



To: Joint Audit Committee
From: Simon Smith, Chair of Joint Audit Committee
Date: 13 August 2021

2020/21 Committee Annual Report

1. Purpose

To provide the Cambridgeshire Police and Crime Commissioner (PCC) and the Chief Constable for Cambridgeshire with a review summarising the work undertaken and the Joint Audit Committee's conclusions from meetings held between 1st April 2020 and 31st March 2021.

2. Background

This report provides an overview of the role and function of the Joint Audit Committee ('the Committee') and how it has supported the effective discharge of business by providing advice and guidance. The emphasis is intended to be primarily on review with a focus on audit assurance, governance, internal control and the risk management process.

3. The Role of the Committee

The role of the Committee is set out in its Terms of Reference:

<https://www.cambridgeshire-pcc.gov.uk/accessing-information/decision-making/joint-audit-committee/>

The Committee provides independent assurance to the PCC and the Chief Constable on the adequacy and effectiveness of the risk management framework and the internal control environment. It provides independent review of governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees both internal and external audit, thereby helping to ensure that effective and efficient assurance is provided. The Committee is not an ethics committee but does review the applicable controls environment.

4. **Key Areas of Focus in 2020/21**

The Committee met on four occasions within the reporting year namely on 29th April, 30th July and 29th October 2020, and on 28th January 2021. (It also met on 29th April 2021, the agenda containing material relevant to the reporting period).

Throughout the reporting period, both the Constabulary and the OPCC have shown themselves as being open to challenge and keen to work with the Committee; we, in turn, have been mindful of the need to play our part in fostering professional working relationships with all stakeholders.

The Committee has been very pleased to further develop the working relationship with the Chief Constable, Nick Dean, who notwithstanding the demands of his role has attended all our meetings during the year as has the Acting PCC, Ray Bisby. He has maintained the high level of commitment shown to the Committee by his predecessor. This level of senior attendance greatly enhances our work. We have also been very pleased to work with the new Chief Executive at the OPCC, James Haylett, who succeeded Dr Dorothy Gregson during the reporting period.

The following comments mirror the headings in our current Terms of Reference:

Governance, Risk and Control

Annual Governance Statements

At the meeting in April 2021, the Committee reviewed and noted the Draft Annual Governance Statements of the PCC and of Chief Constable for 2020/21. In the Committee's opinion, the format of both documents has benefitted from more explicit linkages to key source materials.

The Committee has continued to use the Constabulary Corporate Framework as an important reference source. It has provided contextualisation for our access to relevant papers from the PCC's Business Coordination Board, the Chair also observing one of these meetings during the reporting period.

Risk Management

The Committee has also reviewed and commented on the OPCC's Risk Management Strategy. It has been agreed that this will now come to the Committee on an annual basis.

In the reporting period, all of the Constabulary Internal Audit opinions were positive. The Committee was therefore able to take assurance that the Constabulary has an adequate and effective framework in place.

At a collaborative level, there was one negative opinion concerning poor progress in implementing earlier actions on Tri Force procurement. We had the benefit of management attendance at our meeting on 29th April 2021 to discuss this.

It should also be noted that the Internal Audit report on 7 Force Procurement was a positive opinion.

The Committee retained a close interest in the implementation of Health and Safety recommendations during the reporting year (Please also see our Annual Report for 2019/20).

Risk Registers

The Committee has had good oversight of the risk management approach in both organisations. The Strategic Risk Register and the Operational Risk Register for the Constabulary are standing agenda items, alternating every six months. Specifically, the Strategic Register was discussed in April and October 2020, and the Operational Register in July 2020 and in January 2021.

Collaborated Functions

We have continued to encourage the sharing of comments on Internal Audit reports between the three Joint Audit Committees (Cambridgeshire, Bedfordshire, Hertfordshire) whilst respecting the primacy of the lead Committee for any collaborated function. We have continued to bear in mind the outcomes of the Internal Audit report on 'Dealing with Internal Audits' and the protocol established there.

