



## JOINT AUDIT COMMITTEE

### DRAFT MINUTES

**Date:** 29 April 2021

**Time:** 10:30 hours

**Location:** via Teams

**Members:** Simon Smith Chair  
Ian Pinches  
Andrew Godman  
Lucy Sales

**In Attendance:**

Jane Gyford	Deputy Chief Constable
Ray Bisby	Acting Police and Crime Commissioner
James Haylett	Deputy Chief Executive for the OPCC
Jon Lee	Director of Finance & Resources for the Constabulary
Jo Conlon	Head of Finance for the Constabulary
Rachel Brittain	BDO
Matthew Weller	BDO
Daniel Harris	RSM
Dave Levy	Head of 7F Procurement
Rex Clarke	Head of 7F Procurement Governance & Standards
Judit Seymour	Observer from Beds JAC
Colin Luscombe	Director of Estates
Jo Grant	Staff Officer to the DCC
Vicki Simms	Governance & Inspection Officer, Organisational Improvement Centre
Nancy Leversha	Strategic Accountant for the OPCC

<b>1.</b>	<b>Welcome and Apologies</b>
	<p>Apologies were received from Chief Constable Nick Dean and Matthew Warren CFO for the OPCC.</p> <p>SS congratulated JH on his appointment as CEO for the OPCC and wished him every success.</p> <p>SS welcomed everybody to the meeting including Judit Seymour who was observing the meeting as a member from Beds Audit Committee.</p>
<b>2.</b>	<b>Declarations of Interest</b>
	No new declarations were stated.
<b>3.</b>	<b>Procurement IA Reports</b>
	<p>SS stated we have had a number of internal audit reports on both 7F and BCH and the committee have taken an interest in and DL and RC have been invited to provide an update on progress.</p> <p>DL stated the audit of 7F Procurement had taken place last year and this identified four medium recommendations and eight low recommendations. It was a positive report considering 7F had only gone live in January 2020. The key recommendations have an overlap with BCH on the &lt;£50k contracts and demonstrating compliance, which is being reviewed. The action tracker is reported on a monthly basis to the Governance Board and most of the recommendations are green having been resolved.</p> <p>Action 6a which relates to contracts &lt;£50k – DL stated an etendering system is being considered for audit tracking purposes but discussions are ongoing as to whether this can be done by existing or planned systems. 7F Procurement will undertake dip sampling for compliance and also the transparency agenda as they have to publish all contracts above £25k. BCH will not use the etendering system but can provide assurance that controls are in place.</p> <p>Action 10 relates to Single Tender Actions (STAs) and the training that has been provided to over 500 staff provided information on the basics of procurement and covered when a STA is required. The STA template includes a section for due diligence to be undertaken.</p> <p>SS said it was helpful and welcomed the tracker. His main concern on the &lt;£50k contracts is that it appears to come under two separate governance structures.</p>

