



JOINT AUDIT COMMITTEE

DRAFT MINUTES

Date: 30 January 2019

Time: 09.30 hours

Location: Conference Room 3, Police Headquarters, Huntingdon

Members :

Simon Smith	Chair
Mike Hindmarch	
Ian Pinches	
Gary Ward	
Andrew Godman	
Lucy Sales	Associate Member

In Attendance:

Nick Dean	Chief Constable
Jason Ablewhite	Police and Crime Commissioner
Dorothy Gregson	Chief Executive for the OPCC
Matthew Warren	Interim CFO for the OPCC
Chas McDevitt	Head of Finance for the OPCC
Niki Howard	Director of Finance and Resources
Zoe Thompson	BDO
Matthew Weller	BDO
Daniel Harris	RSM
Mike Hills	Head of Corporate Development Department for the Constabulary
Vicki Simms	Governance & Inspection Officer, Corporate Development Department
Joanna Conlon	Head of Finance for the Constabulary
Rebecca McCullough	Head of Change Portfolio Office for BCH
Nancy Leversha	Strategic Accountant, OPCC

1.	Welcome and Apologies
	SS welcomed AG and LS to their first meeting. He also welcomed ND stating the committee appreciated senior officer input.
2.	Declarations of Interest
	IP declared a new role at Saffron Housing Trust.
3.	Approval of the minutes from the last meeting held on 31 October 2018
	<p>SS asked that the draft minutes be circulated in a timely manner so members can comment on them. DG asked whether the minutes were too detailed. SS considered the minutes and stated they capture useful conversations which help refresh their memories as they only have meetings every quarter.</p> <p>Action 5(ii) in relation to the Estates Management report, SS asked for assurance over where this will be monitored. It was confirmed via Corporate Development Department's monitoring of recommendations, the Internal Audit Follow-Up report and it will go to Estates Sub Group in March 2019. SS stated the committee are keen to maintain an interest as it was borderline reasonable assurance and a number of medium priority recommendations were made.</p> <p>9(ii) A diagram of meeting structures is outstanding. ND stated the Constabulary have just changed their structure so a short paper detailing this to come to next meeting.</p> <p>GW queried item 15 resolution and asked that the resolution be amended to include the committee's involvement in the Internal and External Audit plans before the start of the new financial year.</p>
	<p>Resolved</p> <p><i>(i) The minutes were agreed and signed.</i></p> <p><i>(ii) Short paper from the Constabulary on new meeting structure for April 2019 meeting.</i></p> <p><i>(iii) Minutes amended to include resolution at Item 15.</i></p>
4.	Internal Audit Progress Report
	<p>DH introduced the standard paper, page 3 shows five finalised Cambs only reports, two draft reports and three BCH reports. There are currently five underway.</p> <p>Page 5 shows the anticipated audit opinion for 18/19, all opinions will flow into the Annual Report but he is not expecting a negative opinion.</p>

All Q4 timing of reviews have been scheduled, scoped and resources allocated so expecting all to be on schedule for year end.

GW queried when the Procurement system has been deferred to.

DH stated this has been deferred due to the 7F Procurement situation.

NH stated the deferment had been requested as all the Procurement staff are in consultation. The 7Force work is complex. The S22 has been signed and is due to go live 1 April 2019.

GW agreed it was sensible to defer in the circumstances but what processes are in place to monitor whilst change is occurring.

NH stated there are weekly meetings with the CFOs and the Head of Procurement to discuss what business as usual will look like. Along with meetings with the 7F Head of Change. One member of staff has been lost through the process and we are using agency staff to maintain business and this is recorded on the risk register. There is also monitoring through the Procurement Board.

JA stated there will be a new structure with the alliance which will provide a more strategic focus, checks and balances are in place through the transitional period and he is assured. There are over 7,000 different contractors across the 7Forces and a lot of procurement is done locally. The 7Force will focus on the 'big ticket' items.

DG summarised NH has described the controls and the controls assurances have been strengthened during the period of change with transparency being increased. Under a new Head of department any anomalies will be picked up quickly. The audit will take place within a year so will be part of the 19/20 audit programme.

