



JOINT AUDIT COMMITTEE

DRAFT MINUTES

Date: 23 April 2024

Time: 10:30 hours

Location: via Teams

Members:	Simon Smith	Chair
	Ian Pinches Andrew Godman Lucy Sales Sophie Cook	
In Attendance:	Jane Gyford	Deputy Chief Constable
	James Haylett (JH)	Chief Executive for the OPCC
	Jon Lee	Director of Finance & Resources for the Constabulary
	Phil Trussell	CFO for the OPCC
	Jack Hudson (JHu)	Director of Governance & Compliance for the OPCC
	Daniel Harris	RSM
	Katie Henry	KPMG
	Steve Bladen	BDO
	Elaine Fox	Principal Financial Accountant for the Constabulary
	Les McCracken	Force Risk & Change Controller, Organisational Improvement, Constabulary
	Hoi Yee Ng	Staff Officer to DCC
	Neil Baddeley	Information Security & Assurance Manager for Internal Audit progress report

	Nancy Leversha	Finance & Audit Manager for the OPCC
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1.	Welcome and Apologies
	<p>Apologies were received from:</p> <ul style="list-style-type: none"> • Nick Dean Chief Constable, • Darryl Preston, Police & Crime Commissioner, • Superintendent James Sutherland, Head of Organisational Improvement. <p>SS welcomed everybody to the meeting.</p>
2.	Declarations of Interest
	There were no declarations of interest.
3.	Agreement of the minutes from the last meeting held on 31 October 2023
	<p>The minutes were agreed as correct.</p> <p>SS queried during the conversations around the BCH audits on page 6, whether BCH see the minutes from the three audit committees or are able to scan them. JG stated that this is a conversation that JCOB had, and this is something to be picked up by Cat Hemmings (CH) and her team. SS stated that CH is due to attend the July meeting so that will fit with the agenda.</p> <p>Action 4 – NB provided an update on cyber-security risk and assurance on how the management actions have been implemented.</p> <p>SS noted that the ICT follow up was ongoing and asked DH if he had any comments. DH stated he was aware the field work was ongoing but is waiting on the report which will come with RSM's independent view on the actions to the July meeting. He added that a lot of work was undertaken immediately on the actions following the draft report and that had been recognised. SS acknowledged the positive messages and thanked NB.</p>
	Resolved

	(i) The minutes were agreed as correct.
4.	Internal Audit Progress Report 23/24 and Draft IA Plan 2024/25
	<p>a. Progress Report – DH stated that since the progress report was distributed one Cambs only report of Capital Accounting has been finalised with a reasonable assurance. One remaining report – Follow Up is in progress. BCH four reports have been finalised one advisory and three others. The Follow up is to be completed in April and will pick up the cyber security actions. DH fully anticipates the final reports coming to July meeting and no changes to the Plan. Page 9 mentions annual opinions, which DH expects to issue later this week or next week and anticipates this will be an unqualified opinion unless any significant issues are brought to his attention. The annual opinions will flow through to the AGS's.</p> <p>SS noted the Firearms Licensing positive opinion and was pleased to note the progress there and that AG had raised a concern about things being caught by Internal Audit rather than management.</p> <p>AG stated the Firearms review was welcome and the improvement noted, he also noted how the appeals were upheld by the Courts which was positive. As a committee we noted there have been a few low assurances and wondered about lessons learnt, how these audits materialise and is there a strategic learning opportunity around risk controls and implementation. DH added that as he is currently drafting the annual report and his opinions, he is going to look back over the minimal and partial assurances and identify if the issue is that there are well designed systems of control but compliance issues with them and this will be added to his judgement in the annual report.</p> <p>SS stated this would be helpful for context and important to give balance. LS stated that best practice shows three lines of defence of which the 3rd line is audit. LS asked DH to consider whether in his view was the 1st line robust.</p>

