



JOINT AUDIT COMMITTEE

DRAFT MINUTES

Date: 20 October 2021

Time: 14:30 hours

Location: via Teams

Members:

Simon Smith	Chair
Ian Pinches	
Andrew Godman	
Lucy Sales	

In Attendance:

Nick Dean	Chief Constable
Darryl Preston	Police and Crime Commissioner
James Haylett (JH)	Chief Executive for the OPCC
Jon Lee	Director of Finance & Resources for the Constabulary
Jack Hudson (JHu)	Head of Business Development for the OPCC
Rachel Brittain	BDO
Matthew Weller	BDO
Daniel Harris	RSM
Jo Conlon	Head of Finance for the Constabulary
Elaine Fox	Principal Financial Accountant for the Constabulary
Vicki Simms	Governance & Inspection Officer, Organisational Improvement Centre
Rob Hall	Superintendent, Organisational Improvement Centre
Nancy Leversha	Strategic Accountant for the OPCC

1.	Welcome and Apologies
	Apologies were received from Matthew Warren CFO for the OPCC. SS welcomed everybody to the meeting committee meeting.
2.	Declarations of Interest
	No new declarations were stated.
3.	Agreement of the minutes from the last meeting held on 29 April 2021
	The minutes were agreed as factually correct. LS asked that on page 6 MH be written in full. SS asked about page 7 Action 8 ii Table top exercise if there was an update. IP stated he had attended the joint risk assessment exercise that focussed on cyber security. It was a BCH exercise and 60 officers attended. As an observer IP was impressed at how the three forces engaged and worked together and stated it had been an interesting day. ND added that day was led by Jane Gyford and her team with the Information Management Department. They used an escalating scenario based on a cyber attack and there were operational, support, strategic and crime elements looking at how to build resilience and continue business as usual. It considered how would communications internally and externally be managed. It was a good learning day and a debrief will be held. SS thanked IP and ND for the update and commented that the operational risk register is at the next meeting and the committee will look to see whether any issues from the table top exercise impact upon the operational risk register.
	Resolved <i>(i) The minutes were agreed as correct.</i>
4.	Statement of Accounts
	JL stated he would provide a verbal overview on both the Statement of Accounts and the Annual Governance Statements (AGS) and then RB and MW would speak to their report. The AGS cannot be finalised until the accounts are and there is a final auditor's opinion. The external audit is in progress and we are hoping for it to conclude in mid-November. There are some adjustments to be made to the accounts. JL had been on a call with the Public Sector Accounts Authority (PSAA) earlier and only 9% of bodies had their accounts signed off by the September deadline. This is as a consequence of the

audit programme last year so we are not out of kilter with the rest of the country. We are keen to get the accounts finalised as soon as we can as we are heading into budget time. PSAA have stated the September deadline will remain for 21/22 accounts and then they are reviewing where the deadline will be.

JL asked the committee in order to discharge their responsibility how they would like to proceed and stated there are two options: one is to call a specific meeting at the end of November or secondly to circulate by email for committee members consideration and comments.

SS thanked JL and his team and recognised the high standard of work. He asked the members for their preference as to a meeting or email. The members agreed to deal with the accounts via email.

RB agreed with JL that Cambs are not out of line with the national picture and are in a good place thanks to the finance team and are on course for a November sign off.

RB informed the committee that the VfM work has changed significantly this year. In previous years auditors have had to offer an opinion, this requirement has been removed. Now the auditors are to issue a commentary on VfM arrangements as part of the Auditors annual report. There is a shift in focus for positive assurance that arrangements are in place. Auditors are no longer required to issue at the same time as the audit report, but the VfM must be issued within three months of issuing the annual report.

MW stated he would provide an overview of the circulated report. Page 5 shows the materiality which is set on the same basis as the planning but the numbers have been updated. Page 8 shows the same five risks as the plan and there is nothing to bring to the committee's attention.

Page 11 there is one unadjusted audit difference for £195k in relation to floor areas in valuations. Although this is a minor difference, there are a number of low differences that have added up to the £195k. Work is ongoing so this figure may change.

