



JOINT AUDIT COMMITTEE

DRAFT MINUTES

Date: 30 July 2020

Time: 10:30 hours

Location: via Teams

Members :

Simon Smith	Chair
Mike Hindmarch	
Ian Pinches	
Andrew Godman	
Lucy Sales	

In Attendance:

Nick Dean	Chief Constable
Ray Bisby	Acting Police and Crime Commissioner
James Haylett	Deputy Chief Executive for the OPCC
Jon Lee	Director of Finance & Resources for the Constabulary
Matthew Warren	Chief Finance Officer for the OPCC
Jo Conlon	Head of Finance for the Constabulary
Elaine Fox	Principal Financial Accountant for the Constabulary
Rachel Brittain	BDO
Matthew Weller	BDO
Dan Harris	RSM
Vicki Simms	Governance & Inspection Officer, Corporate Development Department
Nancy Leversha	Strategic Accountant for the OPCC

1.	Welcome and Apologies
	SS welcomed everybody to the meeting. No apologies were received.
2.	Declarations of Interest
	No new declarations were stated.
3.	Agreement of the minutes from the last meeting held on 29 April 2020
	The minutes were agreed as factually correct. Action 4ii – an update of H&S recommendation progress had been received. Action 8ii – a powerpoint on 7F roadmap had been sent to members. Action 8iii – the journey to final accounts will be covered by Item 6 Statement of Accounts.
	Resolved <i>(i) The minutes were agreed.</i>
4.	Internal Audit Annual Report and Opinion and Progress Report 2020/21
	SS stated the Internal Audit is in two parts, one backward looking with the opinion and then where we now. DH introduced the Annual Report stating page 2 shows the opinions which are both positive for the risk management and governance framework. There were two negative BCH audits but these have not adversely affected the annual opinions. Page 4 provides detail of the audits undertaken throughout the year, seven Cambridgeshire only reports, three with reasonable assurance and four with substantial assurance. In terms of BCH there was one no assurance report, one with a reasonable assurance and two advisory reports. In terms of the Health & Safety audit, there has been a follow up and progress had been made which was factored into opinion. Page 6 provides a commentary for what will flow through to the AGS's. Page 9 includes information about conflicts of interest following additional work and our conformance with internal auditing standards. Appendix B provides a summary of reviews.

SS thanked DH and asked if members had any questions.

MH asked why the follow up to Health & Safety and the management response to recommendations showed some differences. DH answered that it is a timing issue. The follow up report was as at a point in time, whereas the management report was produced at a later date.

MH asked what the opinion would be based solely on BCH reports. DH stated that not enough work had been delivered to provide an opinion on this.

MH stated with 7F this could become even more confusing and could this push down an individual forces opinion. DH answered there would be more risks and more challenges to 7F but that we have the right approach to seek assurance.

SS thanked MH for the questions and noted that across most sectors, 70-80% of audits result in an adequate opinion, but there are concerns about where we are.

In terms of Health & Safety SS stated it had been a helpful update to the ongoing actions with explanation around where there was slippage. He asked the members whether an update in October was required.

LS stated it would be helpful for an update in October and then RSM can independently assesses any further work. DH stated there is a re-audit of Health & Safety on the 20/21 plan which is due to commence 5 October, but management could produce a further update for October.

IP stated it would be useful as when the RSM view comes, it will give the committee something to compare against, and the Constabulary can compare against their self-assessment which can provide confidence in their own self-assessment.

SS agreed. It was a comprehensive update on H&S for today and there is a slight uncertainty around how the internal audit plan will be delivered this year. If this would be helpful to management to provide a further update as we are anxious to support them.

VS stated she had spoken to Fiona Nunn, H&S Manager and there was nothing further to add at this time. The re-audit starts on 5 October and next JAC is 29 October, so RSM maybe able to provide something. DH stated a verbal update at October meeting will be possible.

Progress Report.

