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JOINT INDEPENDENT AUDIT COMMITTEE
2 March 2022
1.30pm to 4.27pm

PRESENT

Members: Mr D Forbes (Chair), Mrs T Latham-Green, Mr W Leschenko, Mr D Matthew, Mr A Middleton, Ms Judit Seymour

OPCC Officers: Ms J Flint (Chief Finance Officer), Mrs G Holder (Deputy Chief Finance Officer), Mr J King (Corporate Administration Officer), Ms K Nicholls (Intern)

Force Officer: Mr C Davison (Assistant Chief Constable)

Also in Attendance: Mr M Jones (Police and Crime Commissioner), Mr M Lunn (Internal Audit – Mazars), Mr N Harris (External Audit – Ernst & Young)

44/21 ANNOUNCEMENTS

The Chair announced that Mrs Latham-Green was attending her final Committee meeting. He paid a warm tribute to the Member and thanked her for her valuable contributions to work of the Committee over the last 4 years.

The Chair also welcomed Mr Walter Leschenko and Ms Judit Seymour to their first Committee meeting.

45/21 DECLARATIONS OF PERSONAL AND/OR PREJUDICIAL INTERESTS

Mr Leschenko declared his memberships of East Lindsey District Council's Audit Committee and the Tec Partnership (formerly the Grimsby Institute Group) who both employed Mazars as either their External or Internal Auditors. Both the Member and the Chair were satisfied that his memberships did not constitute either a personal or prejudicial interest.

Ms Seymour declared her membership of the Joint Audit Committee of the Police and Crime Commissioner for Bedfordshire and Bedfordshire Police. Both the

Member and the Chair were satisfied that her membership did not constitute either a personal or prejudicial interest.

46/21 APOLOGIES

Mr J Harwin (Deputy Chief Constable), Ms S Clark (Force Chief Finance Officer), and Mr A Williams (Research and Performance Officer).

47/21 MINUTES OF THE 11 NOVEMBER 2021

The Chair commented that neither he nor any of the Committee Members had been given the opportunity of reviewing the draft Minutes prior to publication. Whilst he acknowledged that officers were currently under a great deal of pressure, he did not expect a reoccurrence going forward.

Resolved: That the Minutes of the meeting held on 11 November 2021 be taken as read and signed by the Chairman as a correct record.	**Responsible officer:** -

48/21 SUMMARY ACTION LOG

Ref 366. The Chair noted that a draft copy of the updated Financial Contract and Procurement Regulations would be presented at the next meeting scheduled for April 2022.

Ref 367, 368, 369 and 370. In the absence of the Force Chief Finance Officer (FCFO) the Chief Finance Officer (CFO) reported that a draft PCC Decision Notice was in the process of being finalised and was expected to have been signed-off by the time the Committee met again in April 2022.

The Committee requested that the outcome of the Internal Audit enquiry into a breach of G4S governance arrangements, which had been announced at the last meeting, be reported to the Committee in due course. The CFO confirmed that this was still work in progress.

Ref 372. In noting that a briefing paper would be presented to the next meeting of the Committee on Cyber Security, Members sought reassurance that the Force was alert to cyber-attacks and had plans in place to deal with such incidents, particularly given the current climate in Europe. The Assistant Chief Constable (ACC) was happy to give that assurance, stating that a warning to forces had been received from the National Police Chief's Council and relevant safeguards were in place.

Resolved:	Responsible Officer:
That: 1. the Action Log be noted; 2. the outcome of the Internal Audit enquiry into a breach of G4S governance arrangements be reported to the Committee.	- CFO

49/21 INTERNAL AUDIT PROGRESS REPORT 2020/21 AND 2021/22

The Chair stated that he had attended a meeting some 9 months previously at which the Chief Constable had been clear that IT was the biggest single area of risk for the Force. He was therefore concerned to learn that the planned audit having been deferred once, appeared to have been pushed-back again. The ACC stated that whilst the Chief Constable welcomed the audit, the work required for the Future Services programme and, in particular, the build-up to the 1 April transition was considerable. Discussions were on-going to consider what might be possible in terms of available capacity within the IT department to assist with a future audit. He was clear that IT remained high on the Chief Constable's agenda and to that end, had recently appointed a Chief Information Officer who would commence in the role shortly.

