



**To:** Joint Audit Committee  
**From:** Simon Smith, Chair of Joint Audit Committee  
**Date:** 27<sup>th</sup> July 2023

## **2022/23 Committee Annual Report**

### **1. Purpose**

1.1 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 2022 and 31st March 2023.

### **2. Background**

2.1 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**

3.1 The role of the Committee is set out in its Terms of Reference which are reviewed annually. This was last carried out at the meeting held on 3rd November 2022 when the review of the assessment of fraud risks and harm from corruption was added to the Committee's work. This was in line with a recommendation in the External Auditors report to 31st March 2021.

- 3.2 The Current terms of Reference are provided through the following link:  
[Joint Audit Committee \(cambridgeshire-pcc.gov.uk\)](https://www.cambridgeshire-pcc.gov.uk/joint-audit-committee)
- 3.3 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 2022/23**

- 4.1 The Committee met on four occasions within the reporting period, on 28<sup>th</sup> April, 9<sup>th</sup> August, and 3<sup>rd</sup> November 2022, and on 26<sup>th</sup> January 2023. (It also met on 28<sup>th</sup> April 2023, the agenda containing material relevant to the reporting period).
- 4.2 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.
- 4.3 The Committee has been very pleased to maintain the working relationship with the Chief Constable, Nick Dean, who has attended 3 of our 4 meetings. The Deputy Chief Constable Jane Gyford attended the November meeting. Similarly, we have been grateful for the attendance of the Police and Crime Commissioner, Darryl Preston. 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.

4.4 The following comments mirror the headings in the Committee's Terms of Reference:

## 5. Governance, Risk and Control

### 5.1 Annual Governance Statements

5.1.1 At the meeting on 28th April 2023, 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 external audit for 2021/22 and related processes have been completed. Therefore, some elements may be subject to change. We comment later on the delay in external audit arrangements.

5.1.2 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.

### 5.2 Risk Management

5.2.1 At the meeting on 28<sup>th</sup> 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 latest amendments were very significant and reflected the considerable work undertaken in this area. The Strategy incorporates changes to roles and responsibilities and updated HM Government guidance in the Orange Book. The strategy supports a holistic view of governance, risk and compliance. (The Committee also received a management update on the approach to risk at the meeting on 28<sup>th</sup> April 2023).

- 5.2.2 In the reporting period, all of the Constabulary's Internal Audit opinions were positive; possibly the most satisfactory overall set of audit results received in recent years.
- 5.2.3 Internal Audit also undertakes a follow up review of the OPCC/Constabulary to assess progress in implementing previously agreed management actions. The review covered 3 areas of activity being complaints, seized property and controlled drugs, and payroll. 11 actions had been identified. The Committee noted that good progress had been made in the reporting period, with all actions having been implemented (9) or superseded (2).
- 5.2.4 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.
- 5.2.5 At a collaborated level (Beds., Cambs. and Herts.) a number of reports were undergoing fieldwork carried out towards the end of the reporting period. However, at our meeting on 28<sup>th</sup> April 2023, Internal Audit gave a generally positive update. The Committee were also able to note 3 '*substantial assurance*' outcomes to date.
- 5.2.6 There was a '*poor progress*' conclusion in implementing necessary actions on Tri Force procurement below £50k. However, for context, Cambridgeshire Constabulary's performance was the best of the 3 forces by a significant margin. It should perhaps also be noted that in 2021/22 collaborated procurement (7 Force) above the £50k level received a positive audit opinion.
- 5.2.7 Although not a Cambridgeshire led function the Committee has maintained a close interest in the progress of the internal action tracker arising from the Firearms Licensing Internal Audit report (which will be subject to further audit in 23/24). Points for clarification were submitted following our meeting on 3<sup>rd</sup> November 2022.

5.2.8 In our previous report, we commented that although Cambridgeshire Constabulary/OPCC received a positive opinion overall, there was quite a marked difference in audit opinions between the Constabulary/OPCC and the Collaborated Units. It is worth commenting that this divergence is likely to be much less evident in the reporting period. This is highly material to the overall Internal Audit conclusion for Cambridgeshire as there is no separate outcome for the collaborated functions; the performance of the Cambridgeshire led collaborated functions is part of the Cambridgeshire conclusion.

### 5.3 Risk Registers

5.3.1 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 28<sup>th</sup> April and 3<sup>rd</sup> November 2022, and the Operational Register on 9<sup>th</sup> August 2022 and on 26<sup>th</sup> January 2023.

### 5.4 Collaborated functions.

5.4.1 We have continued to encourage the sharing of comments on Internal Audit reports between the 3 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.

5.4.2 All Committee members remain very willing to participate in any Tri Force initiatives relevant to our Terms of Reference.

### 5.5 Treasury Management

5.5.1 The OPCC is required to have a Treasury Management Strategy Statement (TMSS) in place which is reviewed annually. This sets out how the Constabulary will manage its financial investment and borrowing over the next 4 years. The TMSS is set in the context of the ongoing capital programme and current economic uncertainty.

5.5.2 The Committee's role is to ensure that an effective system of scrutiny is in place in respect of Treasury Management strategy, policies and practices. At the Committee meeting held on 28<sup>th</sup> April 2022 the Committee considered the detailed TMSS proposed for 2022/23, it has been approved by the Commissioner's Business Coordination Board on 10<sup>th</sup> February 2022.

5.5.3 The Committee also considered a mid-year report provided to our meeting held on 3<sup>rd</sup> November 2022.

## 5.6 Integrity controls

5.6.1 The Committee has a responsibility for oversight of the controls environment for non-financial integrity arrangements. We received a report covering the period 2021/22 at our meeting on 3<sup>rd</sup> November 2022 which summarised the controls process and how the Committee gains assurance. The report included a summary of complaints.