	<p>DL stated the same Contract Standing Orders (CSOs) are used across the region. Any procurement over £50k is dealt with by 7F and &lt;£50k is managed by individual forces, all must comply with the CSOs.</p> <p>JL stated there used to be BCH Procurement department which was taken over by 7F which now provides the service. Until the 7F team were bedded in, there was an expectation that 7F would manage all procurement, however, they are unable to undertake everything on a regional basis and so some contracts are procured on a local force basis where the governance processes adhere to the CSOs.</p> <p>LS asked for clarity that 7F will undertake dip sampling on &lt;£50k contracts for Cambs. DL stated yes, although the value may not reach their threshold, there is an opportunity to look at small contracts across the region.</p> <p>RC stated he has been liaising with JC how to get access to Cambs systems to undertake dip sampling.</p> <p>LS asked what needs to be done for the BCH follow up – do you feel enabled for success or are there gaps? JL answered we have the tools available but there are different appetites across BCH so a working group has been set up to look at eProcurement. There is a workflow system with the ability to capture evidence for audit and compliance and we are considering an initial gatekeeper role within the Purchase Ledger Team. We need time to implement but this should allow RSM to dip sample.</p> <p>LS asked if there was a third party risk element? JL stated this was a good point and extra checks could be built in. 7F use ATAMIS which collates contracts already in place.</p> <p>IP asked about the SLA as this is a concern for him that it hasn't been formally agreed. The narrative of the report indicates there is a working document and the recommendation has an implementation date of April 2021 so will this be met?</p> <p>DL answered the SLA is complete it has been out for consultation and was accepted at the strategic governance board last week, it needs to be communicated across the region. DL offered to circulate to members outside the meeting.</p> <p>SS asked the 21/22 Audit Plan has Procurement Follow Up under BCH in Q3 – does this timing work and is BCH the correct area?</p> <p>DH answered the forward-looking plan has the tick in the wrong place. In the body of the report it is under the BCH plan. The audit will provide assurance for the &lt;£50k contracts. The 7F Procurement will come under the Essex follow up as the Lead force. Q3 allows progress to have taken place.</p> <p>SS queried that the report would be under the sharing protocol and shared across the JACs. DH stated RSM would need to issue as a separate Follow Up in order to share. The</p>
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	<p>implementation dates would have passed and 3-4 months to bed in, if the audit was done any sooner there would be nothing to test.</p> <p>SS stated his concern was there had been a partial assurance in April 2020 and we are now in April 2021 and difficult issues have been present for a period of time. Q3 BCH report gives time to provide assurance.</p> <p>AG asked if it was correct under the BCH Plan as the &lt;£50k is a local function but looks like a cost sharing exercise. JL stated there has been a lead force approach to managing the audit based on the previous BCH procurement function being in place, although &lt;£50k procurement is now for each force to manage in line with CSOs. BCH will look to align their processes especially in collaborated teams so there will be an individual opinion for Cambs but working in alignment and this maximises efficiency for RSM too. However, in terms of leading the audit as a key point of contact for RSM this is fine.</p> <p>AG stated he sits on the Herts Audit Committee and they thought Cambs led on this.</p> <p>JG stated that BCH Procurement was under Organisational Support but once 7F was implemented this ceased. Procurement has not been under her portfolio since she joined two years ago.</p> <p>DH stated it was his understanding that it is on the BCH plan to work efficiently but recognising that each committee will want assurance.</p> <p>IP asked on page 5 of the report it stated that contract documentation had not been completed correctly and gives some examples. How can we be assured this won't happen again? DL stated robust processes are in place and all signs off are required before a contract can move to the next stage of the process. Processes have been agreed with OPCCs but we will not enter a contract until it has been signed by the PCC and supplier. RC added one related to an ICT contract where a staff member had left and the other was delayed as it was lost in emails. His team have issued guidance that stresses the importance that contracts must be signed by both parties.</p> <p>IP asked what procedures are in place –have they changed since 1 January 2020? DL answered yes 7F Procurement was being implemented from October 2019 to January 2020 and this related to pre 7F. IP thanked him for the reassurance.</p> <p>JL added there has also been a daily doc sign to stop emails getting lost and he is happy to act as lead contact for the BCH Follow Up report.</p> <p>SS thanked all for their participation and especially to DL and RC as this has supplemented the committee's understanding following the 7F presentation at the January meeting.</p>
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	<p><b>Resolved</b></p> <p>(i) <i>The committee noted the updates.</i></p> <p>(ii) <i>DL to send the 7F Procurement SLA to NL for circulation to members.</i></p> <p>(iii) <i>Ensure the BCH Procurement Follow Up is clear that assurance is sought on a local force level.</i></p>
<b>4.</b>	<b>Agreement of the minutes from the last meeting held on 28 January 2021</b>
	<p>The minutes were agreed as correct.</p> <p>SS remarked that although the minutes are lengthy, this is useful as the committee only meets four times a year.</p> <p>4(ii) DH stated a query had been raised from the draft strategy that CHIS payments had not been included, they are in the 21/22 plan. NL added there was also an update from Supt Hills on the action log. DH explained that a high-level draft had come to the January meeting for Mike Hindmarch to comment as it was his last meeting. This is incorporated in Item 5b.</p> <p>9(ii) FMS update paper is on the agenda.</p>
	<p><b>Resolved</b></p> <p>(i) <i>The minutes were agreed as correct.</i></p>
<b>5.</b>	<b>Internal Audit Progress Report and Audit Plan 2021/22</b>
	<p><u>Progress Report</u> – DH stated there had been good progress with four Cambs only reports all with positive opinions and two BCH reports finalised, one was an advisory with Beds as lead and we have already touched on the BCH Procurement Follow Up. There has been one change shown in appendix A on page 5. He has issued his annual opinion for 20/21 and doesn't expect that opinion to change as all Cambs reports have positive assurance.</p> <p>Some client briefings have been issued but there is another to follow which is an analysis on national Police and PCC Risk Registers and the committee may like to consider this at a later meeting.</p> <p>SS stated there had been good work and outputs.</p> <p><u>Audit Plan</u> – DH stated the committee had early sight and there have been a number of meetings and it is positive to report the first cut of the plan was oversubscribed. A lot of ideas needed to be balanced against the resource but there is a balanced plan for 21/22. Cambs only audits are led by specific risk as well as some core assurance audits.</p>

