



To: Joint Audit Committee
From: Simon Smith, Chair of Joint Audit Committee
Date: 26th July 2022

2021/22 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 2021 and 31st March 2022.

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 which were last reviewed in the reporting period, at the meeting held on 20th October 2021. Please see the link:

<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 2021/22**

The Committee met on four occasions within the reporting period namely on 29th April 2021, 13th August 2021, 20th October 2021, and on 27th January 2022. (It also met on 28th April 2022, the agenda containing material relevant to the reporting period).

Both the Constabulary and the OPCC have continued to demonstrate by their actions that they are open to challenge and keen to work with the Committee; in turn, Committee members 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. Either he (3 meetings) or his Deputy Jane Gyford (1 meeting) have attended all our meetings during the year. Similarly, we have been grateful for the attendance of the Police and Crime Commissioner, Darryl Preston, who has maintained the high level of commitment shown to the Committee by his predecessor. This level of senior attendance greatly enhances our work. Throughout the reporting period we have actively engaged with the Chief Executive of the OPCC, James Haylett, and the Chief Financial Officer and Director of Resources, Jon Lee. We have appreciated their support and assistance.

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

Governance, Risk and Control

Annual Governance Statements

At the meeting on 28th April 2022, the Committee reviewed and noted the Draft Annual Governance Statements of the PCC and of the Chief Constable for 2021/22. In the Committee's opinion, the format of both documents has continued to benefit from more explicit linkages to key source materials. It should be noted that neither Statement can be finalised until the Accounts for 21/22 and related processes have been completed. We deal with this later.

The Committee has continued to use the May 2021 iteration of the Constabulary Corporate Framework as an important reference tool which supports our understanding of key responsibilities and controls in decision making.

Risk Management

At the meeting on 28th April 2022 the Committee reviewed and commented on the OPCC's Risk Management Strategy. The strategy now comes to the Committee on an annual basis.

The Committee was represented at the Constabulary Risk Management 'table top' exercise held on 14th October 2021. This focused on cyber disruption.

In the reporting period, all of the Constabulary's Internal Audit opinions were positive. Taken together with our other sources of assurance the Committee was therefore able to

conclude that the Constabulary has in place an adequate and effective risk framework and controls.

It was pleasing to see that the follow up Internal Audit report on 'seized property' received a '*substantial assurance*' outcome. This is a good demonstration of the Constabulary's commitment to continuous improvement as this had previously been the subject of a negative internal audit opinion.

At a collaborative level, there was a '*little progress*' conclusion in implementing necessary actions on Tri Force (Beds, Cambs. and Herts.) procurement below £50k. This is led by Cambridgeshire. The Committee remains engaged with this issue. It should be said that collaborated procurement (7 Force) above the £50k level received a positive audit opinion.

The Internal Audit report on collaborated ICT, asset distribution, received a negative opinion. This is led by Hertfordshire.

Although Cambridgeshire received a positive opinion overall, the relative difference in performance between the Constabulary and the Collaborated Units Internal Audit reports resulted in the Committee asking for updates from the Tri Force and 7 Force functions. Presentations were provided to our meetings on 13th August 2021 and 27th January 2022 when we sought to provide supportive challenge.

Risk Registers

The Committee has had good oversight of the risk management approach in both the Constabulary and the OPCC. 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 at the Committee meetings held on 29th April and 20th October 2021, and the Operational Register on 13th August 2021 and on 27th January 2022.

Collaborated Functions

We have continued to encourage the sharing of comments on Internal Audit reports between the Tri Force Joint Audit Committees 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.

We reviewed the detailed strategy proposed for 2021/22 at our meeting on 13th August 2021, and considered an updated report provided to our meeting held on 27th January 2022. We are mindful of the need for ongoing training for Committee members in this area.

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 27th January 2022 which summarised the controls process and how the Committee gains assurance.

5. Internal Audit.

Internal Audit Plan 21/22.

The Committee reviewed and authorised the draft 2021/22 Internal Audit plan at its meeting on 29th April 2021. It had been particularly helpful to see an early iteration of the plan at the previous meeting and to have been able to comment on the shape and balance of the plan at an early stage.

During the year, the Committee received regular 1 page monthly updates from the Internal Auditors, RSM, to keep the Committee apprised of progress. This has been a particularly helpful innovation. We intend to continue with this reporting format and appreciate RSM's responsiveness in providing this.

Progress reports.

At each meeting the Committee has received a progress report highlighting any issues and concerns, with the Internal Auditors 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 Corporate Development Department which enables the Committee to interrogate progress in delivering Audit recommendations in non-financial business areas.

6. Financial Reporting and External Audit

The Committee received the PCC's and the Chief Constable's Draft Statements of Accounts for 2020/21 at the meeting on 13th August 2021. These were prepared very efficiently by the Constabulary finance function. The Committee also had the benefit of an informal meeting with the Constabulary's Chief Financial Officer which confirmed that preparation had proceeded satisfactorily.

