



To: Joint Audit Committee
From: Simon Smith, Chair of Joint Audit Committee
Date: 30 July 2020

2019/20 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 1st April 2019 and 31st March 2020.

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:

<https://www.cambridgeshire-pcc.gov.uk/accessing-information/decision-making/joint-audit-committee/>

These are the result of amendment at the Committee's meeting on 28th January 2020. Please see Section 5 of this report for further commentary.

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 controls environment in that regard.

4. Key Areas of Focus in 2019/20

The Committee met four times during the reporting year, on 23rd April, 25th July and 21st November 2019, and on 28th January 2020. At the time, the November meeting was an informal one due to the PCC, Jason Ablewhite, having resigned. A replacement had not been appointed at that point. The minutes were ratified at the January meeting.

Throughout the reporting period, both the Constabulary and the OPCC have shown themselves as being open to challenge and keen to work with the Committee; we, in turn, have been mindful of the need to play our part in fostering professional working relationships with all stakeholders.

We have been very pleased to further develop our working relationship with the Chief Constable, Nick Dean, who notwithstanding the demands of his role has attended all our meetings during the year as has the Acting PCC, Ray Bisby. He has maintained the high level of commitment shown to the Committee by his predecessor. This level of senior attendance greatly enhances our work.

The following comments mirror the headings in our current Terms of Reference:

5. Governance, Risk and Control

Annual Governance Statements

At the April 2020 meeting, the Committee reviewed and noted the Annual Governance Statements of the Police and Crime Commissioner and Chief Constable for 2019/20. These were in a new format and contained a significant level of detail.

Constabulary Corporate Framework

Our July 2019 meeting received a full report summarising the development of the Constabulary Corporate Framework:

https://s3.eu-west-2.amazonaws.com/media.cambridgeshire-pcc.gov.uk/uploads/2019/08/19-07-25-JAC-Agenda-Item-011-Draft-Corporate-Framework-V1.0.pdf?sm_au=iHVnqWJr47zj6r4f8sV46K3tJ6jC

This has proved very useful to the Committee, and as a basis for questions throughout the year. It has also led to our asking for rather more papers submitted to the PCC's Business Coordination Board.

Collaborated Functions

Our April 2019 meeting received a helpful update on Tri Force Corporate Governance, in which the Committee continues to take a keen interest. This also feeds across to our engagement with the new 7 Force Collaboration on Procurement and the significant regime of Internal Audit work to be undertaken around this in 20/21.

We have continued to encourage the sharing of comments on Internal Audit reports between the three Joint Audit Committees (Cambridgeshire, Bedfordshire, Hertfordshire) 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.

Risk Management

Our April 2019 meeting received an Internal Audit report on Risk Management with a 'reasonable assurance' rating. This included a useful summary of key controls and processes which the Committee found helpful. It should be added that the report recommended only 1 medium and 2 low priority actions. Furthermore, it was gratifying that the Internal Audit report on Risk Management dated February 2020 provided a 'Substantial Assurance' opinion.

No Assurance Internal Audit Report

Our previous report highlighted one 'No Assurance' report. There was a further 'No Assurance' outcome in this reporting period, in relation to 'Health & Safety.' This was fully considered at our November meeting, with senior personnel attending our January meeting to provide an update on progress in delivering the agreed actions. Internal Audit also provided a follow up report in February which highlighted the good progress made. (A 'Reasonable Assurance' update has since been received).

Risk Registers

The Committee has had good oversight of the risk management approach in both organisations. The Strategic Risk Register and the Operational Risk Register for the Constabulary are standing agenda items every six months. Specifically, the Strategic Register was discussed in April and November 2019, and the Operational Register in July 2019 and in January 2020.

HMIC Assessments

The Committee has received updates on HMIC assessments as they have arisen. The Committee were pleased to note that the latest Police Effectiveness, Efficiency and Legitimacy (PEEL) Report published in February 2020 rated the Constabulary as 'Good' across all areas.

Treasury Management

The Committee is responsible for ensuring that an effective system of scrutiny is in place in respect of Treasury Management strategy, policies and practices. We reviewed a detailed strategy proposed for 2019/20 at our meeting on 30th January 2019. The Annual report for 2019/20 is to be reviewed at our meeting on 30th July 2020.

Integrity controls

The Committee has a responsibility for oversight of the controls environment for non-financial integrity arrangements. We received a report in November 2019 which summarised the controls process and how the Committee gains assurance.

6. Internal Audit.

Internal Audit Plan 19/20

The Committee reviewed and commented on the draft 2019/20 Internal Audit plan at its meeting on 23rd April 2019. Although for various reasons a draft had not been available at the Committee meeting on 30th January 2019, this was subsequently circulated under separate cover for Committee review.

Progress reports

At each meeting the Committee has received a progress report highlighting any issues and concerns, with the Internal Auditors (RSM) attending every meeting and additionally making themselves available to the Chair outside meetings as required.

Mention should also be made of the very helpful spreadsheet reporting style adopted by the Corporate Development Department which enables the Committee to interrogate progress in delivering Audit recommendations in non-financial business areas, with none being overdue.