Treasury Management

The Committee is responsible for ensuring that an effective system of scrutiny is in place in respect of Treasury Management strategy, policies and practices. During the year, we received some helpful training on the Treasury function from the Constabulary's Director of Finance and Resources.

We reviewed the detailed strategy proposed for 2020/21 at our meeting on 29th April 2020, followed by a mid-year report to our 29th October meeting.

Integrity controls

The Committee has a responsibility for oversight of the controls environment for non-financial integrity arrangements. We received a report at our meeting on 29th October 2020 which summarised the controls process and how the Committee gains assurance.

5. Internal Audit.

Internal Audit Plan 20/21

The Committee reviewed and authorised the draft 2020/21 Internal Audit plan at its meeting on 29th April 2020 (and also discussed this at its meeting on 28th January 2020).

During the year, the Committee received a 1-page monthly report from Internal Audit to keep the Committee apprised of progress. This was particularly helpful given that all our meetings were held on a remote basis. We intend to continue with the monthly reporting format in any event.

Progress reports

At each meeting the Committee has received a progress report highlighting any issues and concerns, with the Internal Auditors (RSM) attending every meeting and additionally making themselves available outside meetings as required.

Mention should also be made of the very helpful spreadsheet reporting style adopted by the Organisational Improvement Department which enables the Committee to interrogate progress in delivering Audit recommendations in non-financial business areas.

6. Financial Reporting and External Audit

At the meeting on 30th July 2020, the Committee reviewed the Police and Crime Commissioners' and the Chief Constables' Draft Statements of Accounts for 2019/20. They also had the benefit of an informal pre meet with the Constabulary Director of Finance, and the Chief Finance Officer for the OPCC. The Committee were pleased to note that the Audit had proceeded very satisfactorily.

There was some delay in the accounts being approved (although still within the prescribed deadline). This was solely due to the pension audit being delayed. The timeline for this was wholly outside the control of the Constabulary Finance Team or the External Auditors, BDO. However, when received, the audit revealed nothing unexpected and in the absence of any significant post balance sheet events, the Committee gave the Chair delegated authority to approve the accounts.

During the year it became increasingly apparent that many public sector audits were running extremely late due to a range of capacity and other issues. However, our timelines were very good. This reflected well both on the Constabulary Finance Team and on BDO.

7. Performance of the Committee and Evaluation of Our Effectiveness

Members of the Committee need to acquire an understanding of the financial, risk and control, and corporate governance issues facing the PCC and the Chief Constable. Members must have the ability to challenge, question, probe and seek clarification from the PCC and the Chief Constable.

The role requires a level of knowledge to be acquired principally through attendance at our quarterly meetings which have remained at four per annum. All of these took place remotely given the backdrop provided by Covid 19 restrictions and good practice.

Notwithstanding a difficult environment, Committee members have recognised the importance of maintaining some level of contact outside formal meetings, for example,

though pre meetings and on other relevant opportunities such as shared training. Additional contact has continued, usually by email, whilst balancing this with a realistic time commitment to be given over to the role.

Unfortunately, the Covid 19 crisis meant that we were unable to organise an ‘out and about’ type of session with the Constabulary but we hope that this will be possible in 2021/22.

We have been mindful of the need to link agendas, papers and outcomes to levels of perceived risk. We have sought to refocus and reshape agendas to focus on key items, and to enhance summation at meetings.

We have also met separately, and by remote means, with the Acting PCC and with the Chief Constable outside Committee, to discuss matters of interest.

During the reporting period, we conducted a review of our effectiveness based on a National Audit Office questionnaire and individual interviews, the results of which were Submitted to the OPCC Chief Executive. Overall, it was felt that the Committee was effective in meeting its Terms of Reference.

Agendas, reports and minutes from the Committee are made available on the website of the Police and Crime Commissioner at:

<https://www.cambridgeshire-pcc.gov.uk/accessing-information/decision-making/joint-audit-committee/>

8. Attendance and Membership

During the reporting period, then Committee was sorry to lose the services of Mike Hindmarsh. He had served the Committee with distinction for 8 years and had therefore reached the end of his second term, requiring that he stand down. It is anticipated that he will be replaced during 2021/22.