The Internal Auditor reported that some changes had been made to the Collaboration audit plan in light of the decision to disband the Regional Specialist Operational Training Unit in March 2023. He reported that the regional CFO's had agreed at their meeting in January 2022 to roll-up two planned audits on governance and risk management into a single audit focussing on the wind-up project. This would take place the following year.

The Internal Auditor also highlighted a change that had been made to the Core Financials audit with the incorporation of a performance dashboard, providing Members with more detail in terms of what had been completed and issues picked-up. This was welcomed by the Chair who looked forward to seeing the dashboard featured in future Core Financials audits, which were undertaken on an annual basis.

Resolved:	Responsible Officer:
That the progress reports be noted.	-

50/21 INTERNAL AUDIT REPORTS – IMPLEMENTATION PROGRESS

The Chair was encouraged to note that one of two long standing Counter Fraud recommendations had been completed. Some of the newer Members of the

Committee questioned whether lengthy delays were to be expected or if an intervention of some description were needed to accelerate the completion of audit recommendations. The Chair stated that during his term on the Committee the bulk of outstanding recommendations had been significantly reduced and could be regarded as an improving picture. The ACC made the point that up until recently the Force had one of the lowest proportions of police staff personnel due to the relationship with G4S, and had operated an extremely lean Strategic Development department, which was responsible for co-ordinating much of the activity. As a consequence, it had not always been possible to complete recommendations within the proposed timescales. However, he suggested that the movement of staff back from G4S would present an opportunity to look at how the Force was configured, and to consider whether something could be done to accelerate activity in this area.

It was noted that officers and staff were required to complete an on-line training course in relation to Counter Fraud and Corruption. Members queried whether it would be possible for some or all of them to undertake the course. The ACC could see no reason why Members should not be provided with a copy of the content of the on-line training package.

Resolved:	**Responsible Officer:**
That: 1. the progress report be noted; 2. Members be provided with a copy of the content of the on-line training package on Counter Fraud and Corruption.	 - RPO

51/21 REVIEW OF COMPLIANCE WITH GOVERNANCE ARRANGEMENTS

The Chair queried whether the two external procurements relating to Cleaning and Custody services progressed under the Future Services Programme would both commence with effect from 1 April 2022. This was confirmed by the CFO.

The Committee noted a PCC Decision Notice that had approved funding for a permanent police constable dedicated to serving the University of Lincoln. Members asked if this was part of a wider strategy by the Force and whether there could be a risk of the Force being inundated with similar requests from local communities. In response, the ACC stated that the provision of dedicated police officers within local communities wasn't a new concept for UK policing. He explained that in providing a dedicated police officer for the University, the Force would be addressing a particular need within a growing community in Lincoln. Members acknowledged the large cohort of students within the city and queried whether the initiative would be evaluated at a future point. The ACC confirmed that a full evaluation would be conducted after 12 months and undertook to ensure that a copy of the report/findings were presented to the Committee.

Resolved:	Responsible Officer:
That: 1. the report be noted; 2. a copy of the 12 month evaluation report for the police constable dedicated to serving the University of Lincoln be presented to a future meeting of the Committee.	- ACC Davison

52/21 DRAFT ANNUAL GOVERNANCE STATEMENT – 2021/22 PRELMINARY

It was noted that the agenda item had been deferred for consideration at the next meeting of the Committee scheduled for April 2022.

53/21 ANNUAL REVIEW OF THE ANTI-FRAUD AND CORRUPTION STEERING GROUP

The Chair reminded Members that the report had been prepared in response to a request made by the Committee for more information about the work of the Anti-Fraud and Corruption Steering Group.

