



JOINT AUDIT COMMITTEE

DRAFT MINUTES

Date: 28 April 2022

Time: 10:30 hours

Location: via Teams

Members: Simon Smith Chair
 Ian Pinches
 Andrew Godman
 Lucy Sales
 Sophie Cook

In Attendance:

Nick Dean	Chief Constable
James Haylett (JH)	Chief Executive for the OPCC
Jon Lee	Director of Finance & Resources for the Constabulary
Jack Hudson (JHu)	Head of Business Development for the OPCC
Rachel Brittain	BDO
Shalini Gandhi	RSM
Jo Conlon	Head of Finance for the Constabulary
Elaine Fox	Principal Financial Accountant for the Constabulary
Les McCracken	Force Risk & Change Controller, Organisational Improvement Centre
Nancy Leversha	Strategic Accountant for the OPCC

1.	Welcome and Apologies
	Apologies were received from DCC Jane Gyford, Darryl Preston PCC, Matthew Warren CFO for the OPCC and Matthew Weller from BDO.

	SS welcomed everybody to the meeting.
2.	Declarations of Interest
	LS notified the committee that in January she became a governor of the Leys & St Faiths Foundation and a trustee for the Cambridge cancer help centre.
3.	Agreement of the minutes from the last meeting held on 27 January 2022
	<p>The minutes were agreed as correct.</p> <p>3(ii) Tri-force committee – SS informed the committee this is difficult to take forward, but the committee will keep under review and this committee has an open attitude towards collaboration.</p> <p>5(ii) JH stated that consideration of a partnership internal audit had been considered, but it was a struggle to define what an audit on partnership working would cover. There is ongoing reporting to the Police and Crime Panel on various aspects.</p>
	<p>Resolved</p> <p>(i) The minutes were agreed as correct.</p>
4.	Internal Audit Progress Report 21/22 and Plan 22/23
	<p>Progress Report – SG reported this related to progress against 21/22. Two Cambs only reports have been finalised: Capital Accounting & Fixed Assets and the Follow-Up. The Governance audit is largely complete. The BCH audit on data resilience is completed and Payroll is in draft.</p> <p>Capital Accounting & Fixed Assets received a positive reasonable assurance, that noted there were well designed controls in place and compliance with them. There were two medium and four low recommendations made. SS queried the implementation date of 31 March 2022. JC stated the actions will be completed along with the year-end processes so are in train and will be completed in April/May 2022.</p> <p>SG stated the Follow Up report had reviewed 13 actions, 10 were complete and the remaining three had been superseded.</p> <p>SG noted that RSM had undergone an external quality assurance process undertaken by Grant Thornton and the results were appended to the progress report.</p> <p>SS thanked SG and offered congratulations to RSM on the results and stated it provides assurance to the committee. He added the follow up reflects well on the work undertaken by the Constabulary and OPCC.</p> <p>IA Plan 22/23 – SG stated the Plan is for formal approval and has not changed from the</p>

	<p>draft version that came to the January meeting.</p> <p>LS asked if the BCH Procurement audit report would be at the July meeting? SG stated it is in the plan to be completed in Q1, but there may be some delays as it is BCH audit.</p> <p>AG stated he is happy to support the plan but asked that any changes are reported to the committee. SG stated any changes are noted in the Progress Reports.</p>
	<p>Resolved</p> <p>(i) The Committee noted the update.</p>
5.	External Audit Update
	<p>RB stated that since the last meeting, she had issued the opinion of the statement of accounts. The VfM auditors annual report guidance states it should be complete within three months of the opinion. RB informed the committee that BDO had been unable to meet the deadline, RB has notified both PSAA and NAO of this. There are three things to be considered in the annual report: financial resilience, this work is mostly complete and no issues to report. Governance – the work is mostly complete and no issues. Efficiency & effectiveness – a potential significant risk for collaboration has been noted, work is ongoing but should conclude in the next couple of weeks. RB stated that the Officers and Committee should have sight of the draft for comment and suggested that the draft is circulated, and a Teams meeting set up.</p> <p>JL stated we are waiting for the review but noted that the factors causing the delay are out of RB's control.</p> <p>JH stated the HMICFRS PEEL report is due imminently. The old PEEL used to look at four areas and report on three of those. The new inspection regime looks at 10-11 areas, so it will be useful to have a read across with the annual report.</p> <p>SS asked about audit planning for 21/22. RB answered that once the annual report is complete then 20/21 is finished. There is still a national backlog of 20/21 accounts waiting to be signed, this will impact going forward. BDO are developing a phasing plan and RB will be in touch with JL. BDO plan to go back to the three-stage audit, planning, interim and final and will use committee meetings as deadline dates.</p> <p>SS thanked RB and stated the committee will wait to see how this develops.</p>
	<p>Resolved:</p> <p>(i) The group noted the reports.</p>