	<p>Property is an area that inherently has issues nationally. The BCH audits link to risks and at the latter part of the year some 7F assurance may be required. Initial discussions with JH and JL and B&amp;H CFOs are looking for wider assurance. We recognise that HMICFRS give assurance so don't wish to duplicate. Appendix C is our charter that confirms we go through a rigorous process.</p> <p>SS thanked DH stating everything sounded satisfactory.</p>
	<p><b>Resolved:</b></p> <p>(i) <i>The committee noted the updates.</i></p> <p>(ii) <i>DH to circulate the Risk Register analysis.</i></p>
6.	<b>External Audit Plan 2020/21</b>
	<p>M Weller highlighted areas of the report. Page 4 sets out the materiality, this is based on the previous year. The rate is being raised to 2.25% of prior year cost as there have not been issues in previous years and BDOs experience of the organisations allows them to increase this. Page 6 identifies known risks which are the same as the previous year. Guidance for Financial Management is being reviewed so there may be further risks added. Page 21 Other Matters BDO are not aware of any fraud and asked the committee if they were aware of any, there were no reports from the committee. Page 22 details the Going Concern standard which was trialled last year. Page 24 is accounting estimates which is a new standard and early discussions are ongoing as to how this will be managed.</p> <p>SS thanked M Weller for the update and asked RB is she had any further to add.</p> <p>RB added the timeframe was discussed at the last meeting and she continues to liaise with JL.</p> <p>JH noted that we have been able to use the External Audit report to reference and demonstrate VfM and thanked everybody involved.</p> <p>RB added that for 20/21 financial year the use of resources standard has changed. The auditors annual report for VfM will be a public report.</p> <p>JH stated we are happy to publish. He added that we are looking more at long term financial sustainability.</p> <p>SS stated the committee's ToR include VfM so it is always in their minds whilst reviewing the papers.</p> <p>RB added there are three criteria, and two map across broadly on sustainability and governance, BDO are comfortable with this information and will undertake a gap</p>

	<p>analysis. The third criteria is economy, efficiency and effectiveness in the use of resources. BDO will focus their attention on how services are provided and are monitored and how we know delivery of services if VfM. The Internal Audit work will be helpful and BDO will need to understand how the organisations reassure themselves.</p> <p>SS added another organisation has looked at NAO guidance on equity and spending fairly and how can they monitor that services are reaching people they are intended to, this could be potentially helpful data.</p> <p>RB stated their remit is around arrangements in place in the budgetary process.</p> <p>JH stated this will be a discussion topic for the new PCC. We have HMICFRS and External Audit with the Constabulary's internal processes and the PCC statutory responsibilities knowing who is in what space will be key for the next Police and Crime Plan.</p>
	<p><b>Resolved:</b></p> <p><i>(i) The group noted the report.</i></p>
7.	<p><b>Risk Management Strategy Annual Review and Strategic Risk Register</b></p>
	<p>JH stated the annual review of the Risk Management Strategy has been completed and been to BCB there were no amendments for this year.</p> <p>JH stated under the landscape review of risk registers he would be interested to read as there is the potential for a significant review post the new PCC. A new risk has been added as we did at the last election time. A lot of work has been done with the candidates for them to recognise the landscape they will be working in. The risk acknowledges the key relationship between the Chief Constable and the PCC and how this can be challenging in the early days. We have published a lot of information and held briefings for candidates on the OPCC showing the breadth of work. Also, a briefing with ND and JG on the organisational management and how policing is intelligence/demand/priority driven. An induction plan is in place.</p> <p>SS stated it is correct to add the risk and it is not based on any individuals. He asked if there was a process for the risk appetite statement.</p> <p>JH answered there is no specific process, but would be interested to know if any other OPCC uses one. DH stated the analysis paper didn't review risk appetite but he will have information from the wider corporate sector and NHS that he can send to JH.</p> <p>IP reiterated the importance of the risk appetite and stated it should be reviewed every 2-3 years and with changing senior managers there will be different views and appetites.</p>