DH stated that we are in no different a position from other forces. DH is part of the Police Audit Group with other heads of audit and he wanted to reassure the committee that there is no difference in Q1 in other forces and PCCs across the

	<p>country. RSM will look to deliver the original plan in 9 months rather than 12 months. DH stated that RSM are acutely aware of the pressures on forces but are able to do audits remotely with occasional visits to clients when required. The Cambs only audits, there are a number that can be delivered remotely and as we prepare the scope we consider this. The first BCH audit starts next week.</p> <p>IP asked if DH could confirm any aspects of the 20/21 plan that can't be delivered. DH stated none. The BCH IT audit has been scoped with Jon Black and will be based on remote working and including Cloud computing. There have also been discussions around an additional audit on data security. The plan is shown on pages 5 & 6 and I DH stated he is confident that RSM can deliver either remotely or with some elements of onsite activity.</p> <p>IP asked if anything does crop up please could the committee be advised. DH agreed.</p> <p>SS stated it is important that the audits are done at the right time.</p> <p>LS asked on the plan there is an Occupational Health audit and there is a risk on the risk register, what will be available for the October meeting. DH stated so long as it all goes smoothly, the final report should be ready for October's meeting.</p> <p>SS asked ND how 12 months work squeezed into 9 months was for him. ND answered that he will keep an eye on progress. There shouldn't be any issues through remote access, other than the Ethics & Culture audit which onsite would be more worthwhile. DH stated that an option is a questionnaire across a range of individuals. SS asked to be kept updated with progress as it will affect next year's opinions.</p>
	<p>Resolved</p> <p>(i) <i>The committee noted the reports.</i></p> <p>(ii) <i>RSM to provide a verbal update on Health & Safety re-audit at October 2020 meeting, following commencement of audit on 5 October 2020.</i></p> <p>(iii) <i>A further update is to be provided by management to the October JAC on H&S progress against the identified actions.</i></p>
5.	Risk Management Strategy and Operational Risk Register
	<p>Risk Management Strategy</p> <p>JH stated we have had a Risk Management Strategy in place for some time, Covid bought this more into focus. He thanked NL for reviewing the document and making recommendations for amendments to bring the strategy up to date. He asked that the recommendations for amendments be accepted and that the Strategy should come to</p>

	<p>JAC annually.</p> <p>SS stated this was helpful. The committee are happy to accept the recommendations and this is a core document for them.</p> <p>Operational Risk Register</p> <p>ND provided an update on the High/Red risks.</p> <p>Risk 416 Inspectorate recommendation for review of PSD, much work has been undertaken and recruitment to the anti-corruption unit has occurred. We are undertaking a strategic risk assessment on the whole of PSD in order to understand demand against capacity. Proactivity is key and access to monitor phones and laptops, ACC Michelle Dunn oversees ICT and Jane Gyford oversees PSD so they are working together for a solution.</p> <p>Risk 421 - relates to deletion of information, an audit is due in December. Jane Gyford is working with ICT to fully understand the position. We are concentrating initially on crime and custody records. Information Management Department will train up individuals to undertake this task which is currently only undertaken by ICT and this will provide more resilience.</p> <p>Risk 423 – HR undergoing transformation. The CARM duties system is due to go live in November but the anticipated integration with the Payroll system is not there.</p> <p>Risk 424 – Vetting backlog we are moving in the right direction but the outstanding number is high. Lapsed vetting across BCH stands at 14% 86 in Cambs alone. We are testing robotics across BCH which can reduce 30 minutes from each vetting process which is significant.</p> <p>Risk 428 – recruitment through Uplift – we are the SRO across BCH and the BAME is 7.5% across BCH. There are ongoing national discussions. We have added further resources to our positive action team who are looking at retention as well as recruitment. The National Diversity Plan is led locally by a Chief Superintendent overseeing this work. The Cambs BAME profile is just over 4.5%.</p> <p>Risk 410 – Pension and McCloud Sargeant decision remains outstanding for a national decision.</p> <p>Risk 422 – insufficient driver training – restraints of Covid slightly scuppered our plan. We are one of two forces that have continued driver training throughout the pandemic but restrictions on numbers in cars have impacted us.</p> <p>Risk 427 – right to protest – we have good leadership in place and have had no issues with protests despite increased tensions due to Covid, Black Lives Matter and</p>
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	<p>restrictions.</p> <p>Risk 429 – excessive PIP2 vacancies – this relates to criminal investigations in the Child Abuse Investigation and Safeguarding Unit (CAISU) in the South of the county. The Head of Crime is reviewing how to attract officers but we struggle with this with uniform officers due to cost of living and cost of travel to Parkside. We have plans around this including agile working.</p> <p>SS thanked ND for a helpful summary.</p> <p>IP stated it was a useful summary and added context to the paper. He has some questions and asked ND is he could send an email with his queries. ND agreed.</p> <p>SS asked how do you give full weight to a combination of risks that could make something a more serious situation. ND reassured the committee that risks are discussed at the Force Executive Board (FEB), also at the Commissioner’s Business Coordination Board (BCB) and there is a Risk Review Board where risks are discussed holistically and this narrative flows to FEB.</p>
	<p>Resolved:</p> <p>(i) <i>The Committee noted the reports.</i></p>
6.	<p>Statement of Accounts 2019/20</p>
	<p>SS stated there is a paper for where we are and then the External Audit report from BDO.</p> <p>JL stated he would provide an overview for the latest sets of accounts as work was going on up to yesterday. They are not quite final as there are some last elements of audit that RB will mention. It is positive that we have stuck to deadlines despite Covid and this includes RB and the team who have been remote working. JL wished to formally record his thanks to RB and the BDO team but also JC, EF and the finance team.</p> <p>We are anticipating the Pension Fund accounts to be ready for the end of August, so the external auditor of the Fund (EY) can do their audit in September to provide assurance to BDO to enable final sign off of the Constabulary and PCC accounts in October. We cannot finalise the AGS’s until final accounts are complete and we have a final audit report.</p> <p>We are not expecting anything significant to change unless the pension audit highlights something. JL asked whether the Committee were happy to approve the accounts as presented and to delegate authority to the Chair to receive an update on any final change. In the event that there were any material matters these would be reported back to the Committee alongside the final external auditors report.</p>

