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JOINT INDEPENDENT AUDIT COMMITTEE
19 November 2019
1.30pm to 3.30pm

PRESENT:

Members: Mr D Forbes (Chair), Mr J Gallagher, Mr I Haldenby, Mr D Matthew, Mrs T Latham-Green

OPCC Officers: Ms J Flint (Chief Finance Officer), Mrs G Holder (Deputy Chief Finance Officer), Mr A Williams (Research and Performance Officer), Mr J King (Corporate Administration Officer)

Force Officers: Mr J Harwin (Deputy Chief Constable), Ms S Clark (Force Chief Finance Officer), Ms B Smith (Continuous Improvement Officer)

Also in Attendance: Mr M Lunn (Internal Audit – Mazars), Neil Harris (External Audit – Ernst & Young)

35/19 DECLARATIONS OF PERSONAL AND/OR PREJUDICIAL INTERESTS

None.

36/19 APOLOGIES

None.

37/19 MINUTES OF THE 9 JULY 2019

Resolved: That the Minutes of the meeting held on 9 July 2019 be taken as read and signed by the Chairman as a correct record.	**Responsible officer:** -

38/19 SUMMARY ACTION LOG

Ref 258: The Chief Finance Officer (CFO) confirmed that the review findings would be considered at the next Regional Board meeting scheduled for the end of the month. The Deputy Chief Constable (DCC) also expected some challenging discussions around funding and investment in collaborative activity but was hopeful that a budget would be agreed in February. He also highlighted the on-going national review of organised crime units, which could have an impact on capabilities locally. The CFO suggested that rather than leave the action open, a briefing session be arranged for Members covering some of the key collaborative issues.

Ref 302: The Committee noted the 'Key Facts' document attached to the Action Summary regarding the Policing Education Qualifications Framework (PEQF). Members considered the evidence base for PEQF to be weak and were concerned that it would have a negative impact on the future diversity of the force. The DCC provided an update on the status of the Judicial Review.

Resolved: That: 1. the Summary Action Log be noted; 2. the Committee receive a separate briefing session on Regional Collaborative issues.	**Responsible Officer:** - CFO/DCC

39/19 INTERNAL AUDIT: PROGRESS REPORT 2019/20

The Committee received an update on progress following internal audits in 2019/20.

In noting the number of issues that had been identified following the Victims Code audit, Members requested that where it was found that risks were being tolerated for a sustained period of time within a particular function, the report include some commentary to explain how the totality of that business was being handled.

Resolved: That: 1. the Internal Audit Progress report at Appendix A be noted; 2. where risks are found to have been tolerated for a sustained period of time within a particular function, the report include some commentary to explain how the totality of that business is being handled.	**Responsible Officer:** - IA

40/19 INTERNAL AUDIT REPORTS: IMPLEMENTATION PROGRESS

The DCC apologised for circulating a revised paper in advance of the meeting and explained what measures had been put in place to avoid a repeat occurrence.

Whilst Members welcomed the inclusion of regional collaborative audits within the schedule attached to the report, they were disappointed that more recent updates had not been provided. The DCC advised that the flow of information/assurance around collaborative audit recommendations would be addressed at the next Regional DCC's Board meeting.

The Chair announced that an independent working group, which included representation from the Committee, had been established to review existing governance arrangements and resolve a number of legacy issues.

In noting the management update provided for the audit of Property Management – May 2019 (Rec 4.3), Members highlighted the revised completion date, which had been set for the end of the month, thus ensuring that it would be January 2020 before a further update would be required. The DCC assured the Committee that timescales for the completion of recommendations would be rigorously challenged when appropriate.

Members suggested that in light of the completion date, the audit of Business Continuity – June 2019 (Rec 4.1), be removed from the schedule and a report presented at a future meeting. The DCC assured the Committee that whilst the timescale for testing 100% of the plans was October 2024, they were being 'reality tested' on a regular basis. He undertook to bring an outline of the Business Continuity Plan to the Committee, which would also show when testing had been scheduled to take place.