Page 13 pension liability the pension fund auditor for Cambs County Council reported two misstatements. One was the assets were valued at 31 December and estimated at 31 March, this increased the value for the PCC by £441k and the Constabulary by £2.649m, in addition benefits paid figure in the IAS19 report was overstated by £2.851m these will be reported as unadjusted misstatements.

In addition, the expected return on plan assets identified a difference of £148k for which auditors have been unable to establish a reason for the difference in methodology. This will be reported as an unadjusted misstatement.

The McCloud liability value was reduced by £18m but the adjustment was not posted

	<p>last year so the opening balance was out by £18m, this has been amended this year so the closing balance is correct this year.</p> <p>There is nothing to report on related parties.</p> <p>Pages 18 – 23 provide the detail on the unadjusted misstatements.</p> <p>Auditors have not identified any significant deficiencies in controls.</p> <p>Page 28 shows one new recommendation that has been made in relation to leavers in the e-financials system. An audit of 11 users was conducted and two of these users still had access to the system for some time after they left. There had been no activity on their account, but there is a risk that if a leaver retains access to the system they could have committed fraudulent activity. The recommendation is for user access to be reviewed regularly.</p> <p>Page 29 – 32 provides a follow up of actions from last year. About half of these have been fully implemented and the others have all had progress made against them but are not closed yet.</p> <p>SS thanked MW for the current update. JL added there is an ongoing review of the accounts so the adjustments that MW had spoken about will be included in the review. Once the accounts are ready they will be circulated.</p> <p>IP stated the notes to the pensions on McCloud were reasonable and logical.</p> <p>EF confirmed the bottom line is the same, just for context the difference for annual leave is an increase in CR of £1.7m.</p> <p>SS stated the committee note where we are today and we are in a good place.</p> <p>IP asked whether the committee required a resolution for SS as Chair to approve on behalf of the committee members. AG agreed that delegation to SS as Chair followed the constitution. SS stated he was happy to accept the delegation, but would refer to colleagues if there were any significant changes.</p>
	<p>Resolved</p> <ul style="list-style-type: none"> (i) <i>The Committee noted the update.</i> (ii) <i>Final Statement of Accounts and AGSs to be circulated to JAC members by email for their consideration and comments.</i> (iii) <i>The Committee members agreed a resolution for the Chair to approve the Final Statement of Accounts on behalf of the committee.</i>

5.	Annual Governance Statements
	Included in Item 4.
6.	Internal Audit Progress Report
	<p>DH provided an overview of the progress report. At 2.1 it shows two final reports, one in draft and one in progress. The latest update is Budgetary Control has been finalised and issued with a reasonable assurance. Capital Accounting & Fixed Assets is in progress. The Covert Human Intelligence Source (CHIS) audit starts next week.</p> <p>At 2.2 the BCH Reports Remote Working is now finalised; ICT Distribution of assets is in draft and the Procurement follow up is also in draft. RSM have been asked to pause the Firearms Licensing audit for two-three weeks. There will be a number of final reports due at the January meeting.</p> <p>SS thanked DH for the helpful update, he added the monthly update report the members receive is very useful. He added the committee would be interested to see the Remote Working report for its generic interest.</p> <p>DH stated 7,000 staff were surveyed which caused a slight delay as they had 1,000 responses to inform their findings.</p> <p>ND stated the Firearms Licensing audit had been scheduled for Q1 of next year, but he was uncomfortable and raised this with other Chief Officers to push through.</p> <p>LS asked from an internal audit perspective, the high-risk impact from the Sarah Everard case, does ND have everything he needs or are there additional checks and balances that audit could provide? To DH is there any experience from other forces that could help?</p> <p>ND stated the Sarah Everard case and the totality of the Violence against Women and Girls (VAWG) agenda includes not just the Everard/Couzens, but vetting, culture etc. HMICFRS have just inspected the Anti-Corruption Unit and given it a clean bill of health across BCH, they have also reviewed all cases with a sexual allegation with no adverse findings. Vetting across BCH has a compliance rate of 91% and scrutiny on culture has been positive. The wider VAWG agenda was discussed as Chiefs Council and a statement of intent will be launched shortly with a delivery plan behind that. Cambs has its own comprehensive VAWG strategy which has brought various streams of work together. We are in advance of the national position and ND has confidence in Cambs around the VAWG and the cultural issues raised. LS thanked ND.</p> <p>DH stated a discussion would be required to understand if identified as a strategic risk and on an assurance map. Areas that could be looked at include vetting and safeguarding. However, if HMICFRS have completed they would have covered areas. He</p>