SS stated we need to be clear on our role. We don't sign off the accounts, we give our approval for them to be signed.

IP stated he is fine with the recommendations and offered SS accounting knowledge if required. Throughout all other organisations he works with, 'going concern' is a big issue this year, yet it is noticeable by its absence in police accounts. Clearly the country will have a police service but the technicalities of 'going concern' are missing – can BDO comment.

JL stated we have done work on our 'going concern' assessment and provided a report to BDO as part of the audit which RB can comment on. JL then invited JC and EF to update the committee on the main changes in the accounts.

JC gave an update to the Chief Constable's accounts. She stated there have been no changes to the numbers or statements but there have been some presentational changes and changes to notes.

EF updated on the PCC/Group accounts. There have been some balance sheet changes to the PCC accounts for final collection fund balances as these were not available at draft account stage. Some of the rates bills for 2020/21 had been included in creditors and equally in prepayments and these were removed making an equal and opposite adjustment to Debtors/Creditors of £800k (our procedures have been updated to ensure they are added to month 1 in 2021/22). There is an adjustment of approx. £200k to include PPA Stepsaver and an additional Seized Fund that have previously been kept off balance sheet as not our money but these have now been added to cash and an equal creditor created. There is also a small adjustment for the purchase of Enterprise House cost and revaluations which was adjusted mainly to recognise and apply grant received in 2018/19 against the cost.

SS thanked both JC and EF. He asked the committee if they were happy to support the recommendations in the covering report.

AG stated he was happy to delegate but asked if there is any delay to keep the committee informed.

SS endorsed these comments and stated it had been really excellent work done by the finance team to meet the 31 May deadline. He congratulated JL on the successful, efficient and effective work by his team.

RB stated she would provide key highlights then pass to M Weller for more detail on the audit. As at 30 July the audit has progressed well despite everything. We are in a good position with a fairly complete report and she gave her thanks to the finance team for their quick responses to audit questions.

It is an unmodified opinion, there is an emphasis of matter on land and buildings