	<p><b>Resolved:</b></p> <p>(i) The group noted the updates.</p> <p>(ii) DH to send information about risk appetite process.</p>
<b>8.</b>	<b>Draft Annual Governance Statements</b>
	<p>JH stated the draft has been between RSM and the OPCC and the report is where we are so far. It is good to see it is an evolving document and has additionalities throughout.</p> <p>JL added they will be finalised when the Statement of Accounts comes to the committee. The Chief Officer Team are reviewing for any additions and agreed it is evolving. JL thanked Alan Grisley from RSM for his work. This year touches on ethics, Covid, STRA and financial planning. The only blemish is the &lt;£50k contracts. JL welcomed any observations from the committee.</p> <p>SS stated there is a good balance and noted it includes outcomes. He noted there is only a brief reference to the corporate framework and queried whether it was prominent enough.</p>
	<p><b>Resolved:</b></p> <p>(i) The committee noted the reports.</p>
<b>9.</b>	<b>CIPFA Review and Compliance with CIPFA FM Code</b>
	<p>JL stated he would provide an overview of both reports.</p> <p>The Achieving Financial Excellence in Policing (AFEP) is a programme run by CIPFA to ensure the policing sector has robust transparent financial management. Cambs subscribe to the programme and a financial management capability review was undertaken using surveys across the constabulary and OPCC, submission of documents and interviews were all collated into the assessment. In effect it is an independent peer review and JL stated it was good to have as he was relatively new in post. We achieved a 3/5 CIPFA star rating and the aspiration is to move to a 4/5. The assessment provided assurance there are good robust processes in place and he gave credit to JC and her team.</p> <p>The STRA and business planning are in a good place, but all financial management had been held centrally. The organisation has been on a journey to delegate budget responsibility to superintendent level who are also responsible for delivery of services. The action plan shows progress has been made but there are some longer-term actions.</p> <p>AG endorsed the approach and noted the evolutionary approach.</p>

	<p>SS added it is a fantastic initiative and reflects well on everybody. He added JL's passion to move everything on is clear and that financial function must align. JL added the Chief Officer Team are all fully supportive of the direction of travel.</p> <p>JL stated the new Financial Management code was introduced 1 April 2021 but 2020 had been a shadow year. This is the first baseline exercise we have completed. The code has six principles and 17 standards and is a self-assessment. We are in a fairly good position against the code and JL and MW are happy that in the main we are green but there are a few areas to tighten. The new financial resilience assessment we considered how to approach, our budget plan manages 'what if' by use of reserves but we want to consider if there are different ways and undertake scenario planning for how the organisation could adjust itself. Budget and business planning in the collaborated space has moved on but we need them to plan on a medium-term approach rather than year to year. A standard approach to business cases has been implemented but there is still some work to do there. JL stated he is reassured having done the work.</p> <p>JG added that the STRA provides a rigorous business planning and the financial section can be used as an iterative process operationally how efficiency and effectiveness can be achieved but also future planning for the next 3-4 years. Challenge panels can ask what happens if we reshape our services.</p> <p>SS stated the committee are interested in how it all fits together.</p> <p>JH stated in respect of the BCH business planning process Cambs have been pushing this. The PCC holds the Chief to account and 70% is within the Chief's gift to deliver using the STRA and reviewing cost/service/risk, however, there is an anomaly where the PCCs agree the budgets for collaborated units. They should be holding the Chief to account for the totality of policing as 30% are enabling functions.</p>
	<p><b>Resolved:</b></p> <p>(i) <i>The committee noted the update.</i></p>
10.	<b>Treasury Management Strategy 2020/21</b>
	<p>JL stated the TMSS is brought to the committee for information, it has been signed off by the PCC. We have to produce a strategy, a mid-term review and an outturn report. This pulls in all the capital requirements and Table 1 shows the capital financing requirement through the capital programme and the funding sources. This is set against expected borrowing levels and we are under borrowed in all but one year. The key year is 2022/23 where there is a significant uplift in capital expenditure with CSPA and Monks Wood and ESMCP from 23/24. We have a fairly major capital programme that we can fund through revenue or borrowing, there is very little capital grant.</p>