	<p>stated he is happy to discuss with management if there is anything RSM can assist with.</p> <p>DP stated there are so many component parts but an area he would flag is prosecution rates and the Local Criminal Justice Board (LCJB) is just one element that will maintain a significant focus moving forward.</p> <p>IP asked ND, in terms of 91% compliance for vetting, what risk resides in the remaining 9%, and if 9% is reasonable with sound reasons, we as a committee need to evidence that we've explored.</p> <p>SS stated looking forward to the January 2022 meeting, there will be a discussion over next year's IA programme, and members would like the opportunity to input into the plan content for next year.</p> <p>DH stated there are a multitude of meetings that go into developing the plan. The Cambs draft plan can come to January but the BCH list will not be finalised.</p> <p>ND stated there are a number of facets, we've just had the HMICFRS inspection, the PEEL inspection is pending and nationally there is a lot of work going on. We need to pause before adding this to the audit plan. There is a lot of pressure currently to respond to reviews and recommendations. SS stated this was indeed a good point.</p>
	<p>Resolved:</p> <p>(i) <i>The group noted the report.</i></p>
7.	Strategic Risk Register
	<p>JH introduced JHu as the new OPCC Head of Business Development. JH stated this is the cyclical review of the strategic risk register and has been a busy time with the appointment of a new PCC and most of the risks are about the statutory responsibilities. We will soon be publishing the Police and Crime Plan and have had many discussions over reporting processes and meeting structures which JHu will speak to. JH stated the current strategic risk register is 'clunky' and he has tasked JHu with a simplification so the impact on statutory duties and risk is clearer and to ensure the OPCC joins up in terms of delivery.</p> <p>Risk 3.1 financial sustainability will undergo a significant review after the comprehensive spending review (CSR). The financial forecast is tight this year and even tighter for following years. JL added he isn't sure what level of detail the CSR will give next week and we may have to wait for the detail in December.</p> <p>IP stated he understands that some of the risks won't go away but he would like recognition of the rhythm to the risks in any given year, so for example, 3.1 we won't know until after the budget setting process. The nuances of risks should drive the</p>

	<p>agenda of the committee and agrees the risk register is not as useful as it could be.</p> <p>JH thanked IP and stated we go through a review process quarterly, but some functions take place without considering the strategic risk register. It is not a natural consequence that flows from the register and back again. The budget is tight, so if what we do isn't contributing to statutory duties why are we doing it.</p> <p>SS stated the question of risk appetite and recalibration with pressures the committee would like to understand better.</p> <p>JHu supported what JH had said. He added he is currently mapping the OPCC governance arrangements and reviewing timing of when the statutory functions are best served and how to escalate and de-escalate at the right times.</p>
	<p>Resolved:</p> <p>(i) <i>The group noted the updates.</i></p>
8.	OPCC Governance Review
	<p>JHu updated the committee that he is reviewing the good governance and assurance operating in the OPCC against statutory functions. He is working with colleagues in Beds & Herts on the BCH Scheme of Governance. The Integrity Controls report will come to the January meeting. In addition, the mapping exercise, will identify how we fulfil the statutory requirements and by the next meeting this should be mapped with a timeline.</p> <p>SS stated collaborative governance is an area of interest for the committee and the six-monthly updates are useful. In the pre-meet for January, we will ensure to get the right things on the agenda.</p> <p>IP asked if there was merit in trying to have a tri-force meeting of audit committees as there are new members there may be appetite.</p>
	<p>Resolved:</p> <p>(i) <i>The committee noted the reports.</i></p> <p>(ii) <i>NL to contact Beds & Herts to assess appetite for a tri-force committee meeting.</i></p>
9.	Annual Review of Terms of Reference
	<p>SS stated the terms of reference for the committee were subject to significant revision with help from CIPFA about 18 months ago. If OPCC and CC are still happy they are fit for purpose. JH stated he has no issue.</p> <p>AG queried following the Internal Audit progress report, the committee's role with the</p>