Members questioned how they could gain assurance about the effectiveness of the Steering Group in terms of its output. The Chair stated that they would get their assurance primarily from the work of the Internal/External Auditors who would bring the Committee's attention to any issues or concerns that they might have in that area. The CFO stated that the Steering Group exercised a 'light touch' approach; and was primarily a quarterly forum for sharing intelligence from case work between various Force departments, such as Professional Standards, Human Resources, Finance, ICT and Legal in addition to inputs from Auditors and Office of the PCC (OPCC). She explained that the approach to anti-fraud and corruption would be different in other non-police organisations as they didn't benefit from having a Professional Standards department. It was reported that following a recent internal audit, the Steering Group had taken forward a number of initiatives, including the roll out of a training package and development of a fraud risk register to further increase levels of assurance.

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

54/21 TREASURY MANAGEMENT STRATEGY STATEMENT 2022/23

Members highlighted section (3.3) of the report relating to interest rate forecasts and sought to clarify whether the OPCC had made any specific investments or

whether it had been placing short-term cash to maximise yield from favourable interest rates. The Deputy CFO (DCFO) confirmed that it was the latter and advised that the report was likely to be further updated to take account of the latest available information/intelligence on global events that were impacting on interest rates. The final version of the report would be incorporated within a PCC Decision Notice and signed-off by month-end.

The Chair noted a substantial rise in treasury management investments to December 2021 from £8.9m to £23.6m. He queried whether this had been due to the police pensions grant being invested following receipt of the lump sum earlier in the summer. This was confirmed.

Resolved:	**Responsible Officer:**
That the draft Treasury Management Strategy statement 2022/23 be noted.	-

55/21 EXTERNAL AUDITS 2018/19, 2019/20 AND 2020/21 PROGRESS UPDATES

The External Auditor reminded the Committee that audit opinions remained outstanding for the 2018/19 and 2019/20 financial statements. He took a moment to briefly summarise the reasons for the delay before providing a progress update. He explained that an alleged breach of procurement regulations had been raised prior to the 2018/19 accounts being concluded. This had been reviewed by Internal Audit, investigated by the Force Professional Standards department and reviewed by External Audit's own forensics team. The various investigations/reviews had taken some time to complete, however, after having reviewed the findings, a number of points for clarification had been raised with the CFO and FCFO. Providing satisfactory responses were received within a reasonable timeframe, he was hopeful that the matter could be concluded quickly and the audit report on the 2018/19 accounts issued. He stated that should it prove necessary to modify the audit report, then he proposed to arrange a special briefing session for Members rather than wait until the next Committee meeting. If no modifications were necessary, then he assumed that there would be an appropriate form of delegation that could take the final sign-off on the matter. He would follow this up with a written briefing note, which would be circulated to Members. The Chair accepted the proposed way forward on behalf of the Committee.

The External Auditor stated that whilst the 2019/20 financial statements had been substantially concluded, the Committee had not yet received a copy of the Audit results report. This would need to be considered by Members prior to the audit being concluded. With regards to the pension issue that had delayed the 2019/20 accounts, he briefly explained, for the benefit of new Members, that a material adjustment of £5m had been recommended by the External Auditor's pensions consulting team. This related to the McCloud judgement and to assumptions that had been made by the Actuary, Hymans Robertson, about the membership profile, which was not considered sufficiently granular for the circumstances in Lincolnshire. The Actuary disagreed with the stance taken by External Audit, and

he had received strong representations from officers seeking to understand the basis on which the recommended £5m adjustment had been made. He had since clarified the position in a meeting with the CFO and FCFO and they now needed to reach a view about whether the appropriate assumptions would be reflected in the model applied by Actuary for the McCloud remedy. He was clear that the £5m adjustment was material to the audit opinion on the PCC accounts and that if Hymans declined to change their position on the matter, the 2019/20 accounts were at risk of receiving a qualified opinion. The CFO stated that the meeting with the External Auditor had been productive and she remained hopeful that a consensus could be achieved and the matter concluded by the time of the next Committee meeting in April 2022.