	The Prudential indicators at Appendix 1 show the ratio of financing costs and the cost of borrowing along with MRP which goes up but is affordable. Our investment strategy continues to be based on security, liquidity and yield.
	<b>Resolved:</b>  (i) <i>The committee noted the update.</i>
<b>11.</b>	<b>Cambridgeshire Southern Police Station</b>
	<p>CL gave an overview stating now we have planning consent we are moving to detail design with construction to start in 22/23 and to open in summer 2023. We plan to capture and report all benefits of the scheme as it such a significant scheme. Comparison between sites will be difficult as there isn't separate metering at Parkside and the custody is doubling from 12 cells to 24 cells but what we can monitor we will. The building will use renewables such as solar PV and water, air source and LED lighting and the building management system will be determined under RIBA4.</p> <p>Deliverables is a single event, double cell capacity and space for future expansion. Custody has to be compliant with Home Office guide and should remove the reliance on contingency suites. The office space will be open plan for better communication flows.</p> <p>Benefits will be baselined in 22/23, operational hours is the biggest saving as officers won't need to transport detained persons to Kings Lynn or Thorpe Wood and this has added H&amp;S benefits as transport is the highest risk time for detainees. Processing time in custody will improve throughput and allow officers to return to frontline duties quicker. The utility costs will be better and the virtual court will save operational hours. The radial design of custody allows for better natural surveillance. The programme is monitored monthly through a delivery board with regular reports to FEB and BCB.</p> <p>SS thanked Colin.</p> <p>IP commented that the report contradicts itself in places and is confusing as to whether benchmarking can be done or not.</p> <p>CL stated the project will not deliver a cost saving, the disposal of Parkside will offset some costs. In an ideal world the office and custody costs would be separate as custody is expensive to build and is an expensive area of business. We will look at costs per square metre and benchmark with other custody areas but it won't be an exact science, it is difficult but not impossible. The renewables will mitigate some costs.</p> <p>IP thanked CL for the clarification. He stated the operational issues with Parkside are clear however, what is less clear is the robustness of capital appraisal for a new building. He stated he is used to NHS and Housing associations which are very clear and wants to</p>

	<p>understand the process the constabulary has gone through to get to this stage for reassurance.</p> <p>JL stated this isn't dissimilar to what JH and the OPCC had requested. This has been in planning for at a number of years but agreed that a timeline could be pulled together and circulated outside of the meeting. IP stated the committee just need reassurance there has been a robust process.</p> <p>CL added costs will become clearer and fixed as we move through the project. We have used our own QS and the constructor will have a contract price and checks and balances are in place.</p> <p>IP asked is costs go over who is responsible? CL stated we will contract a design and build with a fixed price, although there could be some changes the design and build fixes costs as much as we can and the contractor picks up the risk. IP asked for a single page outline of the process and approval process to be circulated.</p> <p>LS added for future proofing to consider the Governments decarbonisation targets as early as possible in the new build.</p>
	<p><b>Resolved:</b></p> <p>(i) <i>The committee noted the update.</i></p> <p>(ii) <i>A short report to outline the process and approvals on CSPS to be circulated to members.</i></p>
<b>12.</b>	<b>Summary of FMS</b>
	<p>SS stated this has a helpful paper and shows links between risk and demand and helps the committee to see where gaps are.</p>
	<p><b>Resolved:</b></p> <p>(i) <i>The committee noted the update.</i></p>
<b>13.</b>	<b>Summary of meeting and review of actions</b>
	<p>SS stated the meeting has been useful today with the shallow dive around Procurement and thanked everybody.</p> <p>The committee ToR had been circulated at the January meeting and no changes had been suggested so the ToR are adopted.</p>
	<p><b>Resolved:</b></p> <p>(i) <i>The committee noted the update.</i></p>

<b>14.</b>	<b>AOB</b>
	<p>AG stated if the committee request reports, they are happy to provide clarity on what they are looking for.</p> <p>SS thanked AG and added the committee are keen to learn as we go on. He then asked that the committees thanks to Ray Bisby be recorded as it is RB's last meeting and thanked him for his support of the committee and his attendance which the committee find invaluable. He thanked RB for his interest taken and wished him well for the future.</p> <p>RB stated the committee has provided him with assurance and confidence and to thank the committee.</p>
<b>20.</b>	<b>Date of Next Meeting</b>
	The next meeting will be held on Thursday 29 July 2021 at 10.30 am via Teams.
	<p><b>2021/22 Meeting Dates</b></p> <p>Thursday 21 October 2021 10.30am, via Teams</p> <p>Thursday 27 January 2022 10.30am, Conference Room 3, Police Headquarters - TBC</p>

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Simon Smith