	<p>JH added from an OPCC view, this is something all three OPCCs have had concerns over and will be interested in this work. The three Chief Executives have discussed and are considering next steps. We know the Chief Constables run the functions, but we have the holding to account duty and this runs alongside other non-audit concerns.</p> <p>SS stated this would feed into the July meeting.</p> <p>JG added that we now think about Cambs as a host force. As a Chief Officer JG is assured that the departments under Cambs are integrated into Cambs business processes. The more complex part is where this interlocks with collaboration and other areas led by other forces. JL agreed with JG and added the building blocks are in place with the links into strategic risk in the collaborated space. This needs to report to JCOB and have a collaborative view of risk appetite across BCH and performance management will aid this. JCOB and corporate management can then more effectively pinpoint risks and concerns into the Internal Audit Plan reporting into JCOB but all of BCH need to be in the same space. CH is working to mitigate.</p> <p>SS stated this is clearly complex and noted there had been a short update on governance, risk and visibility from CH. He added that the committee may need to have a short separate catch up with CH prior to the July JAC meeting.</p> <p>b. Draft IA Plan 2024-25 – DH stated the committee had heard the process of how the plan is pulled together at the last meeting. Page 5 shows the three Cambs only planned audits driven by the strategic risk register and the key financial controls along with a Follow Up. Page 7 shows the planned five planned BCH audits that received consensus. The plan is kept under review and agile so if something specific comes up we would look to change the focus of the programme.</p>
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	<p>Appendix B shows previous opinions, DH is content the plan provides a rounded programme which allows him to comply with Public Sector Internal Audit standards.</p> <p>IP stated the Plan shows Governance review under Cambs only – is this going to include BCH following our discussions around BCH governance activity and risk management and corporate oversight. The nature of the discussions come down to two main points. Clarity over the governance structure, as a committee it is difficult to follow and we appreciate this is evolving, and secondly there is no governance oversight akin to the audit committee that looks across collaboration. SS added that a further point in the scoping is the timing of the audit. JG answered the scope is Cambs only but another objective could be how that BCH links into local governance. IP thanked JG and stated we know that Cambs has good governance and risk processes, we are not confident about BCH and the audit ought to focus there. SS stated that a discussion may be needed outside of this meeting.</p> <p>JH added that there are a lot of moving parts with collaboration and the three Chief Executives are moving ahead with a case for change as it is not just the audit reports that have raised concerns with us. SS stated that the committee share the anxieties and that the Cambs only part of the audit plan all refer to strategic risks but this wasn't possible for the BCH part of the plan.</p>
	<p>Resolved</p> <ul style="list-style-type: none"> (i) The Committee noted the update. (ii) Discussion on Governance scope in Audit Plan to take place outside of JAC meeting.
5.	External Audit Update
	<p>SS asked SB to provide an update on the 21-22 and 22-23 position.</p> <p>SB stated the key thing to note was the consultation has now closed, but we are yet to see the government's final proposals. The consultation was for all</p>

audits up to 22-23 to be completed by the end of September 2024. SB expects disclaimed opinions and a single report on VFM arrangements for the two years. BDO are working through what work they will need to do and await the information from the NAO.

AG asked if BDO anticipate any problems meeting the September 2024 deadline. SB stated he is not anticipating any problems meeting that deadline and is confident that any work can be completed in time. They are planning their resources, and some work is in progress behind the scenes.

KH stated the draft audit plan for 23-24 had been circulated. KH does not anticipate any significant changes, but the risks are changing on a weekly basis currently. Materiality is shown on page 4, and significant risks are shown on page 6, these are similar to previous audits and will be updated if anything changes. Page 10 shows the rebuttal of significant risk and is standard across the sector. Page 16 shows the VfM has no significant risks and is progressing well thanks to JL's team. Page 25 shows the timeline however, it is KH's intention to have 23-24 audits complete by 31 December and has the team booked for September to November to work across BCH.

SS asked JL if he had any concerns on the impact on his team. JL stated he has no concerns currently. The team are working well with KH and her team and are leaving his team alone for now to draft the accounts. We've fed information to BDO as required and hoping to get back on an even keel soon.

IP added he was surprised to see the lack of audited opening balances as a significant risk and asked for clarification. KH stated that a disclaimed opinion is not a significant risk even if not usually seen in this sector. The opening balances will be audited and there are other ways for them to confirm information, such as bank confirmation and valuations from third party. EF added that we are in a good place for 23-24 and would also like the accounts signed off by 31 December.

KH added if the pension fund audit isn't finished, we can sign off our accounts without them being audited themselves.

	<p>Resolved:</p> <p>The group noted the reports.</p>
6.	<p>Strategic Risk Register</p>
	<p>JHu stated that he had provided an update alongside the operational risk register at the last JAC meeting. The Internal Audit management actions have been completed now that SR4.4 and 4.5 have been split as they were too complex.</p> <p>We are in the latter stages of election planning and working through how the risk register will look alongside the governance framework. The plan is for the joint risks to be identified and signed off at BCB on 24 July which will then come to JAC. There are currently 17 risks which has increased due to the risks being split.</p> <p>SR2.1 has increased from low to medium as a new Police and Crime Plan will be developed following the election. Also, the risk about the PCC and Chief Constable failing to work together has been raised from low to medium and we would hope this to reduce following the election.</p> <p>SS thanked JHu and added that the Operational Risk Register is due at the next JAC meeting. JHu asked if the JAC wanted sight of the SRR at the same time to align together. SS stated the committee would take away the offer and consider.</p>
	<p>Resolved:</p> <p>(i) The group noted the update.</p> <p>(ii) Committee members to consider whether they wish to align reviews of operational and strategic risk registers.</p>
7.	<p>Treasury Management Strategy Statement 2024/25</p>
	<p>JL stated this is a statutory report and comes to JAC for information. It was approved at BCB in February and overall is relatively unchanged. The indicators have been refreshed. Table 1 shows an under borrowed position which gives us headroom for borrowing. Table 4 shows the operational limits which borrowing cannot exceed. We continue to report on these positions with mid-year and outcome reports. Paragraph 5.1.8 shows the ratio of financing costs going up over the period of the strategy and this is factored into the MTFs which is due to the Capital programme including CSPA and Monks Wood as well as the condition</p>