Turning to the 2020/21 financial statements, the External Auditor explained that less than 50% of organisations had thus far managed to conclude their 2020/21 accounts due to sustainability issues around local public audits. He described it as a 'very fragile position' with colleagues working through what decisions/actions were needed to address the current back-log position. Once this was clarified, he would agree the scheduling for the 2020/21 and 2021/22 accounts with the CFO and FCFO. He informed the Committee that following a provisional discussion with the officers and being mindful of the current position with the historical accounts and other commitments, the preference would be to schedule the audits in from July 2022 onwards and to do them both in short order.

Members queried when they were likely to receive the finalised schedule for concluding the 2020/21 and 2021/2022 accounts. The External Auditor stated that if he were in a position to provide definitive dates by the time of the next meeting in April then he would do so as part of his update to the Committee.

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

[The External Auditor, Mr N Harris left the meeting at 2.39pm]

56/21 APPOINTMENT OF EXTERNAL AUDITORS FROM 2023/24

The Deputy CFO (DCFO) stated that a decision about whether to opt into the PSAA as appointing person for the External Auditor from 2023/24 would need to be made by no later than 11 March 2022.

Reflecting on the present back-log of historical accounts, Members expressed concern about Ernst and Young's capacity to act as external statutory auditors. There were further concerns raised regarding the PSAA's complaint process, which was described as 'toothless'. The Chair was clear that quality standards needed to be much more rigorous going forward to ensure that organisations were capable of delivering the required audit services. Members queried whether the Chief Executive of the PSAA should be invited to attend the next meeting to discuss their concerns. The Chair advised that he'd had a conversation with the Chief

Executive approximately 18 months ago and had received a detailed written response. He undertook to arrange for a copy of the letter to be circulated to Members.

Resolved:	**Responsible Officer:**
That:	
1. a copy of a letter from the Chief Executive of the PSAA to the Chair of JIAC (approx 18 months ago) be circulated to members of the Committee;	DCFO
2. the preferred option be to opt in to the PSAA as the appointing person for the appointment of an External Auditor from 2023/24.	DCFO

57/21 FINANCE REVIEW UPDATE

Resolved:	**Responsible Officer:**
That a copy of the Action Plan drafted following the Finance Review be presented to the September 2022 meeting of the Committee.	FCFO

58/21 REVIEW OF ACCOUNTING POLICIES

It was confirmed that there were no changes proposed to the accounting policies appended to the report. The Committee was asked to note the proposed accounting timetable provided at paragraph (3.1) of the report. The DCFO highlighted the date for Members to review the draft accounts for the PCC Group, PCC and Chief Constable, which had been set for 25 May 2022. She suggested that this might be deferred to June depending on commitments. In addition, Members were assured that should the target date of 19 September 2022 for the Committee to review the final accounts be pushed back to the next meeting in November, it would still be within the timescale set by the DLUHC.

Resolved:	**Responsible Officer:**
That:	
1. the accounting policies for 2021/22 attached at Appendices 1 and 2 by noted;	-
2. the proposed accounting timetable for the delivery of the 2021/22 accounts outlined at paragraph (3.1) be noted;	-

3. the updates on the statutory environment and assumptions as described in Section 4 of the report be noted; 4. the Committee be kept up-dated on any high level risks relating to the production of the financial statements.	- DCFO

59/21 BALANCE SHEET REPORT

The Committee noted that current year spend on capital was expected to be £7.5m against a budget of £13.5m. This meant that £4.6m would need to be carried forward into 2022/23. Members queried whether this was a symptom of Brexit, the Covid-19 pandemic, difficulties in delivery, or some other occurrence and queried what steps would be taken the following year to catch-up. The DCFO explained that the vast majority of the underspend related to one, possibly two, major capital schemes, which had experienced slippage in their respective timetables. She offered to circulate more detailed information about the projects/slippages outside of the meeting if that would be assist Members.