Resolved:	**Responsible Officer:**
That: 1. progress with implementing recommendations contained in Internal Audit reports be noted; 2. an outline of the Business Continuity Plan be presented to the Committee.	- DCC

41/19 REVIEW OF COMPLIANCE WITH GOVERNANCE ARRANGEMENTS

Resolved:	**Responsible Officer:**
That the report be noted.	-

42/19 EXTERNAL AUDIT: 2018/19 AUDIT PROGRESS UPDATE

The External Auditor acknowledged that the date of the meeting had been rearranged in the expectation that the Committee would have received the audit opinion. In the absence of that opinion, he assured Members that substantial progress had been made and that he was committed to delivering the opinion prior to the next Committee meeting in January 2020. He explained that a number of factors were behind the delay including the cumulative impact of resource constraints (particularly the 'high staff turnover and challenges in recruiting new staff') which had affected the timetabling of audits, overruns on other major audits and the impact of the post year-end judgement on the McCloud case. He further suggested that the level of sample testing had come as a 'culture shock' for officers but accepted that the initial comms around this could have been better handled. Whilst he was frustrated by the extended timescale, his priority was to ensure that a high quality, professional audit was undertaken and the correct audit opinion issued.

The Chair expressed his and the Committee's disappointment with the on-going delay and queried whether other authorities had been affected. Members were advised that over 200 opinions had not been issued by the statutory timescale of 31 July 2019 across the public sector, whilst a quarter of those related to the External Auditor, Ernst and Young. Representations were being made to the regulatory bodies about the sustainability of this timeframe in light of the increasing complexity of regulatory demands being made on the audit service. Going forward, he expected that an opinion would be delivered the following year within a much earlier timeframe. The Chair requested details of the likely timescale be included within the next update report. The External Auditor undertook to ensure his report also provided an explanation for the protracted delay and reflected some of the key learning that had been taken from the current year's process. He further announced his intention of visiting authorities early in the New Year to have an 'honest two-way discussion' about their delivery plans, prior to engaging with audit committees. Members also requested that the Auditor share his responses to both the Redmond review and the draft Code of Audit Practice.

Resolved:	**Responsible Officer:**
That:	
1. the External Auditor include the likely timescale for the 2019/20 audit within his next update;	EA
2. the External Auditor share with the Committee his responses to both the Redmond review and the draft Code of Audit Practice.	EA

43/19 FINANCE REVIEW

The Committee was reminded that the Force Chief Finance Officer (FCFO) and CFO had signed-up to the two-year CIPFA Achieving Finance Excellence in Policing programme. A finalised report and associated Action Plan were awaited from CIPFA following the completion of a capability review. The CFO advised that following work to improve financial management skills within the Finance department, consideration would be given to broadening this out to non-finance personnel. This was welcomed by the DCC.

Resolved:	**Responsible Officer:**
That the oral update be noted.	-

44/19 TREASURY MANAGEMENT MID-YEAR REVIEW REPORT

The CFO explained that following the decision to cease Resources Governance meetings, the remit of the Committee had been expanded to encompass consideration of Treasury Management. Members were invited to consider the mid-year review report, which included a copy of the draft 50 year borrowing projection assumptions. It was confirmed that the Treasury Management Annual Report would be presented for consideration at the July 2020 meeting.

Referring to the PCC's capital position, the FCFO advised that whilst the interest rate for borrowing was increasing, the impact would not be significant given that they still remained at a historically low level. The CFO expected future capital programmes to focus more on IT and vehicle fleet rather than estate, especially given developments in agile working and 'Cloud' technology. As this shift was likely to impact on future revenue spend, consideration would be given to various financing options.

The Chair noted that there had been new external borrowing in 2019/20 of £2m and sought further information around the timescale/rate of borrowing.

Resolved:	**Responsible Officer:**
That:	
1. Members be provided with further details about new external borrowing in 2019/20;	CFO/FCFO
2. future reports include more detailed information about external borrowing.	CFO/FCFO

45/19 FINANCIAL GOVERNANCE AND PERFORMANCE 2018/19

The CFO invited Members to review the report, which included details of issues required to be reported under the Financial Contract and Procurement Regulations. She explained that, like Treasury Management, the report had previously been considered at Resources Governance meetings.

Members were concerned to note that some information relating to exceptional purchases had been redacted and queried whether for assurance purposes they should receive details under the exempt part of the agenda. The FCFO confirmed that the contracts related to software for covert operations and the kennelling of seized dogs. The Deputy CFO advised that future reports would be presented to the Committee in their un-redacted form prior to being put in the public domain.