SS asked if the 7Force led by Essex & Kent, how this committee will have visibility.

DH stated he has met with the CFO from Kent last week, the meeting with Essex and Cambs & Beds are scheduled. There has been a precedent of reviews across 7Forces with both Athena and ERSOU. It was suggested that the five forces that use RSM allocate days in their 19/20 programme, and that DH approaches Norfolk & Suffolk to include days for an assurance piece of work across the 7Forces.

SS stated it is important to record the very good work done for so many substantial assurances.

NH stated the changes in personnel in payroll along with her team progressing the BCH Payroll and Expenses team and her team leading to get Herts online is real credit and testimony to their hard work to achieve substantial assurance.

SS stated well done. He went on to ask about the Partnership Working audit and

number of recommendations.

DH stated there were five low priority and one medium priority recommendation to do with formalising documentation, as overall there are overarching robust governance arrangements but they need strengthening in places.

In relation to the seized property update, there was a verbal update from management at the last meeting. There are two recommendations that still require some work but a lot has been completed.

MH asked if the level of partnership working has increased.

DG answered the level of working and risk appetite has changed substantially. We took the opportunity to look at governance for these enabling functions. The medium recommendation was accepted but we had a minuted meeting with every relevant organisation represented and agreement was reached. New preventative work streams with their own governance mechanisms, we need to understand how they report to the PCC but balance between being reliant on partnerships and inform flow willingly and not treading on toes is key.

MH asked if all committees review their terms of reference annually to ensure they are fit for purpose.

DG answered these are new mechanisms of preventative streams not at the stage of committee structures yet.

JA stated some of these areas are in a grey area, we are developing a criminal justice plan now he has chairmanship of the Board, and with the Countywide Community Safety Board, he can hold a mirror but these are not part of statutory functions. It is Jason's leadership rather than holding to account. There has been good developments with partners coming together collaboratively.

DG agreed if we make the governance processes too strong we will strangle development. There is governance in place but not controlled by us so we have to lead not manage.

SS stated this is appropriate for where we are.

DG also informed the committee that members of the OPCC gave a presentation at the Association of Police and Crime Commissioners (APCC) on the way forward with partners.

DH moved onto BCH reports, Custody a full suite of KPIs are required for the new contract due from 2019-23 and to be included in tender specification. A custody performance dashboard was under development at the finalisation of the audit

	<p>report.</p> <p>SS stated we would be disappointed if this had not been reasonable following the HMIC inspection report which was positive.</p> <p>DH continued with 'Dealing with BCH Internal Audits' which was a Beds sponsored review but DH stated he thought it would be of interest here but may form an element for the Tri-Force agenda. DH stated there has been a flow chart of the process which DH will update for the Tri-Force meeting.</p> <p>IP stated this would be very useful.</p> <p>SS aggregate the views across BCH.</p> <p>IP assurance model needs some work and the Tri-Force seems the most appropriate place.</p> <p>'HR Readiness for Implementation of new system' audit made five medium recommendations. There is robust governance structures in place from a Project Board to a readiness board, documentation is in place and user testing in place. Recommendations made are around business continuity; communications and engagement; risk management and benefits realisation.</p> <p>JA stated this is part of an ongoing review. HR should be able to cash savings in the future, however as the organisation grows again we need to support through the back office which means the benefits realisation may be different. JA stated he needs to be assured that the benefits/HR are at the right level to support growth.</p> <p>SS asked about the plan for 2019/20. DH stated it had been problematic to draft the plan for this meeting as the availability of the CFOs has been difficult. It was suggested that once a draft plan is available it be shared via email ahead of the April meeting so committee members and colleagues can feed in.</p> <p>GW asked whether the tender process was now concluded.</p> <p>NH stated yes RSM had been successful and have been awarded a further three year contract with an option for a 1 year extension.</p>
	<p>Resolved</p> <p>(i) <i>The committee noted the report.</i></p> <p>(ii) <i>DH to speak with Norfolk & Suffolk to include days in their audit plan for a 7Force audit of Procurement.</i></p> <p>(iii) <i>RSM to circulate draft IA plan 19/20 prior to April JAC meeting for comments.</i></p>