7. Financial Reporting and External Audit

In July 2019, the Committee reviewed the Police and Crime Commissioners' and the Chief Constables' Draft Statements of Account for 2018/19. The Committee were pleased to note that the Audit had proceeded very satisfactorily. The final accounts were subsequently approved in line with the deadline of 31st July 2019. This was the first audit conducted under new arrangements whereby the External Auditors (BDO) had been appointed by Public Sector Audit Appointments (PSAA).

There had been a little anxiety as to whether the Auditors would be able to meet the deadlines of the financial reporting process. During the year it became increasingly apparent that many public sector audits were running extremely late due to a range of capacity and other issues. However, our timelines were very good. This reflected well both on the Constabulary Finance team and on the External Auditors, BDO.

8. Performance of the Committee and Evaluation of Our Effectiveness

Members of the Committee need to acquire an understanding of the financial, risk and control, and corporate governance issues facing the Commissioner and the Chief Constable. Members must have the ability to challenge, question, probe and seek clarification from the Commissioner and the Chief Constable.

The role requires a level of knowledge to be acquired principally through attendance at our quarterly meetings. Diary coordination for additional activities can be problematic, not least given operational demands on the Constabulary, and the range of external commitments held by members. However, we were grateful for the opportunity to undertake a very useful 'out and about' day with the Constabulary in October which helped to further contextualise our work. The Chair was also able to attend a workshop event held by the PSAA and a training day provided by the Chartered Institute of Public Finance and Accountancy (CIPFA). The OPCC's office are also proactive in highlighting further opportunities.

As will have been noted, our scheduled meetings have remained at four per annum. All of these took place through personal attendance, rather than remotely, given the timing of Covid 19 'lockdown' measures. Our role requires that we are an 'arms length' body. However, this should not take anything away from the importance of members maintaining some level of contact outside formal meetings, for example, following the pre meetings attended by the Chair and on other relevant opportunities. Additional contact has therefore continued, usually by email, whilst balancing this with a realistic time commitment to be given over to the role.

We have been mindful of the need to link agendas, papers and outcomes to levels of perceived risk. We have sought to refocus and reshape agendas to focus on key items, and to enhance summation at meetings.

We have also met separately with the Acting PCC (and before that with the PCC) and with the Chief Constable outside Committee, to discuss matters of interest.

In October, each Committee member took part in an exercise to evaluate our effectiveness. Although positive, development areas were identified, starting with a thorough review of our Terms of Reference which was completed in the reporting period. The key changes recommended by the Committee were to simplify the core role, update it, and make it more explicit.

We indicated that we did not see our role to include operating as an 'Ethics Committee' as such, and removed possible references to such functions (whilst still providing an oversight role in terms of the control environment).

We also added a new, specific reference to the arrangements for securing for 'Value for Money', that is economy, efficiency and effectiveness.

All members were actively involved in the review, as was the Governance Advisor at CIPFA, Diana Melville, who was especially helpful. The revised Terms were presented to the January meeting, and accepted.

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

We were very pleased to see Lucy Sales appointed as a full member in November 2019. Gary Ward resigned from the Committee in February 2020. We extend our thanks for his contribution. We continue to benefit from one member (Andrew Godman) also being a member of the Herts. JAC. No conflicts of interest have arisen in respect of any member.

The table below shows attendance by members at the meetings:

	23/04/2019	25/07/2019	21/11/2019	28/01/2020
Simon Smith	Y	Y	Y	Y
Mike Hindmarch	N	Y	Y	Y
Gary Ward	N	Y	Y	Y
Ian Pinches	Y	Y	Y	Y
Andrew Godman	Y	Y	Y	N
Lucy Sales	Y	Y	Y	N

10. Priorities for 2020/21.

Particular themes include the following:

The Committee will continue to keep a close interest in the development of the governance framework, recognising that this can never be static. There are several core documents in this process, some of which have been mentioned in this report. We will focus on the key 'lines of sight', their relationship to key controls and to the Strategic Risk Register.

We will evolve our approach towards 'Value For Money', and consider how this can more expressly feed into our work in line with our modified Terms of Reference. This will also constitute an enhanced strand of our relationship with Internal Audit.

We will continue our interest in 'collaboration' given the importance of such functions as a percentage of the overall budget. This year, we will be especially interested to see how 7 Force Collaboration on Procurement takes effect.

We must, of course, also make reference to Covid-19 and its multi-faceted impact on annual governance statements, financial reporting, risk and the control environment. We shall be interested to learn how 'risk' is being used dynamically, to examine if the control environment and risk appetite is changing, where there might now be new risks and the impact of the pandemic on the operational effectiveness of internal controls.

The Committee continues to be appreciative of the openness and transparency that characterises all our dealings with the Office of the Police and Crime Commissioner 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 been open to challenge from the Committee, and that there has been good ownership of outcomes.

We will also continue to support the concept of a Board Assurance Framework being developed in whatever format senior management finds helpful to them. However, we recognise that this is unlikely to gain traction until after the PCC elections in May 2021.

11. Conclusion

The Committee has identified and agreed a forward plan of business for 2020/21 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.