



JOINT AUDIT COMMITTEE

DRAFT MINUTES

Date: 23 April 2019

Time: 10.30 hours

Location: Conference Room 3, Police Headquarters, Huntingdon

Members :

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| Simon Smith | Chair |
| Ian Pinches | |
| Andrew Godman | |
| Lucy Sales | Associate Member |

In Attendance:

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| 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 |
| Matthew Weller | BDO |
| Suzanne Rowlett | RSM |
| Natalie Benton | Head of Corporate Development Department for the Constabulary |
| Vicki Simms | Governance & Inspection Officer, Corporate Development Department |
| Nancy Leversha | Strategic Accountant, OPCC |
| Judit Seymour | Bedfordshire Audit Committee member as an Observer |

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| 1. | Welcome and Apologies |
| | SS welcomed everybody to the meeting. Apologies were received from Dan Harris RSM, and members Mike Hindmarch and Gary Ward. |
| 2. | Declarations of Interest |
| | No declarations were made. |
| 3. | Approval of the minutes from the last meeting held on 30 January 2019 |
| | <p>Actions 3(ii) Paper from Constabulary on new meeting structure carried forward.</p> <p>4(ii) RSM are speaking with Norfolk & Suffolk, they may ask the CFOs to speak to their counterparts but is work in progress.</p> <p>6(ii) Agenda Item 6.</p> <p>9(ii) NB invited to all internal audit meetings.</p> <p>9(iii) DG stated this year's and next year's FMS will come to the meeting. We are trying to understand with our business planning how to integrate FMS, MTFP and demand management. NB agreed FMS is to align with MTFP but is awaiting clarity from HMICFRS as to whether FMS3 will be December 2019 or December 2020 to align with financial planning. It was agreed once the draft has been signed off the FMS will come to JAC.</p> <p>DG assured the members that we understand how FMS is used and we manage our risks against financial and demand background. ND added FMS2 is due for completion by 31 May 2019 and the risks and demands included have an intrinsic link to the audit committee.</p> <p>The minutes were agreed and signed.</p> |
| | <p>Resolved</p> <p>(i) <i>The minutes were agreed and signed.</i></p> <p>(ii) <i>FMS to be added as agenda item for July 2019 meeting. NB to highlight aspects</i></p> |
| 4. | Internal Audit Progress Report and Internal Audit Plan 2019/20 |
| | <p>SR stated there have been four Cambs only and four BCH reports since the last meeting. For Cambs three achieved reasonable assurance and one had partial assurance.</p> <p>No changes were made to the Cambs plan. There were changes to the BCH where the audit on Procurement was pushed back from 18/19 to 19/20. Stores was brought</p> |

forward from 19/20 to 18/19 as a replacement for Procurement. Training (PEQF) has been included in 19/20 plan.

SS stated it is good to see the programme was delivered and reflects well on everybody involved to ensure management actions and responses were turned around quickly.

AG queried the comment at 2.1 "In particular the JAC should note that any negative assurance opinions will need to be noted in the annual report and may result in a qualified or negative opinion." SR confirmed the Annual Report has been issued and it is a positive opinion.

Payments & Creditors received a reasonable assurance and this was due to not being able to review the procurement processes with regards to checks on new suppliers.

Delivery of Major Projects received a partial assurance. The control framework was in place but there was a lack of evidence found during the audit which led to a negative assurance.

SS asked from a Constabulary perspective, sometime the best learning comes from things when they don't run as well as they might and how will learning be captured.

ND stated the LPR was a major change programme and there was significant change to the organisational structure. The governance around the change is in place and continuing governance framework around change management needs to learn from experience of implementation. The new structure across the constabulary programme detailed into year three, beyond is now included in the Business Planning meeting and Finance meeting chaired by ND. A learning point is post LPR what needed to be built in. The LPR implementation has changed a little and will continue to evolve due to pressures that materialise.

IP asked many of the recommendations are around improving admin of project management and reductions in management, how do you manage this?

NH answered Cambs is lean in back office functions. There comes a point where we have to accept the risk that this brings with it. She stated the governance processes are in place, the auditors couldn't track decisions through minutes as meetings had action points rather than full minutes to reduce the admin burden.

NB added the LPR was used as a case study. She further stated the majority of Cambs change management specialists had been abstracted into BCH leaving Cambs vulnerable but this was a conscious decision to move resources. Resourcing was a theme that ran through all the recommendations in this audit.