5.	Internal Audit Recommendations progress update
	<p>NH apologised that the recommendation report contains a recommendation that has subsequently been removed following the finalisation of the Creditors and Debtors report.</p> <p>JC reported Budgetary Control medium recommendation about evidence of virements will now be kept on the system and be reviewed quarterly. There are restrictions on the system so only certain roles can undertake virements.</p> <p>General Ledger – one low recommendation which has been completed.</p> <p>SS thanks this is all satisfactory and we can take great assurance from the report.</p> <p>Non-Finance VS reported that two collaborated audits were finalised in the last quarter – Custody and HR Readiness. She has been informed by the Programme manager that all recommendations are complete but awaits evidence before closing.</p> <p>Estates Management – two outstanding actions due for completion by February 2019 and will be included in RSM’s Follow up report which will be at April meeting.</p> <p>SS pleasing to see no actions are out of date, good progress and good level of assurance.</p> <p>OPCC Recommendations – DG stated there has been one recommendation for Partnership as discussed under Item 4.</p>
	<p>Resolved:</p> <p>(i) <i>The Committee noted the reports.</i></p>
6.	External Audit Plan
	<p>ZT stated she would run through the summary of the plan.</p> <p>Page 4 shows the materiality levels including clearly trivial, this is at the top level - 1.75% of gross expenditure as it is BDO’s first year as auditors. Lower levels may be applied at sensitive areas.</p> <p>Page 7 shows how they work with Internal Audit to risk assess process and reduce effort. Fraud risk assessment, ongoing discussions and will ask audit committee.</p> <p>GW asked for clarification of the wording “We are informed by management that there have not been any cases of significant fraud”.</p> <p>NH stated all fraud is reported through the Annual Governance Statement and the Professional Standards Dept (PSD) report.</p> <p>IP asked if there is a board the Jason and/or Nick sit on where cases are presented in a</p>

	<p>timely manner.</p> <p>JA answered yes there is a PSD Board every six weeks and the OPCC office perform dip samples regularly.</p> <p>ND stated he has a monthly 1-1 with the Head of PSD.</p> <p>DG stated the informal network would work quickly if there is anything that Nick or Jason need to be aware of.</p> <p>IP stated he was assured there were processes that work in a timely fashion and asked if there are lessons learnt. He was assured there are.</p> <p>ZT continued on page 8 identified risks are highlighted, management override; expenditure recognition; PPA valuations; Pension liability; BCH Collaboration and; Use of resources sustainable deployment.</p> <p>Page 9 details the fees as set by the PSAA.</p> <p>IP asked ZT if she is happy she has the resourcing to meet deadlines.</p> <p>ZT stated there is a timeline they are working to, all resources are in place and as this is the first year they have started early.</p> <p>MH stated the areas of risk highlighted are generic to public services, he asked ZT to inform the committee if other areas arise.</p> <p>ZT stated planning is ongoing until May, if anything is revised she will report it at the next meeting.</p> <p>The committee agreed it would be helpful for an update at the April meeting as there had been issues a couple of years ago so the committee are sensitive to timelines.</p>
	<p>Resolved:</p> <p>(i) <i>The group noted the reports.</i></p> <p>(ii) <i>ZT to update the April meeting with progress.</i></p>
7.	<p>Operational Risk Register</p>
	<p>NH informed the committee she has taken on some of the DCC's responsibilities whilst he is away on the Strategic Command Course. The update provides updates on the red risks.</p> <p>Risk 372 Funding national initiatives such as PEQF, which will start at constable level and will allow the service to put in place a qualification. We don't know costs as yet as tender</p>

is due to go out.