Resolved: That: 1. the report be noted; 2. Members be provided with further information 'off-line' about the expected carry forward of £4.6m of capital expenditure to 2022/23.	**Responsible Officer:** - DCFO

[The Chair adjourned the meeting at 3.05pm and reconvened at 3.10pm]

60/21 PCC AND CC RISK MANAGEMENT STRATEGIES

The newly appointed Members of the Committee, whilst welcoming the Risk Management strategies, stated that it would be helpful in aiding their understanding and assurance around how risks were managed by the PCC/Force, if an 'off-line' conversation could be arranged with the relevant officers. The CFO undertook to ensure that the requested meeting was organised.

Resolved: That: 1. A meeting be arranged between new members of the Committee and the RPO/RPRO to discuss the PCC and Force Risk Registers;	**Responsible Officer:** RPO/RPRO

2. Appendix 'A' to the Force Risk Management Plan 2019-2022 be reviewed and updated where necessary; 3. the section entitled 'Strategic Partner' on page 12 of the Force Risk Management Plan 2019-2022 be removed post 1 April 2022.	RPRO RPRO

61/21 PCC RISK REGISTER

Members highlighted risks C02 (failure to achieve and demonstrate efficiencies, value for money and optimum workforce activity), C041 (Failure to maintain or develop beneficial regional collaborations) and C054 (failure to maintain a strong working relationship with the Police and Crime Panel) noting that the current risk rating and inherent risk rating for each of the risks was the same. This appeared to imply that controls were either ineffective or not in place. The CFO advised that she had recently taken an action to review and update risk C02. She stated that whilst it was important to ensure value for money, the main challenge in the recent past had been to reduce spending in order to 'live within the budget'. However, she explained that in the last couple of years that picture had changed due to the Government's officer uplift programme and the additional investment that had come into policing. This had led to a shift in focus from reducing spend to growing the organisation through additional recruitment. As the Force was now moving towards a steady state in terms of resourcing levels, attention could be re-focussed on identify those parts of the baseline that required a fundamental review. The intention going forward was to ensure that every part of the baseline was reviewed at least every 4 to 5 years in addition to the development of the annual Value for Money strategy.

Turning to risk C041, the CFO suggested that the current risk position reflected a maturing of regional collaborative arrangements, with some forces preferring to move away from the regional framework and localise certain aspects of police activity. The ACC also pointed to a number of changes in the executive teams within East Midland's forces and OPCCs and to the varying degrees of enthusiasm for regional collaboration that now existed.

With regards to C054, the CFO stated that the risk should not be viewed as a judgement on the current state of the relationship between the PCC and the Police and Crime Panel, but a recognition that the relationship needed to be continually worked at. This included regularly reviewing measures to strengthen and support that relationship, such as the joint memorandum of understanding. Members suggested that in light of explanation provided by the CFO, consideration be given to broadening-out the risk description and reviewing the risk score.

Resolved: That: 1. the PCC risk register be noted; 2. consideration be given to reviewing the description and current risk score for PCC risk C054 (Failure to	**Responsible Officer:** - RPO

maintain a strong working relationship with the Police and Crime Panel).	

62/21 POLICE AND CRIME COMMISSIONER AND CHIEF CONSTABLE'S ASSURANCE MAP - DASHBOARD

The Chair sought an explanation for why the Crime function had been rated as 'Red' when its component parts were rated as 'Green' or 'Amber'. It was agreed that further discussion on this matter be deferred to the confidential section of the meeting [see minute 65/21].