JA stated it is an interesting problem to have when the organisation is growing again.

He stated he gets his assurance from being Chair of the National Commercial Board on behalf of the Home Office and benchmarking of forces has highlighted how lean Cambs is. He believes there are some collaborated functions that have scope to reduce.

SS stated it is positive to look for opportunities and the learning will be applied in other contexts.

Business Planning & FMS received a reasonable assurance. The biggest issue auditors came across was the person responsible being on secondment gave them a gap in documentation to review. SS stated as this was the first FMS it was work in progress and to bear in mind for subsequent years.

Risk Management – received a reasonable assurance mainly due to an oversight where the strategic risk register didn't go through BCB.

GDPR – Force only was an advisory audit. The action plan for implementation lacked completion dates and owners for some actions, updates for policy and procedures also were required. DG stated the audit was undertaken in the early days of GDPR being introduced. IP stated there is a week left of April and many actions have the 30 April as an implementation date, how realistic is this? VS answered the latest update from the Head of IMD is the plan is on track for completion by the end of April 2019.

BCH reports - ICT Infrastructure the audit noted a few areas for improvement.

Stores received a reasonable assurance due to governance arrangements for reporting being missing. NH stated she chairs the BCH Procurement Board and the Head of Stores is developing some KPIs. Stores was the first collaborated unit and the uniform side reports into the tri-force uniform group. The remainder of stores reports directly to the Director of Finance & Resources for the constabulary. There was a discussion about joining the National uniform buying consortium which is what the Policing Minister is advocating however there have been issues over outsized uniform.

ERSOU audit, there were no issues to raise. SS stated this was a good report and early sight of the report was helpful. Links to Item 10 on the agenda.

19/20 Audit Plan

SR stated the internal audit contract had gone out to tender and RSM have reviewed their service with what was the minimum level to provide assurance, they were reappointed as internal auditors.

Page 5 of the plan details the Cambs only audits. Governance and partnerships will review delivery of the Police and Crime Plan and links to BCH arrangements. There are

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| | <p>also standard payroll audits scheduled.</p> <p>On page 7 the BCH audits include Benefits Realisation and Procurement which was postponed from 18/19, this will test compliance in contract management prior to moving to 7Force. Health and Safety will review BCH arrangements and at a local level and the linkages. Fraud will be risk assessed across BCH how you receive your assurance. ICT is included in each year.</p> <p>Page 10 illustrates the three year strategy. IP asked whether it was correct the Delivery of Major Projects wasn't included for future years. SR stated this will get included in Follow Up reports. ND asked how set are the future years programme is. DG stated they are indicative, if our risks change the plan will change as the plan is driven by risk. She added there is strength in the relationship with RSM as challenge goes both ways.</p> <p>NH stated the payroll audit will be BCH in future years. The BCH CFOs need to speak to RSM as this will form a key assurance for external audit.</p> <p>SS asked whether CJS was included in the plan for future years as it was in the plan for 18/19 as a high risk area. DG stated the committee can call for a report. JA stated as there has been a change here with bringing CJS back in house an update report would be a good idea. DG added we are expecting an announcement from Government about probation so this could be included in the update.</p> <p>SR stated the Audit Charter is at Appendix C for information.</p> <p>The committee welcomed the style of the strategy showing previous years and future years.</p> |
| | <p>Resolved</p> <p>(i) <i>The committee noted the report.</i></p> <p>(ii) <i>Report on changes to CJS being brought back in house to be added for October 2019 meeting agenda.</i></p> |
| 5. | Internal Audit Recommendations progress update |
| | <p>NH stated there are no outstanding financial recommendations.</p> <p>NB reported the paper lists the latest audits and the spreadsheet tracks the number of outstanding actions and none are past their due date. IP stated the spreadsheet is easy to read. NH added the actions allocated to her will be allocated to the DCC on her arrival.</p> |
| | Resolved: |