ND stated this is a fundamental change to recruitment and will affect Cambs from Autumn 2020. He wished to dispel the myth that recruits will have to have a degree to enter the service. The concept is for student entry to be rewarded with a form of educational achievement following their two years training. There will be different entry levels available, one level will have recruits undertake a three year Policing Degree; another will be a conversion course of two years or direct entry for those holding a Policing Degree. Cambs will be concentrating on the first two options with a 60/40 split. The tender is going out to higher education establishments on a 7Force basis but in lots. He stated this could have a significant impact on resources if we don't get it right and are currently undertaking work modelling abstractions.

JA agreed the profiling won't be seen in the first two years but a 20% abstraction rate will make an impact on resourcing. He has raised the abstraction issue nationally to the College of Policing through both the NPCC and APCC but the principle of professionalisation of the service he is in agreement with.

GW asked about ex forces staff joining. ND answered they can enter but their previous experience will not affect their entry level but could have a higher salary but they will have to complete training. The options for direct entry at Inspector and Superintendent level will continue.

IP asked if there is anything included in the budget. NH confirmed there is but it is difficult to budget for until the tenders come in. The apprenticeship levy will go towards these costs. There are costs included in the MTFS from 2020.

Risk 397 insufficient capacity for change –locally and at BCH level too. There are meeting structures where any change feeds into corporately.

Risk 401 H&S Boards, this is a BCH risk but held by Cambs as lead force. Cambs risk is probably lower than Beds & Herts but have requested an update to the Risk Review Board. We have been short of professional resource, this has now been recruited so await evidence so risk can be lowered.

Next three risks are about HMIC compliance and the Chief Constable has set up a Gold Group to manage these. ND stated Investigations received a 'requires improvement' from HMICFRS. A lot of work has been undertaken by Investigation Standards Department, plus a review of the LP Structure, ND has commissioned work to assess investigation capability and capacity. The highest risk areas of child abuse and rape now come under one Chief Superintendent. Volume crime which covers the lower level offences we need to improve supervision of investigations and scrutiny of investigations to improve standards.

	<p>File quality – is dealt with by the collaborated unit Administration Of Justice Unit (AOJ) the standards have dropped so work is ongoing to build improvements. Some tactical steps such as relationship building with CPS are underway, this has been difficult as there are two CPS areas across BCH. ND has met with Head of CPS and has offered CPS space in Police Stations.</p> <p>Suspects released under investigation (RUI) has new guidance and legislation. RUI works on a presumption of 28 days, if more time is needed then there are authority levels in place. Cambs rate of bail is just above the national average, the profile is increasing which gives ND reassurance. He has met with Judges at Cambridge & Peterborough to ensure we are compliant with national guidance.</p> <p>Risk 399 Loss of senior staff in Info Assurance Unit – recruitment now includes a market supplement to attract applicants although it is retention that we struggle with. NH stated a range of options have been looked at and the best we can offer are that our terms & conditions and working conditions are what people are looking for.</p> <p>IP asked if this is in relation to retirement is there succession planning. NH answered if we know somebody is retiring or resigning we try to recruit and include time for a handover but the vetting lead time can cause issues. Temporary staff accept another assignment whilst vetting is being undertaken. M Hills stated chief officers can make alternative arrangements in some circumstances on a risk based basis, for instance somebody who has just retired as an officer.</p> <p>Risk 400 – loss of ICCS - ICCS enables the Force Control Room (FCR) to communicate with officers. There is a national tender and a local tender for the Airwave replacement. ICT have worked hard in this critical area to mitigate the risk.</p> <p>ND stated he receives weekly updates from the Head of ICT.</p> <p>GW asked if this links with ESMCP. NH stated yes, it is the latest update for readiness for the airwave replacement. ND added this is a Home Office programme and the control sits with them but the impact is local. NH stated we will not go live if interruptions to operational policing. The costs involved are great.</p> <p>SS stated the operational risks appear to be stable and heading in right direction and can take assurance from the update.</p>
	<p>Resolved:</p> <p>(i) <i>The group noted the update.</i></p>
8.	BCH Update on new governance structures and how they are embedding

SS thanked RM for the useful report that had been produced in July 2018. He asked for an update and whether all was on track. RM answered the governance structure is in place and feeds into the delivery boards, summary papers from these go to Joint Chief Officer Board (JCOB) and Strategic Alliance Summit (SAS).

