



**To:** Joint Audit Committee  
**From:** Simon Smith, Chair of Joint Audit Committee  
**Date:** 30 July 2024

## **2023/24 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 1<sup>st</sup> April 2023 and 31<sup>st</sup> March 2024.

### **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 are reviewed annually. This was last carried out at the meeting held on 3<sup>1st</sup> October 2023. The Terms of Reference were slightly amended to give greater flexibility to the OPCC and Chief Constable in reviewing the Committee's effectiveness.

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)

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 2023/24**

The Committee met on four occasions within the reporting period, on 28<sup>th</sup> April, 27<sup>th</sup> July, 31<sup>st</sup> October 2023, and 26<sup>th</sup> January 2024. (It also met on 23<sup>rd</sup> April 2024, 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 maintain the working relationship with the Chief Constable, Nick Dean, and either he or the Deputy Chief Constable, Jane Gyford, have attended all our meetings. Similarly, we have been grateful for the regular attendance of the Police and Crime Commissioner, Darryl Preston. This level of senior attendance greatly enhances our work.

Throughout the reporting period we 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 main headings in the Committee's Terms of Reference:

## **Governance, Risk and Control**

### **Annual Governance Statements**

At the meeting on 27<sup>th</sup> July 2023, the Committee reviewed and noted the Draft Annual Governance Statements (AGS) of the PCC and of the Chief Constable for 2022/23.

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 audits for 2021/22 and 2022/23 and related processes have been completed. Therefore, some elements may be subject to change. We comment later on the delay in external audit arrangements which has been an important source of focus and challenge directed to the external auditors, BDO. The OPCC and Constabulary have nevertheless ensured that in the interests of disclosure and visibility to the public draft AGS's have been published on the respective websites.

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

### **Risk Management**

The Committee received an update from management on the approach to risk at the meeting on 28<sup>th</sup> April 2023 (and again on 23<sup>rd</sup> April 2024).

There have been significant changes that reflect the considerable work undertaken in this area covering roles and responsibilities and updated HM Government guidance in the Orange Book. The approach supports a holistic view of governance, risk and compliance.

In the reporting period, all of the Constabulary's Internal Audit opinions were positive, which reflects well.

At a collaborated level (Beds, Cambs and Herts) the Cambridgeshire led functions resulted in positive audit opinions, including Vetting and Occupational Health.

Taken together with our other sources of assurance the Committee was able to conclude that the Constabulary has in place an adequate and effective risk framework, and controls.

The Committee has maintained a close interest in the progress of audits for those collaborated services which are not Cambridgeshire led. In particular:

1. The delivery of the internal action tracker arising from the Firearms Licensing Internal Audit report. The Committee noted that a further audit in the reporting period provided a positive assurance opinion.
2. The Committee received a report on Cyber Security with a minimal assurance rating. Many of the issues identified have since been addressed. We were assisted by the attendance of the Information Security Officer at meeting held on 26<sup>th</sup> January 2024.

The Committee was troubled at the delay in the report being made available to us. Whilst we understand that there was a difference of view on the appropriate benchmark to be employed for the audit, this did not justify the delay. The Committee considers that there should be a review of the protocol governing the reporting process.

### **Risk Registers**

Although alternative reporting arrangements were investigated, the Committee concluded that it should continue to receive the Strategic Risk Register and the Operational Risk Register in full twice in each reporting period, alternating between meetings.

### **Collaborated functions**

We were greatly helped by the attendance of the Assistant Chief Officer (Beds, Cambs, and Herts) at our 31<sup>st</sup> October meeting when the developing approach to

governance and risk within the collaborated functions was discussed. This is a complex area. (Note: The Committee is to receive a further update on 30<sup>th</sup> July 2024).

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.

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

### **Treasury Management**

The OPCC is required to have a Treasury Management Strategy Statement (TMSS) in place which is reviewed annually. This sets out how the PCC 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.

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 2023 the Committee considered the detailed TMSS proposed for 2023/24, this having been approved by the Commissioner's Business Coordination Board.

There was a paper provided by way of a mid year review to the meeting held on 31<sup>st</sup> October 2023.

### **Anti-Fraud**

Internal Audit carried out a targeted fraud risk assessment in 2022/23. This provided context for a new, annual report from management which the Committee received for the 31<sup>st</sup> October meeting. No incidence of fraud was reported.

The report enabled the Committee to interrogate wider connections in getting 'upstream' of issues that might lead to potential misconduct. It led to Professional

Services providing a very helpful report and attending the meeting on 26<sup>th</sup> January 2024; this is an example of how the Committee tries to look proactively to 'join up of dots'.

### **Integrity controls**

The Committee has a responsibility for oversight of the control environment for non-financial integrity arrangements. We received a report covering the period 2023/24 at the meeting on 27<sup>th</sup> July 2023 which summarised the control process and how the Committee gains assurance. The report included a summary of complaints.

### **Value for Money**

The Committee had engaged quite significantly with the new VFM strategy adopted in 2021. An Advisory Audit was undertaken in the reporting period leading to a paper coming to the Committee on 26<sup>th</sup> January 2024 by way of update.

## **5. Internal Audit.**

### **Internal Audit Plan 23/24**

The Committee reviewed and authorised the draft 2023/24 Internal Audit plan at its meeting on 28<sup>th</sup> April 2023. 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.

During the year, the Committee received regular updates from the Internal Auditors, RSM, to keep the Committee apprised of progress.

### **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 of formal 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

quickly interrogate progress in delivering audit recommendations in non-financial business areas.

## **6. Financial Reporting and External Audit**

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.

Therefore, we have to record that during the reporting period we continued to be greatly dismayed by the acute delay in the provision of external audit services to the Constabulary/OPCC by the appointed auditors, BDO. Whilst it is important to record that this reflects a much wider 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, or for 2022/23.

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.

It should also be stressed that as in previous years, the Constabulary finance team prepared draft accounts for 2023/24 with their customary efficiency. The issues that have arisen are wholly outside the Constabulary's control, that of the OPCC and the Committee.

## **7. Performance of the Committee**

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.

An 'out and about' session took place in June 2023 so that members could engage with frontline officers and staff in person.

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.

The Committee continues to recognise the challenge common to most audit committees in trying to engage in a way which anticipates potential issues arising. The separate meetings held with the PCC and the Chief Constable have assisted in this respect.

The Committee receives a very useful report from the Constabulary to each meeting, summarising key publications in policing. (We have specifically alerted CIPFA to this as an example of good practice).

The Committee continues to receive regular updates on sector issues from RSM,

The Committee has been mindful of the need to link agendas, papers and outcomes to levels of perceived risk.

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

[Joint Audit Committee \(cambridgeshire-pcc.gov.uk\)](https://www.cambridgeshire-pcc.gov.uk/joint-audit-committee)



## 8. Attendance and Membership

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.

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. The attendance record is as follows:

	28/4/2023	27/07/2023	31/10/2023	26/01/2024
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	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 2023/24.

### Governance Framework and Risk

*'2022/23.*

*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.*

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

2023/24

The Committee has engaged with the development of risk reporting in particular.

## **Value for Money**

*'2022/23.*

*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).'*

2023/24

VFM is now subject to an annual reporting process which is becoming more mature.

## **Collaboration**

*'2022/23.*

*The Committee 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.*

*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'.*

2023/24

The Committee has engaged proactively with the BCH office.

## **10. Priorities for 2024/25.**

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 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.

The Committee look to maintain and further develop the areas of interest identified in paragraphs 4-7 and 9 of this report.

## **11. Conclusion**

The Committee has identified and agreed a forward plan of business for 2024/25 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.