## 6. Internal Audit.

### 6.1 Internal Audit Plan 22/23.

6.1.1 The Committee reviewed and authorised the draft 2022/23 Internal Audit plan at its meeting on 28<sup>th</sup> April 2022. 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.

6.1.2 During the year, the Committee received regular 1 page monthly updates from the Internal Auditors, RSM, to keep the Committee apprised of progress. This

continues to be a very helpful innovation. We appreciate RSM's responsiveness in providing this.

## 6.2 Progress reports.

6.2.1 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.

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

## 7. Financial Reporting and External Audit

7.1 The Committee's Terms of Reference include a number of responsibilities in these areas and the obligation to provide relevant comments to those charged with governance.

7.2 Therefore, we are compelled to record that we have been greatly dismayed by the acute delay in the provision of external audit services to the Constabulary/OPCC by the appointed auditors, BDO. Whilst, for balance, we should say that this reflects a general problem within many parts of the public sector it nevertheless remains unacceptable to the Committee that the external audit hasn't commenced for the 2021/22 reporting period, let alone 2022/23.

7.3 The Committee's comments have addressed risk issues arising from the delay, the role of the PSAA (Public Sector Audit Appointments, who are the controlling body), possible areas of efficiency to recover lost time and a range of contingency based issues.

- 7.4 At the time of preparation of this report we await further developments from the PSAA as to how they are proposing to address the situation.
- 7.5 It should also be stressed that as in previous years, the Constabulary finance team have already prepared draft accounts for 2022/23 with their customary efficiency. The issues that have arisen are wholly outside the Constabulary's control, that of the OPCC and the Committee.

## **8. Performance of the Committee and Evaluation of Our Effectiveness**

- 8.1 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.
- 8.2 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.
- 8.3 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.
- 8.4 Planning for an 'out and about' session has been undertaken in the reporting period so that members can speak with front line Officers. (This took place in June 2023).
- 8.5 We have been mindful of the need to link agendas, papers and outcomes to levels of perceived risk. Some items are considered outside meetings by email which has helped with our focus.

- 8.6 We have also met via 'Teams' with the PCC and with the Chief Constable or Deputy Chief Constable, to discuss current and future issues and activities. These meetings all fall outside of, and do not reference, a Committee agenda.
- 8.7 During the reporting period, we conducted a review of our effectiveness which has been reported to the OPCC chief executive. We used a CIPFA questionnaire for this purpose from which we concluded at that we had substantially met our terms of reference. We identified 2 areas for further attention.
- 8.8 The committee continues to recognise the challenge common to most audit committees in trying to engage in a way which is more 'upstream' of potential issues arising. The separate meetings held with the PCC and the Chief Constable have assisted in this respect
- 8.9 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/>

## **9. Attendance and Membership**

- 9.1 The Committee has the benefit of 2 members with a professional accountancy qualification. We feel that a 5 member Committee is the right size, and conveys benefit in the quality and diversity of views expressed.
- 9.2 The Committee continues to benefit from one member (Andrew Godman) also being a member of the Herts. Joint Audit Committee.
- 9.3 No conflicts of interest have arisen in respect of any member. Illness aside, all members have maintained a 100% attendance record, set out below:

	28/4/2022	9/8/2022	3/11/2022	26/01/2023
Simon Smith	Y	Y	Y	Y
Andrew Godman	Y	Y	N	Y
Lucy Sales	Y	Y	Y	Y
Ian Pinches	Y	Y	Y	Y
Sophie Cook	Y	Y	Y	N

## 10. Comments on last year's stated priorities.

10.1 The Committee references the priorities it identified in the previous Annual Report, and relevant progress in 2022/23.

## 11. Governance Framework.

11.1 2021/22.

11.1.1 The focus on linkages to key controls and the Strategic Risk Register has been maintained.

11.1.2 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.

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

11.2 2022/23.

11.2.1 As commented under para. 4 we highlight the significant work undertaken by the OPCC to develop the approach to risk management through the revised strategy which was presented to our meeting on 28<sup>th</sup> April 2022.

11.2.2 Members observed a good range of meetings in the Constabulary governance structure which provided good context for the Constabulary's Corporate Statement.

## **12. Value for Money**

12.1 2021/22.

12.1.1 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 27<sup>th</sup> January 2022.

12.2 2022/23.

12.2.1 We have kept this in mind (and will be receiving the first report under the current strategy at our meeting on 27<sup>th</sup> July 2023).

## **13. Collaboration**

13.1 2021/22.

13.1.1 The Committee's interest in this area has been maintained through presentations provided to the meetings on 13<sup>th</sup> August 2021 and 27<sup>th</sup> January 2022. A further briefing is to be provided from the new Head of the Collaborated Office on 9<sup>th</sup> August. The relative lack of visibility on risk issues remains a particular matter of comment by the Committee.

13.2 2022/23.

13.2.1 We received the briefing referred to at our August meeting. It addressed significant plans for the better prioritisation of business activity, budget setting and planning, and the need to better join up risk issues. There was a further helpful briefing provided to the Committee meeting on 26<sup>th</sup> January 2023.

13.2.2 The Committee took confidence from the range of work being driven forward. Indeed, it is very possible that there may already be a link to the generally positive Internal Audit Opinions received in the reporting period.

## **14. Priorities for 2023/24.**

- 14.1 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.
- 14.2 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.
- 14.3 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.
- 14.4 We are looking to maintain and further develop the areas of interest already identified.

## **15. Conclusion**

- 15.1 The Committee has an identified and agreed a forward plan of business for 2023/24 which it will adapt as necessary in the light of the changing risk environment.

## **16. Recommendation**

- 16.1 The Committee is asked to note the contents of this report.
- 16.2 That this annual report be approved by the PCC and the Chief Constable.