21 at the authority's choice.</p>
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	SS thanked MW for the update.
	<p><b>Resolved:</b></p> <p>(i) The committee noted the report.</p> <p>(ii) BDO to provide a timetable for their audit.</p>
<b>9.</b>	<b>Review of the JAC Terms of Reference</b>
	<p>SS informed the group the attached documents are suggested revisions to the current ToR. The committee met as a group and SS has spoken to the governance advisor at CIPFA. SS outlined the key changes. There is now an explicit reference to VfM at 1.2. The committee had discussed ethical issues and agreed they are important and are satisfied by the arrangements in place and agreed this committee is not an ethics committee (1.6). Any existing ambiguous elements have been tidied up. From Membership the ToR are the same. SS highlighted the committee's intention to strengthen their own appraisal mechanisms and have included a performance review of the committee in every third year to be commissioned and undertaken independently.</p> <p>DG asked this be an aim to do rather than commit to at this stage. DG affirmed the integrity captures what we are doing and is comfortable with the proposed amendment.</p> <p>The committee agreed to adopt the revised ToR.</p>
	<p><b>Resolved:</b></p> <p>(i) The group noted the report.</p> <p>(ii) ToR adopted.</p>
<b>10.</b>	<b>Summary of meeting and actions</b>
	<p>SS stated we have satisfactorily closed the governance loop from the last meeting and there has been a lot of good learning from the organisation of late which is valuable. The point made about Internal Audit linkages with the risk register and planning cycle are important.</p>
	<p><b>Resolved:</b></p> <p>(i) The group noted the report.</p>
<b>11.</b>	<b>Review of Forward Agenda Plan</b>

	Nothing noted.
	<b>Resolved:</b>  (i) <i>The group noted the report.</i>
<b>12.</b>	<b>Review of Actions</b>
	<p>Actions 3, 4 and 5 are complete and can be closed.</p> <p>Action 1 Dan from RSM has met with Dave Levy the Head of 7Force Procurement and this will be planned through the Essex audit plan for 20/21. RSM do not have the contract with Norfolk &amp; Suffolk so cannot make any formal recommendations or opinions to them. Agreed that action can be closed.</p> <p>Action 2 the residual scores was received prior to the implementation of iTrent, action closed.</p>
<b>13.</b>	<b>AOB</b>
	JL offered a private session with the JAC members to talk through the final accounts towards the end of June. The Committee welcomed this invitation.
	<b>Resolved:</b>  (i) <i>NL to arrange a date and meeting venue.</i>
<b>17.</b>	<b>Date of Next Meeting</b>
	The next meeting will be held on Wednesday 29 April 2020 at 10.30 am, Conference Room 3, Police Headquarters, Huntingdon.
	<p><b>2020 Meeting Dates</b></p> <p>Briefing on Statement of Accounts – June TBC</p> <p>Thursday 30 July 2020 10.30am Conference Room 3, Police HQ, Huntingdon</p> <p>Thursday 29 October 2020 10.30am Conference Room 3, Police HQ, Huntingdon</p>

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Simon Smith