	<p>plan, is it to review the audit plan and any proposed revisions (as at 2.7) or is it we are to agree changes or we are notified of changes?</p> <p>SS stated the members are keen to have appropriate involvement and work with management on rather than just be notified of the results.</p> <p>IP stated this is an unusual audit committee compared with other organisations, our role is more one of persuasion and influence and oversight rather than a prescriptive role. The audit programme is developed in conjunction with the committee but ultimately it is for the CC and PCC to decide. We hope that they would listen to our comments and advice.</p> <p>SS stated the next meetings are in January and then April by which stage the audit plan is finalised so we need to look for the opportunity to have our thoughts included.</p> <p>LS stated our role as an independent body of people is to pressure test the input and provide constructive challenge, if we are involved too much we lose our objectivity.</p> <p>JH stated if the wording is unclear we can amend. SS stated the wording is OK, we need a mechanism for opportunity to discuss before the plan is approved.</p> <p>DH added the pulling together of the plan as it is being developed, but in year revisions are with management, if there are amendments to the programme then the committee can challenge if required.</p> <p>IP suggested to capture the nuance to change 2.7 to “To review and comment on the internal audit plan and any ongoing revisions to that plan”. The Committee agreed the amendment.</p> <p>SS stated the terms of reference are approved for another year.</p>
	<p>Resolved:</p> <p>(i) The committee noted the update.</p> <p>(ii) Point 2.7 to be amended as per suggestion and ToR approved.</p>
10.	Summary of meeting and review of actions
	<p>SS asked DP if he wanted to add anything at this stage. DP stated it has been useful to attend and see how the meeting progresses. The spirit of working together going forward is key to him.</p>
	<p>Resolved:</p> <p>(i) The committee noted the update.</p>

11.	AOB
	<p>JL informed the committee that PSAA have contacted us about opt in arrangements for the next tender. There is plenty of time but the PCC and CC as corporations sole have to decide. Initial conversations are that we will opt in to the appointment and procurement of External Audit. Do the committee require a formal report?</p> <p>IP asked if any other forces/PCCs opt out? JL answered the majority opt in, there may be a few that opt out but it is an onerous task to undertake ourselves.</p> <p>IP stated there is no real market for external audit, so if we opt out we would be going out with no safety net.</p> <p>DH stated he knew of one Police and Fire Commissioner who opted out, but of the 500+ organisations c11-12 opted out nationally in the last round.</p> <p>SS stated there is no requirement for a report.</p> <p>IP stated that if we opted out it would increase cost and risk and could see no advantages to opting out.</p> <p>JL added Beds & Herts are opting in and PSAA allocate the same auditor across BCH which makes auditing of the collaboration functions far easier.</p> <p>SS added that it would be helpful if Fire is part of the same set up.</p> <p>SS stated the members had held a pre-meet yesterday and considered their efficiency and effectiveness, he thanked the management for their feedback and will report back to JH on their conclusions.</p>
	<p>Resolved:</p> <p>(i) <i>The committee noted the update.</i></p> <p>(ii) <i>Further verbal update on PSAA arrangements to come to January meeting.</i></p>
16.	Date of Next Meeting
	The next meeting will be held on Thursday 27 January 2022 at 14.30 hours via Teams.
	<p>2021/22 and 2022/23 Meeting Dates</p> <p>Thursday 28 April 2022 10.30am</p> <p>Thursday 28 July 2022 1430 hours</p> <p>Thursday 3 November 2022 10.30am</p>

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	Thursday 26 January 2023 10.30am
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Simon Smith