The external audit process is conducted by BDO. This also proceeded satisfactorily, the Committee receiving full reports to the meetings held on 13th August and 20th October 2021 and on 27th January 2022 following which the accounts were signed for both the Constabulary and the OPCC. These are to be found on the OPCC website.

However, at the time of preparing this report (26th July 2022) the Auditors Final Opinion is awaited. There has been significant delay in this being provided due to resourcing challenges, common to the whole audit sector. Once received, the Annual Governance

Statements for both the Constabulary and the OPCC can also be signed, the Committee having approved them in draft.

The identified delay has been disappointing and must be a matter of comment for any conscientious Audit Committee. It remains the case that anecdotally, many other organisations have been much further delayed which highlights the various challenges besetting the profession. The working relationship between BDO and the Constabulary finance team remains good.

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. These have continued to take place remotely without any appreciable impact on the Committee's effectiveness.

Committee members have recognised the importance of maintaining some level of contact outside formal meetings, for example, through pre meetings and on other relevant opportunities. 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 this is now envisaged for Autumn 2022).

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 draft agendas to concentrate on the most significant items, and to enhance summation at meetings. Some items are considered outside meetings by email which has helped with our focus.

We have also met separately, and by remote means, with the PCC and with the Chief Constable outside Committee, to discuss current and future activities.

As in previous year's the Committee was represented at a CIPFA national training event, with the materials cascaded to all members.

During the reporting period, we conducted a review of our effectiveness which was reported to the OPCC Chief Executive in November 2021. The Committee continues to recognise the challenge common to most audit committee's in trying to engage in a way that is more 'upstream' of potential issues arising. The separate meetings held with the PCC and the Chief Constable in the reporting period have assisted in this respect. The Committee has concluded that it has been 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

Following an open and public process the Committee was very pleased to welcome Sophie Cook as a fifth member of the Committee, with effect from the January 2022 meeting. Her appointment has ensured that the Committee has the benefit of two members with a professional accountancy qualification. The addition of a fifth member has also had a positive benefit on the quality and diversity of views expressed.

The Committee continues to benefit from one member (Andrew Godman) also being a member of the Herts Joint Audit Committee.

No conflicts of interest have arisen in respect of any member. All members have been able to maintain a 100% attendance record, set out below:

	29/4/21	13/8/21	20/10/21	27/1/22
Simon Smith	Y	Y	Y	Y
Andrew Godman	Y	Y	Y	Y
Lucy Sales	Y	Y	Y	Y
Ian Pinches	Y	Y	Y	Y
Sophie Cook	N/A	N/A	N/A	Y

9. Comments on last year's stated priorities.

The Committee references the priorities it identified in the previous Annual Report, and relevant progress in 2021/22.

Governance Framework.

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 HMIFRS.

2021/22. The focus on linkages to key controls and the Strategic Risk Register has been maintained. Plans have been made for Committee members to observe a variety of other key meetings in the governance framework between July and October 2022. The Committee will then draw together their experience of this process and lessons learnt.

We continue to be well supported in being referred to relevant reports and briefing notes both by RSM and the Organisational Improvement Centre.

Value for Money.

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

2021/22. There has been a significant development this year in that the Constabulary has adopted a new Value for Money Strategy. The Committee has been pleased to comment on the underlying principles. The Strategy was brought to the Committee on 27th January 2022.

Collaboration.

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.

2021/22. The Committee's focus has been maintained through presentations provided to the meetings on 13th August 2021 and 27th January 2022. A further briefing is to be provided from the new Head of the BCH Collaborated Function on 9th August. The relative lack of visibility on risk issues remains a particular matter of comment by the Committee.

Impact of Covid 19.

2020/21. 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 Annual Governance Statements for both organisations.

2021/22. Notwithstanding the improved situation, and the relaxation of controls, the Committee has continued to meet remotely. Overall, this has worked well although we look forward to some personal interaction being possible at a proposed Committee training day to be held in the Autumn.

10. Priorities for 2022/23.

The Committee recognises the principles embedded in the Corporation Sole structure in policing and the relatively 'arm's length' nature of our independent and advisory role. We recognise that no one is accountable to us.

The Committee continues to be appreciative of the openness and transparency that characterises all our dealings with the OPCC 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 continued to be open to challenge from the Committee, and that there has been good ownership of outcomes.

We anticipate a continuation of alternate 6 monthly 'catch ups' with both the PCC and the Chief Constable outside the formal meetings structure, and a variety of other meetings with senior management.

We are looking to maintain and further develop the areas of interest already identified. We are hopeful that our observing of other parts of the governance structure during the next reporting period will help to add an additional layer of insight.

11. Conclusion

The Committee has an identified and agreed a forward plan of business for 2022/23 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.