	<p>of the estate. We have to meet capital through our own resources and borrowing which has a revenue consequence. We will look at the broader portfolio with the PCC. The most significant change is to the MRP Policy from 1 April 2024. Historically, we have used the instalment method however a lot of local government bodies have moved to an annuity basis. JL asked CIPFA to review our policy and advise us on other options and their advice was to move to an annuity provision for new land and buildings. This is for long term assets and fits with the economic consumption and is within regulations. It is a prudent change of policy and there will not be any retrospective application of this policy. The policy hasn't changed for short term assets such as ICT and fleet.</p> <p>PT added that he is assured this is the right thing and has assured the PCC and there is a robust plan in place and he approves what is included in the strategy.</p> <p>LS asked how quickly can you respond to get your investments out if needed. JL stated all our investments are liquid and short dated so we can pull them back quickly. With the increased interest rates, we have had a few which were locked in for 3-6 months, but these have flexibility if needed. We tend not to invest in geopolitical hotspots.</p> <p>LS stated on page 21 it says ESG is secondary to investment principles, but at what point is this escalated or addressed above investment principles. JL stated it is a qualitative judgement rather than set criteria. JH added that it is a good point and that we thought about what to include there. There have been many conversations over this, and PT will be speaking to the PCC for their perspective.</p> <p>AG stated at paragraph 1.2.3 it mentions scrutiny and the strategy has been presented to the committee for comment.</p> <p>JL stated the strategy is presented to the committee for comment, but the scrutiny sits with the PCC. Maybe the draft should come to JAC prior to finalisation, and we need to look at the committee ToR and the PCCs requirement.</p> <p>AG stated it was not to change the strategy but wondered about added value from the committee.</p>
	<p>Resolved:</p>

	(i) The group noted the report.
8.	Compliance with the CIPFA Management Code
	<p>JL stated this report is for transparency and is a self-assessment against the FM Code and standards. We do have good financial management in place, and this is another form of assurance. We have assessed 88% green against the 17 standards. The outstanding items that are amber are long term financial planning in BCH and pushing them to move forward to multi-year planning. There is more traction now with CH and the JST and other colleagues are in the same place.</p> <p>SS noted that it seemed sensible to the committee and the amber areas were unsurprising.</p>
	<p>Resolved:</p> <p>(i) The committee noted the update.</p>
9.	Summary of meeting
	<p>Action 1 JL stated there are ongoing conversations about the sharing of audits, keep open for now.</p> <p>Action 2 this is on the JCOB agenda for May for reports to be formally reported through JCOB, fuller update in July.</p> <p>Action 3 – IP stated he would pick up with NL outside of the meeting as the minutes refer to his question around insurance.</p> <p>Action 4 closed.</p> <p>Action 5 complete and closed.</p> <p>Action 6 this has been superseded, close.</p> <p>Action 7 complete and close.</p> <p>Action 8 complete and close.</p> <p>SS stated today’s meeting has been a staging post to the meeting in July, but we are further advanced. The timing and agenda will need some thought.</p>
10.	AOB
	<p>LS asked whether the PEEL report should come to the July meeting for management responses to the recommendations. SS added that a separate</p>

	<p>briefing on issues may be required as July is looking quite full. JG agreed that a specific meeting would be better as we need to answer the right questions. JL added the MTFS reference was made at a point in time and the latest MTFS is balanced, however the new reference was not included.</p> <p>SS stated there are a few loose ends to follow up.</p>
	<p>Resolved:</p> <p style="padding-left: 40px;">(i) The committee noted the update.</p>
	<p>Date of Next Meeting</p>
	<p>The next meeting will be held on Tuesday 30 July 2024 at 10.30am.</p>
	<p>Scheduled Meeting Dates</p> <p>Monday 30 September 2024 at 2pm</p> <p>Tuesday 5 November 2024 at 10.30am</p> <p>Tuesday 4 February 2025 at 10.30am</p>