The Committee requested that in future, an explanatory note be included for each key financial indicator that had failed to meet its target to assist Members' understanding of impact/risk.

In noting the Debt Recovery section of the report, Members requested that future reports provide a break-down of debt that had been written-off in the year. The FCFO suggested that the vast majority of written-off debt had been outstanding for more than 90 days, were of low value and would cost more to recover. The CFO confirmed that, where necessary, debt collection expertise had been utilised to recover sums.

Resolved:	**Responsible Officer:**
That:	
1. an explanatory note be included within future reports for each key financial indicator that fails to meet its target;	CFO/FCFO
2. a break-down of the debt that has been written-off in the year be provided in future reports.	CFO/FCFO

46/19 PCC RISK REGISTER

The Committee was invited to consider and review the current iteration of the PCC's Risk Register.

C045 (Failure to obtain satisfactory VfM from disposal of West Parade police station) Members noted that the commentary provided under 'New/Developing Controls' for the risk had not changed since the Committee had last reviewed the Register. The Research and Performance Officer (RPO) stated that he was prevented from providing an update on discussions due to commercial sensitivity. The Committee requested that future iterations of the

Register include the date on which 'New/Developing Controls' were added for individual risks.

Resolved: That: 1. the PCC Risk Register be noted; 2. future iterations of the Register include the date on which 'New/Developing Controls' are added for individual risks.	**Responsible Officer:** - RPO

47/19 POLICE AND CRIME COMMISSIONER AND CHIEF CONSTABLE'S ASSURANCE MAP

The Chair queried whether the PCC and Chief Constable had reverted back to the practice of having a single joint Assurance Map. The RPO confirmed that a draft version of the joint Assurance Map would be presented for consideration at the next Committee meeting. This included breaking down some of the larger functional areas and developing a dashboard approach to avoid having to synthesise information for the Assurance Map. A Joint Assessment Review meeting had been scheduled for mid-January 2020 to agree scoring/ratings. The RPO would also be in a position to check the provenance of sources of information/evidence once corporate planning processes had sufficiently matured. The DCC expected the new Map would not only meet the needs of the PCC and Chief Constable but help drive activity.

Members were concerned to ensure that officers and staff recognised/associated with the assessments that were made of their business areas. The RPO assured the Committee that function leads would be included as part of the review process and that going forward, a more inclusive approach would be taken to ownership/governance of the joint Assurance Map.

Resolved: That: 1. the Joint Assurance Map be noted; 2. the Update Log include the reference numbers of entries that have been updated.	**Responsible Officer:** - RPO

48/19 AUDIT COMMITTEE FORWARD PLAN

The Chair referred to the working group that had recently been set-up to review governance arrangements and suggested that the forthcoming review of the Scheme of Arrangements for the Discharge of Functions scheduled for January 2020 be rearranged for later on in the year.

Resolved:	Responsible Officer:
That:	
1. the review of the JIAC Effectiveness Audit Action Plan detailed under Section (1) of the Forward Plan, be deleted;	DCFO
2. the review of the Scheme of Arrangements for the Discharge of Functions detailed under Section (5) of the Forward Plan, be re-scheduled.	DCFO

49/19 JIAC TERMS OF REFERENCE, PROCEDURE DOCUMENT AND CODE OF CONDUCT

Resolved:	Responsible Officer:
That:	
1. page 3 paragraph 10 of the Procedure Document be amended to show that the Official part of the Chief Constable's report will be provided via the Glasscubes secure portal;	DCFO
2. Page 2 paragraph 14 be amended to include the External audit service.	DCFO

EXCLUSION OF THE PRESS AND PUBLIC

50/19 HMICFRS AREAS FOR IMPROVEMENT

The DCC updated the Committee on the current status of Areas for Improvement and recommendations identified by HMICFRS during the period 2014 to 2019.

In welcoming the reported reduction in the number of outstanding recommendations, Members queried the status of the national Undercover Policing inquiry. The DCC advised that the inquiry's findings were unlikely to be available until late 2020.

Resolved:	Responsible Officer:
That the report be noted.	-

51/19 LINCOLNSHIRE POLICE RISK REGISTER

The Committee reviewed the risk management processes with reference to the Lincolnshire Police Risk Register.

Resolved:	**Responsible Officer:**
That the Lincolnshire Police Force Risk Register be noted.	-

CHAIRMAN