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| | <i>(i) The Committee noted the reports.</i> |
| 6. | External Audit Plan |
| | <p>MW from BDO stated page 3 provides details of the interim audit. Page 4 provides an overview of significant risk areas, nothing has been added and no additional areas identified. Page 5 no fraud has been identified. Page 6 no deficiencies have been identified in internal controls. IP asked for confirmation that all is on schedule. NH reported the finance team are happy all is going well.</p> <p>MW asked if Zoe had left BDO which MW from BDO confirmed. He stated recruiting is ongoing and in the interim Lisa is covering Cambs.</p> |
| | <p>Resolved:</p> <p><i>(i) The group noted the reports.</i></p> |
| 7. | Strategic Risk Register |
| | <p>DG stated she would cover the amber risks in her update to the committee. SR1.1 – we are mindful of the impact of changes on partners, an interesting example came up at the Countywide Community Safety Strategic Board regarding £600k reduction in supported housing by one partner would have had an effect on the most vulnerable and through negotiation we have slowed the pace of change to lessen the impact.</p> <p>JA stated horizon scanning of partners has become key so we can influence risks we don't control. The Drug and Alcohol service were planning reductions but have revised the severity of these as this could have increased criminality and early intervention is key. Organisations need to work together to reduce the cost on the whole system by working in communities in partnership. We now have the correct people attending meetings and the direction of travel is green.</p> <p>IP gave an example in Norfolk where health commissioners have been joined up under one structure with local delivery units. He asked if the committee could assist in influencing organisations in Cambs.</p> <p>JA stated we have all the key partners including health attending meetings. He has also negotiated a place for Health at the Combined Authority.</p> <p>DG informed the group we are taking a community resilience approach. The Living Well partnership has been dysfunctional whilst the Community Safety Partnerships (CSPs) are up and running, so it could work well for these to merge. We are developing how to further develop the CSPs links to FMS and what areas need work. Risks have been identified and partnership driven by what the constabulary needs. This area is moving quickly and we are changing with them to drive demand management rather than pick</p> |

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| | <p>up the pieces.</p> <p>SR3.1 we are managing finances with a tight rein. The precept increase has allowed us to recruit but adds pressure to the system. We are integrating business planning.</p> <p>JA stated we were able to raise the precept otherwise we would have had to make cuts. We are awaiting a definitive answer from the Home Office regarding increased pension costs. Vehicle insurance premiums rose by £0.5m, the forensics contract additional costs were added pressures. These pressures arose from nothing but gave us additional costs of £10m, this equates to 200 officers. We will recruit 50 officers. From benchmarking exercise at National Commercial Board we are in a better place than some other areas.</p> <p>SR3.2 – paper on collaboration covers this.</p> <p>SR3.4 – is about organisational change. Fire is still unknown until after the judicial review in early June. Structures are in place.</p> <p>SS stated this is core business for us, and a lot of care and work goes into the risk register which gives us assurance. DG said as JA has articulated future looking with partners will be key we cannot do what we've always done. IP stated the biggest assurance is that the strategic risk register drives the agenda of the audit committee moving forward.</p> <p>Risk Management Strategy – this has been reviewed and updated and following on from the Strategic Risk Register update it can be seen that we use the strategy.</p> |
| | <p>Resolved:</p> <p>(i) <i>The group noted the update.</i></p> |
| 8. | <p>Arrangements for the delivery of the Police and Crime Plan and new format</p> |
| | <p>DG reported this is the final year of the current Police and Crime Plan and it remains vibrant and work with the constabulary continues.</p> <p>ND stated the link between what we do and the Police and Crime Plan is fundamental with the four themes and how we link those with Force priorities. The constabulary have worked with the OPCC on what actions need to be taken and performance metrics are being developed so contribution to the Plan to lever/influence partners, structurally and across streams and priorities. Each department has a Plan on a page and are all interlinked with how we work to deliver the Plan.</p> <p>JA stated some Chief Constables react more to HMICFRS rather than to Police and Crime Plans. FMS and HMICFRS should be able to see a golden thread running through them all. IP agreed they should respond to own plan rather than to regulator.</p> |