Balanced scorecards including key performance indicators (KPIs) and data from Service Level Agreements (SLAs) from the delivery plans are working well in all areas except Athena. BCH are working with Norfolk & Suffolk to understand data retrieval as this has been difficult.

GW asked how mature the SLAs were. RM stated they are as per the S22s and reviewed annually with the delivery plans. SS summarised they are operating as envisaged and RM agreed yes with quarterly meetings.

DG stated that SAS had not met since September 2018. It was due to meet in January but that meeting was cancelled. However, the detail and level of reports going to the Board are good. As seen in the Finance presentation there are significant cost pressures from BCH. JCOB overseeing the business which is driving significant cost pressures. Some areas of governance need strengthening.

JA added the three Commissioners have met in this period and he is more assured than he was of the new structure. When he arrived it was a meeting with a lot of people but the Commissioners were holding officers to account rather than Chief Constables. The new governance framework in place allows PCC's to hold Chief Constables to account. JA said there are still areas of concern with delivery of some areas and PCCs may review to consider if there is a better way but has given us better oversight.

SS stated this update has provided assurance.

IP stated he is assured the right people are talking, but asked where is the drive to realise savings? Addition to costs rather than driving out efficiencies concerns him and cannot be assured there is clear focus.

JA stated we have banked significant savings through collaboration. We now have ongoing pressures both locally and collaboratively, but the governance structures allow PCCs to challenge and ask departments to further review. Collaboration has moved from continuing to develop programmes to a stable three force collaboration moving towards a 7Force, there remain challenges and cost pressures but we are continuing to drive out savings.

IP asked if benefits realisation is always an agenda item. JA answered yes always and is the main focus of the meeting he and the other PCCs held recently.

RM stated that Collaboration Assurance Review Groups are being introduced to ensure

	<p>delivery of benefits across BCH.</p> <p>SS stated we have to remember we are a third of BCH, it is very easy to think of it as a distant organisation but the committee can take assurance from Jason and Nick.</p> <p>JA stated collaboration is indeed a third of our business, it isn't just cost pressures but also performance that is key.</p> <p>MH stated a key measure is to determine when a project becomes business as usual, has it met the needs and has it taken costs out as well as provided an improvement in service.</p> <p>RM stated there is currently an internal audit ongoing looking at performance management across BCH which is due early March 2019.</p> <p>NH stated there are £7.7m savings anticipated for Cambs across the life of the medium term financial strategy. HR is reliant on the IT system going live.</p> <p>SS suggested this could feed into the Tri-Force meeting.</p>
	<p>Resolved:</p> <p>(i) <i>The committee noted the report.</i></p>
9.	<p>Published HMICFRS reports and FMS update</p>
	<p>M Hills provided the summary report, HMICFRS have published one report in November 2018 on Mental Health. This contained five recommendations focussed on a national definition; access; demand; triage and training. The report provides the update for each recommendation.</p> <p>PEEL –Areas for Improvement (AFIs) have been captured and audited, updates tracked. A Strategic Board has overview of internal and external scrutiny. AFIs are not Cambs specific but will include anything from national inspections such as volume crime. HMICFRS data request date is 6 February which will include a number of diagnostic questions for them to focus their inspection on.</p> <p>FMS – is a self-assessment tool, to identify demand, gaps and plan. It is an iterative process, not directive but guidelines are available, which should include more in this time. The planning process has started and following the template and building on last year's submission. Ours was quality assured by our HMICFRS liaison officer and they asked for us to include more analysis, case studies and good practice. Publication deadline is the end of May. The foundation documents are the individual department business plans which Heads of Department are currently writing for an end of February deadline.</p>