Resolved:	**Responsible Officer:**
That the Joint Assurance Map (Dashboard section) be noted.	-

63/21 AUDIT COMMITTEE FORWARD PLAN & ACTION PLAN

Resolved:	**Responsible Officer:**
That the Forward Plan and Action Plan be noted.	

EXCLUSION OF PRESS AND PUBLIC

64/21 HMICFRS AREAS FOR IMPROVEMENT

The ACC updated the Committee on the current status of areas for improvement and recommendations identified by HMICFRS during the period 2014 to 2022.

Members queried whether HMIC, when undertaking inspections, was mindful of contextual issues, such as the unique challenges of policing a large sparsely populated rural county and the police service in Lincolnshire being relatively underfunded. The ACC confirmed that whilst HMIC would report on performance as they found it, they would also put it into context as part of a wider narrative. The Committee sought to understand whether HMICFRS applied mechanisms for evaluating the allocation of resources and value to communities of the various strands of the Force's delivery strategy. Members were advised that HMICFRS utilised a value for money matrix, which provided comparative data on a wide range of policing activities allowing detailed analysis of areas such as Force spend on policing activities, comparing crime levels/outcomes achieved, and workforce costs, structures, etc.

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

65/21 POLICE AND CRIME COMMISSIONER AND CHIEF CONSTABLE'S ASSURANCE MAP – CONTENT SECTION

In considering the Assurance Map, Members had the impression that implementation had stalled within areas such as East and West Division. It was noted that the returns were in stark contrast to the extensive information and detail provided by the FCR function. The ACC acknowledged that there was a level of inconsistency in the frequency/quality of returns due to a number of issues, including varying degrees of awareness within certain parts of the organisation about the requirement to make returns, and a lack of capacity in operational areas due to the demands being placed on officers and the volume of high-risk crime work requiring day-to-day command.

The Chair raised the issue of the 'Red' rating for the Crime function, which he had raised earlier in the meeting. The ACC referred to a recent 'deep dive' undertaken by Process Evolution focussing on police response, resource and demand. The findings had indicated a shift in the nature of demand, including marked increases in the volume of routine call outs and in the utilisation rates for response officers. He explained that much of the burden in relation to crime investigation was now being shouldered by CID officers, which was why the function had been rated as 'Red'. He did, however, accept that the supporting narrative for the function had not articulated this issue very clearly.

Resolved:	Responsible Officer:
That: 1. the Joint Assurance Map (Content section) be noted; 2. the commentary for the component parts of the Crime function within the Joint Assurance Map be reviewed/refreshed so that they reflect the overall 'Red' RAG rating.	 - RPO

[The Internal Auditor, Mr M Lunn left the meeting at 3.54pm]

66/21 LINCOLNSHIRE POLICE RISK REGISTER

It noted that a number of risks contained both within the Force and PCC Risk Registers were outside of the stated risk appetite. Members were concerned to ensure that as part of the oversight/governance arrangements, consideration was

being given to the levels of risk appetite and whether they should be changed. The Committee was also clear that tolerating a high volume of 'Red' risks should not be considered as the norm. A number of new Members were also surprised to note that business critical issues such as the impact of the pandemic on business continuity, cyber-crime, workforce retention, environmental sustainability and EDI did not appear to feature in the Risk Register. The Chair suggested that the forthcoming meeting/workshop session with the PCC's Research and Performance Officer (RPO) and the Force's Risk Policy and Review Officer (RPRO) would present an ideal opportunity for such matters to be raised and discussed.

Following a number of further questions and queries from Members regarding delivery of the new Command and Control system, ICT infrastructure and workforce planning, the Risk Register was noted.

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

67/21 ARRANGEMENTS FOR TRANSITION FROM G4S CONTRACT

The Committee received an update on progress with transitioning from the G4S contract, which would come into effect on 1 April 2022.

Following a number of questions and queries from Members in relation to use of readiness assessments, staff consultation and organisational culture, the update was noted.

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

CHAIRMAN