We benefit from one member (Andrew Godman) also being a member of the Herts. JAC. No conflicts of interest have arisen in respect of any member.

The table below shows attendance by members at the meetings:

	28/1/21	28/10/20	30/7/20	29/4/20
Simon Smith	Y	Y	Y	Y
Mike Hindmarch	Y	Y	Y	Y
Lucy Sales	Y	Y	Y	Y
Ian Pinches	Y	Y	Y	Y
Andrew Godman	Y	Y	Y	Y

9. **Comments on last year's stated priorities.**

The Committee restates below the priorities it identified in its previous Annual Report (in blue italics), and relevant progress in 2020/21.

Governance Framework.

2019/20. The Committee will continue to keep a close interest in the development of the governance framework, recognising that this can never be static. There are several core documents in this process, some of which have been mentioned in this report. We will focus on the key 'lines of sight', their relationship to key controls and to the Strategic Risk Register.

2020/21. We found the Internal Audit report on 'Business Planning' especially helpful. This provided a very positive 'substantial assurance' opinion and linked together a complex range of processes.

We have been well served by both the OPCC and the Constabulary in being signposted to a number of useful background reports, especially from HMICFRS.

Value for Money.

2019/20. We will evolve our approach towards 'Value For Money', and consider how this can more expressly feed into our work in line with our modified Terms of Reference. This will also constitute an enhanced strand of our relationship with Internal Audit.

2020/21. We have taken opportunities to question management on their approach and metrics. This will continue to be an area of interest as particular agenda items arise.

Collaboration.

2019/20. We will continue our interest in 'collaboration' given the importance of such functions as a percentage of the overall budget. This year, we will be especially interested to see how 7 Force Collaboration on Procurement takes effect.

2020/21. We called for, and received, a very full and helpful presentation on the 7 Force Strategic Collaboration Programme, enabling us to better frame our questions to management. Please also see comments under 4, 'Risk Management'.

Covid 19.

2019/20. We must, of course, also make reference to Covid-19 and its multi-faceted impact on annual governance statements, financial reporting, risk and the control environment. We shall be interested to learn how 'risk' is being used dynamically, to examine if the control environment and risk appetite is changing, where there might now be new risks and the impact of the pandemic on the operational effectiveness of internal controls.

During the reporting period, we were able to take assurance from the positive opinions provided by Internal Audit, who were able to complete their schedule of work, and our examination of the operational and strategic risk registers. We have since been able to see the outcomes reflected in the draft Annual Governance Statements for both organisations.

10. Priorities for 2021/22.

Darryl Preston, the new PCC, was elected in May 2021. The Committee recognises the particular challenges and opportunities of the Corporation Sole structure in policing and looks forward to working with him and with the Chief Constable as their working relationship is embedded. We anticipate a continuation of alternate six monthly 'catch ups' with each, outside the formal meetings structure. At the same time, we remain very aware of the relatively 'arm's length' nature of our independent and advisory role.

We are looking to maintain and further develop the areas of interest already identified. In line with this approach we have recently had the benefit of a very helpful briefing from the Chief Constable and the Director of Finance on the 'STRA' process (Strategic Threat and Risk Assessment) which is an integral part of the planning process.

We have also recently received a copy of the updated (2021) Corporate Framework.

The Committee continues to be appreciative of the openness and transparency that characterises all our dealings with the Office of the Police and Crime Commissioner and Cambridgeshire Constabulary. It is vital for the Committee's effectiveness that we do all we can to encourage this behaviour. Our experience of both organisations is that they have been open to challenge from the Committee, and that there has been good ownership of outcomes.

11. Conclusion

The Committee has identified and agreed a forward plan of business for 2021/22 which it will adapt as necessary in the light of the changing risk environment.

12. Recommendation

The Committee is asked to note the contents of this report.

That this annual report be approved by the PCC and the Chief Constable.