	<p>DG stated you can see we are beginning to tie business processes to link with the MTFS and move away from it being a document for HMICFRS but one that delivers our business processes. Business objectives included in the MTFS are the bridge between the two documents to move forward.</p> <p>M Hills stated FMS 3 will start earlier to feed into the MTFS.</p> <p>JA commented how this links through to partner agencies. Mental Health we need to understand more about demand. Demand nationally it gets quoted that 80-85% of incidents police deal with are not crime related, this needs to be qualified. Cams is about 78%, we need to identify what is missing in other agencies so we can understand where additional demand is from.</p> <p>MH sat on the CPFT Board yesterday and would be happy to facilitate meeting between the CCG/PCC/Clinical Director to discuss. He also offered training from CPFT and support to custody as well as ongoing triage.</p> <p>ND stated it would be useful to facilitate a discussion. The main bottleneck for police is not training it is handover, 48% of incidents with a mental health tag involved transport in a police vehicle and this has inherent dangers.</p> <p>SS – asked M Hills if he is involved in the Internal Audit meetings. ND stated if he isn't he should be. FMS is a state of the nation, identifying gaps and opportunities. The inspection programme and business processes link to meeting structures. Internal Audit can be used to re-examine gaps.</p> <p>AG asked that the draft FMS be a future agenda item as it will be a key document linked to financial planning and the Strategic Risk Register. DG stated we have the structure, process and content now we can take the FMS forward. The Strategic Risk Register concentrate on statutory risks but we need it to move what statutory functions will look like in future.</p>
	<p>Resolved:</p> <ul style="list-style-type: none"> (i) <i>The group noted the report.</i> (ii) <i>M Hills to be invited to Internal Audit meetings.</i> (iii) <i>Draft FMS to be a future agenda item.</i>
10.	Chiltern Transport Consortium Internal Audit
	<p>Item bought for information.</p> <p>GW noted Item 9 has an implementation date of 2018 rather than 2019.</p>

	JA confirmed that a meeting with Chiltern Transport happened a few weeks ago.
	Resolved: (i) <i>The group noted the report.</i>
11.	Treasury Management Strategy 2019/20
	MW introduced the strategy which is for information on what the next 12 months we expect for borrowing and return on investments. We anticipate a quiet year and the document shows how reserves will diminish over time.
	Resolved: (i) <i>The group noted the report.</i>
12.	Summary of meeting and actions
	SS summarised the meeting: Internal Audit we have received a good number of reports which have been finalised with satisfactory conclusions and the committee can take assurance from this. Keen to keep in touch with External Audit and a helpful report from ZT. Focus on collaboration, the Tri-Force significant interest. Will be pleased to see draft 19/20 IA plan when available. We will have to develop the issues role/influence of CDD around this committee and relevance of FMS for future work. Appreciate the senior attendance at meetings and keen to continue cycle of meetings outside and thanks to Jason and Nick.
13.	Review of Forward Agenda Plan
	GW asked about when committee will see integrity report. DG stated the committee receive an annual report which was last received in October 2018. GW queried business continuity ICT agenda item for April 2019, do we consider business continuity on a broader scale. JA stated there could be real issues here, if a major stakeholder were to become financially unviable. GW asked whether there could be a broader business continuity report rather than focus on ICT.
	Resolved: (i) <i>The group noted the report.</i>

	<i>(ii) Report on Business Continuity for Committee to be commissioned for JAC.</i>
14.	AOB
	No AOB was raised.
15.	Review of Actions
	Actions 1, 4 and 6 closed.
16.	Date of Next Meeting
	The next meeting will be held on Tuesday 23 April at 09.30 am, Conference Room 3, Police Headquarters, Huntingdon.
	<p>2019/20 Meeting Dates</p> <p>Tri- Force meeting Wednesday 13 February 2019 Conference Rooms 3 & 4 Police HQ, Huntingdon.</p> <p>Thursday 25 July 2019 09.30am Conference Room 4, Police HQ, Huntingdon</p> <p>Tuesday 29 October 2019 10.30am Conference Room 3, Police HQ, Huntingdon</p> <p>Tuesday 28 January 2019 10.30am Conference Room 3, Police HQ, Huntingdon</p>

Simon Smith