	(ii) Teams call for Auditors Annual Report to be scheduled for BDO and committee members.
6.	Draft Annual Governance Statements
	<p>JL reminded the committee that the AGS sets out the governance and internal controls for both corporation sole. RSM do the groundwork and collate the evidence, but the AGS is the Chief Constable & CFOs responsibility, using RSM provides some independence to the process. There are a few areas to be finalised such as the 21/22 accounts which will need the external audit opinion. These will be parked until the final accounts are ready. The PEEL inspection will be reflected in the AGS but JL stated he is happy that the arrangements in place are both adequate and effective. The Covid statement is included although processes changed through the year but did not undermine any governance processes.</p> <p>The Procurement follow up work is continuing on the <£50k automated system for purchase orders. It has been piloted in the business support area and hopefully this will progress.</p> <p>JH stated with a new commissioner and new police and crime plan there have been changes to governance. We are trying to find the right balance of accountability mechanisms taking cognisance of the national performance framework.</p> <p>SS stated in order to help contextualise our role it would be useful for members to observe some other meetings within the structure. SS will liaise with NL outside of this meeting.</p>
	<p>Resolved:</p> <p>(i) The group noted the report.</p> <p>(ii) SS to liaise with NL about members observing meetings.</p>
7.	Strategic Risk Register and Risk Management Strategy
	<p>JHu stated the strategic risk register is a live document and the version circulated was at a set cut off. In the post covid period risk and control measures have been amended. National police measures have been added, with a risk around data quality, this is because some of the data is confidential which has caused issues with transparency. In order to coincide with publication, the PCC's primary board will now meet on a quarterly basis. The next BCB is scheduled for May. The strategic policing requirement is under review and we are waiting for the review to conclude for inclusion in the risk register.</p> <p>SS stated that was a helpful summary.</p> <p>AG stated it was a useful narrative but would be interested to see the journey up to the</p>

	<p>strategic risk register. He would welcome the opportunity to observe meetings to understand the logic of how risk emerges and is filtered.</p> <p>SS stated he didn't expect the strategic risks to change dramatically but next time the committee view the operational risk register they might expect to see more development.</p> <p>JHu stated this is an annual update of strategy and he has reviewed for accessibility as well as process and culture of the organisation. He has used the Orange Book as a useful tool for risk principles. The strategy reflects ongoing work to ensure this is not a tick box activity but to create the culture of using risk positively and embedding this in the PCC's strategy. An integral part of our organisation is the opportunity to learn. JHu is looking at how to mitigate a combination of risks which will develop the strategic risk register further.</p> <p>SS thanked JHu for a useful update.</p> <p>JH thanked JHu and stated he is trying to move away from quarterly updates, but with a whole office approach to governance, that risks across the office will be raised by individuals which will better manage and integrate risk across the OPCC.</p> <p>IP stated he was pleased to see this work. He hoped that the risk framework would drive agendas in the future but recognised the work that has gone on so far.</p> <p>SS stated he was pleased about the point on the possible impact of the combination of risks and looking across the organisation. He queried whether there should be a statement about the holistic approach included in the strategy? JHu stated he would amend the strategy accordingly.</p>
	<p>Resolved:</p> <ul style="list-style-type: none"> (i) The group noted the updates. (ii) JHu to add a sentence to Risk Management Strategy on holistic view of governance, risk and compliance.
8.	Compliance with the FM Code
	<p>JL stated this is an annual self-assessment and is a joint statement between the Constabulary and OPCC as finance is so interlinked. 2021/22 is the first year the self-assessment is required but we did ours a year early so the committee have seen this document previously. There are a lot of standards, and most are routine things that we are doing, so 13 out of the 17 are fully compliant. The four we have not fully met are amber and they have some challenging aspects in some areas. BCH business planning is a challenge to get everybody in the same place, JL is pushing for a strategic look over</p>