	<p>valuations which is standard in all opinions this year due to a material uncertainty due to Covid.</p> <p>We are awaiting the pension fund assurances and RB is liaising with the auditor and if she has any concerns she will raise those.</p> <p>In terms of 'going concern', we follow the relevant standards, but CIPFA states Public bodies will always be a going concern and we have no concerns over service provision.</p> <p>VFM conclusion – is in the planning and to be considered going forward just to ensure there is no big gap in the future.</p> <p>Audit fees – there have been a lot of national discussions over the level of work required to deliver a quality audit, there are some areas that require additional focus such as pension and property, plant & equipment so we will need to rebase the fee but RB will prepare a paper showing specific areas with an increase and provide costs, this has been done in liaison with JL.</p> <p>MH asked what the fees could be increased to as a range.</p> <p>RB stated she will need to assess thoroughly and doesn't want to put an arbitrary figure on it, but across the client base there have been 20-40% increase in fees. PSAA are discussing this.</p> <p>M Weller updated on the external audit work. Page 5 shows the materiality which remains consistent with previous years.</p> <p>In terms of Risks page 12 details management override but there are no key issues.</p> <p>Valuation of non key assets – RB has already mentioned the emphasis of matter, there are three outstanding enquiries on land areas.</p> <p>Pension liability – waiting on auditor to complete their work.</p> <p>Related parties we have a number outstanding.</p> <p>Page 21 Fraud – SS confirmed that the Committee had not identified any issues.</p> <p>On page 23 there are five unadjusted misstatements (not material) two relate to the previous year, which EF spoke about.</p> <p>VFM on page 31 we have no issues.</p> <p>We have made four recommendations shown on pages 37 and 38. Two relate to the new payroll system which was introduced in year, one to depreciation rate which has been overly aggressive and lastly to related party declarations.</p>
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	<p>We have also been unable to obtain copies of a couple of contracts of employment and have re-raised this action.</p> <p>AG asked how many contracts were unable to be obtained.</p> <p>MW stated from a sample of ten, three were unable to be obtained.</p> <p>IP asked ND why it was not possible to obtain these contracts.</p> <p>EF stated two are for the same people as last year, and it is because they are in deep storage and she will be speaking to HR.</p> <p>IP stated it would be good to make the effort especially as this has been carried forward from last year and doesn't reflect well. In terms of the related party declarations, how easy is it get hold of the people?</p> <p>EF stated the majority have left the organisation, but it may be that they were not originally sent forms and for next year a list will be agreed ahead of sending out.</p> <p>IP stated if they have left but are still employed by police elsewhere, people have an obligation to complete.</p> <p>JL stated it is a mix, some have retired, some have moved onto other roles but we should be able to contact them. JL stated we could look to introduce signing of a declaration form as part of the leavers process.</p> <p>MH asked if the letter of representation is standard or if there are any specifics in it.</p> <p>MW it is a standard letter apart from mention of the valuations.</p> <p>SS thanked both RB and MWeller and asked if anything further was required from the committee today.</p> <p>RB stated no. BDO will circulate a final audit report before account signing.</p> <p>SS gave thanks to BDO and noted he had given thanks to the constabulary finance team.</p>
	<p>Resolved:</p> <p><i>(i) The Committee gave 'in principle' approval to the Annual Statement of Accounts, subject to final sign off by the external auditors. At that point, the Committee also gave delegated authority to the Chair to give final approval subject to there being no material changes that needed reporting to the Committee for further consideration.</i></p>
7.	Annual Report from Committee

	SS stated the report details the work of the committee over the last year and asked if anybody had any questions. There were no questions.
	Resolved: (i) <i>The group noted the update.</i>
8.	Summary of Meeting
	SS wrapped today's meeting stating we are in a good position in relation to the accounts which is pleasing. With the committee's anxieties around BCH it is good the Internal Audit programme allows the committee to be sighted on all the reports. It is important that all three committees are sighted on RSM work. We look to DH and his pivotal role with the CFO's for this to continue. Any further guidance on Covid is welcomed, but SS stated he hoped that the questions today had made a useful contribution to the situation.
	Resolved: (i) <i>The committee noted the report.</i>
9.	AOB
	SS stated the additional papers to be considered offline and any comments to be sent to NL within 7 days.
10.	Date of Next Meeting
	The next meeting will be held on Thursday 29 October 2020 at 10.30 am, Conference Room 3, Police Headquarters, Huntingdon/Teams as appropriate.
	2021/22 Meeting Dates Thursday 28 January 2021 10.30am, Conference Room 3, Police Headquarters Thursday 29 April 2021 10.30am, Conference Room 3, Police Headquarters Thursday 29 July 2021 10.30am, Conference Room 3, Police Headquarters Thursday 21 October 2021 10.30am, Conference Room 3, Police Headquarters Thursday 27 January 2022 10.30am, Conference Room 3, Police Headquarters

Simon Smith