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| | <p>The committee discussed Police and Crime Plans and how HMICFRS do not inspect these. How this can create tension between guidance to follow and how this fits with business planning and not be process driven. ND stated he would see any part of the organisation from Chief Officer Group down to managers should link the vision/mission to the Plan and force priorities. He would not expect the average PC or PCSO on the frontline to know the Plan but he would expect managers to be directing their staff to ensure delivery of the actions but all staff would understand they are working together to make a safer Cambridgeshire.</p> |
| | <p>Resolved:</p> <p>(i) <i>The committee noted the report.</i></p> |
| 9. | <p>Constabulary new meeting structure inc Business Continuity</p> |
| | <p>Business continuity and compliance is well in train. Operationally through the civil contingencies and also through resilience forums. Brexit has led to weekly meetings to ensure everything is in place. There has been joint working with the Public Sector Board and many what ifs have been discussed and articulated. Regular callouts and mutual aid as to London last weekend. There are regular updates at Chief Officer Group.</p> <p>IP asked if the assurances at 6.1 are the only assurances that have been received. ND answered they are there as examples many others have been received.</p> |
| | <p>Resolved:</p> <p>(i) <i>The group noted the report.</i></p> <p>(ii) <i>New meeting structure with short brief to be added to July 2019 agenda.</i></p> |
| 10. | <p>BCH Governance Update</p> |
| | <p>DG stated following some BCH audits with partial assurances such as Performance Management and advisory report on JPS, the BCH PCC's had a meeting in January and decided benefits realisation was slow. JA added changes have happened and the PCC's are now holding the correct business areas to account but there have been significant changes since collaboration took place. The governance is more robust and benefits realisation is key to the meetings.</p> <p>DG stated the BCH Chief Executives reviewed the Concerto and Internal Audit reports. This led to a number of recommendations. It is important to recognise that savings have been driven out through collaboration. In the S22 principles were agreed to look at a user pays using demand and NRE and this has not been updated since originally signed. Benchmarking of units and ensure that BCH units are involved in business planning processes. We have typically received BCH data late and then had to manage locally to</p> |

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| | <p>get ahead. We will set objectives for BCH units and not just receive information. The monitoring will increase to bi-monthly from six monthly meetings.</p> <p>SS stated this review recognises that we are 1/3 of BCH and trying to do something. The committee can take assurance from the approach and it is worth noting Cambs led the review. The three Chief Executives will ensure the action plan is driven through. Beds and Herts audit committees should also get this report.</p> <p>SR stated the BCH Dealing with BCH Audits report will ensure more oversight and get the right people at the right stage. RSM have revised their protocol. Scope's will be shared with the CFOs and final reports will be shared across the organisations and audit committees not just those the lead force was responsible for.</p> <p>SS stated this is heading in the right direction, timeliness of distribution of the reports will be key so all audit committees can be sighted and have the opportunity to comment. This shouldn't be too difficult to make it work.</p> <p>DG stated ownership of the audit and the scope will be imperative. We need to ensure RSM get the support required and if not getting it to bring to the audit committee. NH stated we have asked for these audits. MW agreed getting the scope right is key as is early engagement.</p> <p>SS stated this can be pursued outside of the meeting but is still keen to continue efforts to share in some forum in BCH. JA stated this is essential as it is 1/3 of our business.</p> <p>DG stated drawing up the agenda for a tri-force audit committee meeting had been useful and helped pull together the Chief Executives work on BCH. BCH we are all part of it and we have three audit committees with three different views there must be some convergence. JA stated there will be added complexity with 7Forces.</p> |
| | <p>Resolved:</p> <p>(i) <i>The group noted the report.</i></p> |
| 11. | Draft Annual Governance Statements |
| | <p>NH stated the constabulary AGS has not altered too much, the parts in yellow are to be updated with the Internal Audit Annual Report opinion. NH welcomed any questions or suggestions.</p> <p>DG stated the OPCC AGS is much the same as NH has stated.</p> |
| | <p>Resolved:</p> <p>(i) <i>The group noted the report.</i></p> |

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| 12. | Summary of meeting and actions |
| | SS summarised a full report from internal audit with recommendations has led to good conversations and learning. BCH we can ensure we are meeting our terms of reference as a committee. |
| 13. | Review of Forward Agenda Plan |
| | FMS added to July meeting. CJS changes to be added to October agenda. |
| | Resolved: (i) <i>The group noted the report.</i> |
| 14. | Review of Actions |
| | 5 is outstanding. 8 is ongoing. 10 can be closed. |
| 15. | AOB |
| | No AOB was raised. |
| 16. | Date of Next Meeting |
| | The next meeting will be held on Thursday 25 July at 09.30 am, Conference Room 4, Police Headquarters, Huntingdon. |
| | 2019/20 Meeting Dates Tuesday 29 October 2019 10.30am Conference Room 3, Police HQ, Huntingdon Tuesday 28 January 2019 10.30am Conference Room 3, Police HQ, Huntingdon |

Simon Smith