	<p>the MTFS period. There is a new Head of BCH Collaboration office and JL is hopeful that progress will pick up pace.</p> <p>Financial resilience – CIPFA have made a lot of commentary on this. We set a budget which is the financial plan for our spend but things can change as the year progresses such as the current cost of living and economic issues, so this area is looking at how to ensure the budget is robust with so many unknowns. We did some scenario planning as part of the 2022/23 MTFS for precept and pay awards and this links to the reserves strategy. There is a fine balance however of not having an alternative budget.</p> <p>VfM approach – the strategy came to the last committee, and we are beginning to formalise the arrangements to better demonstrate VfM. JL stated he would provide more information as this area progresses.</p> <p>SS thanked JL and stated it was a useful process and an open and candid report. He asked whether the new Head of BCH collaboration might be able to provide an update in 6 months.</p>
	<p>Resolved:</p> <ul style="list-style-type: none"> (i) The committee noted the strategy. (ii) JL to bring BCH budget process to August meeting.
9.	Treasury Management Strategy Statement 2022/23
	<p>JL stated the strategy is forward looking into 22/23, there will also be a mid-year and outturn reports. This is reported here for information only, as it was approved at BCB in February as part of the suite of reports along with the MTFS and links to the capital programme.</p> <p>The strategy is compliant with the Treasury Management and Prudential codes. JL has no concerns and there are no significant changes from 21/22, this has been updated for the capital plans. Risk has increased with cost of construction and will be kept under review.</p> <p>Southern Police Station project forecasts us in an overborrowed position in 25/26 for a short term, this is allowed as it is temporary and linked to the disposal of an asset. The under-borrowed position is forecast in 26/27. This will be reviewed when the capital programme is refreshed next year.</p> <p>The levels of the authorised limit in the strategy is £57m and operational boundary is £50m. The ratio of financial costs to the revenue account are 0.8% and these increase to 1.6% by 25/26. This is as we no longer receive a capital grant from central government and all capital is self-funded by borrowing or capital receipts.</p>

	<p>Investments are maintained looking at security, liquidity and yield. There may be opportunities with the interest rates but no significant gains for us.</p> <p>IP asked whether the over-borrowing had been stress tested? What happens if factors mean we have to extend the over-borrowed position? JL answered it links back to the financial resilience work, but there is work to do to understand if there is a delay how we would meet the gap through a prioritisation across the capital programme. The PCC has the authority to flex the authorised limits.</p> <p>IP asked if JL could bring back to a future meeting? JL stated he would liaise with JH and MW. IP stated it is the process not the fine detail that he is interested in. JL stated the autumn meeting would be suitable.</p> <p>SS asked whether an updated training session on Treasury Management would be worthwhile? JL answered that our Treasury advisors could attend.</p>
	<p>Resolved:</p> <ul style="list-style-type: none"> (i) The committee noted the update. (ii) JL to report to autumn meeting on stress testing of over-borrowed position in TMSS. (iii) Schedule a Treasury Management update session for members with Link.
10.	Summary of Meeting and review of actions
	<p>SS agreed that all actions were complete and therefore closed.</p> <p>He stated the committee were able to take assurance from the work undertaken by internal audit, the development of the risk management strategy and financial management code and thanked everybody.</p>
	<p>Resolved:</p> <ul style="list-style-type: none"> (i) The committee noted the update.
11.	AOB
	There was no AOB.
	Date of Next Meeting
	The next meeting will be held on Tuesday 9 August 2022 at 1000 hours via Teams.
	2022/23 Meeting Dates

	Thursday 3 November 2022 10.30am
	Thursday 26 January 2023 10.30am
	Thursday 27 April 2023 10.30am
	Thursday 27 July 2023 10.30am
	Wednesday 25 October 2023 10.30am
	Thursday 25 January 2024 10.30am

Simon Smith