Lincolnshire
POLICE & CRIME
COMMISSIONER
SAFER TOGETHER

JOINT INDEPENDENT AUDIT COMMITTEE
1 February 2017
1.30pm – 4:15pm

PRESENT:

Members: Mr D Finch (Chairman), Mr J Cawdell, Mr J Gallagher, Mr I Haldenby, Mr D Matthew

Apologies: Mr B Welch (Internal Audit – Mazars), Mr A Cordoza (External Audit – KPMG)

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

Force Officers: Mr Gary Knighton (Deputy Chief Constable), Mrs S Clark (Force Chief Finance Officer), Mrs M Freeman (CC to Chief Constable – Minutes)

Also in Attendance: Mr J Machej (External Audit – KPMG), Mr Mark Lunn (Internal Audit – Mazars), Mr David Hoose (Internal Audit – Mazars)

41/16 WELCOME

The Chairman and Members welcomed Sharon Clark who had been appointed as Force Chief Finance Officer in January 2017.

42/16 DECLARATIONS OF PERSONAL AND/OR PREJUDICIAL INTERESTS

None.

43/16 MINUTES – 18 October 2016

Resolved:	Responsible officer:
That the minutes of the meeting held on 18 October 2017 be taken as read and signed by the Chairman as a correct record.	-

44/16 SUMMARY ACTION LOG

Ref 170: The Chair asked for the action in relation to the minutes of the Committee meetings to be drafted and circulated within 10 workings days to remain on the action sheet until it was adhered to.

Ref 104: The Members advised that they were content with the way that the memory sticks were used for restricted items and did not require iPads.

Ref 166: Members asked that where Risks were quoted, i.e. "ST73", the title should be included.

Ref 175: The DCC said that the automated email function for online complaint reporting was not yet up and running due to some issues with the force's website. He undertook to bring an update on the work to the next JIAC meeting.

Resolved:	Responsible Officer:
That	
1. the Summary Action Log be noted;	-
2. the DCC agreed to update JIAC on the force website issues regarding online complaint forms to the next meeting.	DCC

45/16 INTERNAL AUDIT 2016/17: PROGRESS REPORT

The Members noted that five final reports had been issued in respect of the 2016/17 plan since the last JIAC meeting. An additional internal audit request in relation to the Blue Light Collaboration Programme had been finalised, with an assurance opinion of "Satisfactory". There were some further reports that were at various stages of completion but they were likely to be finalised as either satisfactory or significant assurance.

Members queried the recommendation made within the Cash, Bank and Treasury Management and asked the CFO to give assurance that there were policies and procedures in place for cash held in evidential safes in the same way as the Finance Department's walk-in safe.

Members noted the 'Limited' assurance in relation to the East Midlands Police Legal Services Collaboration (EMPLS) and asked whether the Management Board was now up and running. The DCC explained that the Regional Deputy Chief Constable's Board would be responsible for overseeing the EMPLS and the Head of EMPLS had recently asked for this to be put on their next meeting agenda, where governance of that Management Board would be discussed and agreed. He assured Members that the EMPLS were fully engaged in Risk Management Boards, Confidential Risk Management Boards and advising in relation to PSD decisions. He added that this was one of the best collaborations in the region at a much reduced cost for Lincolnshire in particular.

Members requested that Internal Audit reports provide details of the lead force for each Collaboration and also highlight where Lincolnshire was not involved in the Collaboration.

On reviewing the Internal Audit Plan 2016/17 at Appendix 2, members noted that 'Partnerships' was showing as a work in progress. The Internal Auditors were asked to include a list of the partnerships in their final report.

Resolved: That	**Responsible Officer:**
1. the Internal Audit Progress Report for 2016-17 be noted;	-
2. CFO to give assurance that there were policies and procedures in place for cash held in evidential safes in the same way as the Finance Department's walk-in safe;	CFO
3. Internal Audit reports provide details of the lead force for each Collaboration and also highlight where Lincolnshire Police was not involved in the Collaboration;	IA
4. Internal Audit to include a list of the partnerships in their final report.	IA

46/16 INTERNAL AUDIT REPORTS: IMPLEMENTATION PROGRESS

The current status of the Internal Audit recommendations was reviewed. Thirteen recommendations had been issued, with eight outstanding showing revised timescales for completion. Members stressed the need for realistic timescales to be given for completion of recommendations, as had been raised at previous JIAC meetings.

The setting of key performance indicators (KPIs) for the operational performance of firearms licensing were on track for completion, with the earliest go-live date being October 2017, following a three month testing period for the new KPIs.

Disappointment was expressed by Members in relation to the status of the Inventory and Asset Register, which had not yet been agreed. The CFO explained that this related to assets that had transferred to the Strategic Partner on the inception of the partnership and which would revert to Lincolnshire Police at its conclusion. She advised that the work would be completed by 31 March 2017.

The Deputy CFO said that the Disposals Policy was in the process of being amended following consultation and feedback.

The Chairman noted that there were no recommendations contained within the list in relation to the collaboration audits. The DCC said that they would be incorporated into the list.

Resolved:	**Responsible Officer:**
That	
1. the Internal Audit Reports – Implementation Progress be noted;	-
2. realistic timescales must be given for completion of recommendations;	All
3. future reports should include recommendations in respect of Collaboration audits.	DCC

47/16 REVIEW OF COMPLIANCE WITH GOVERNANCE ARRANGEMENTS

The Chairman noted that the review and monitoring of PSD had been discussed at the previous JIAC meeting, and asked how that area of work was managed within the governance arrangements. The DCC responded that the PCC held a quarterly PSD Governance Board, attended by him and the Head of PSD. The CFO pointed out that, although the other Governance Boards, i.e. Resources Governance and Performance Governance were not part of the report, any issues arising out of those meetings that should be brought to the attention of the JIAC were discussed as the final item on those meetings' agendas.

Resolved:	**Responsible Officer:**
That the significant governance issues (04 October to 31 December 2016) be noted.	-

48/16 REVIEW OF CIPFA GOOD GOVERNANCE GUIDANCE AND PCC'S DRAFT ANNUAL GOVERNANCE STATEMENT

Members reviewed the CIPFA Good Governance Guidance 2016 and the PCC's draft Annual Governance Statement (AGS). The RPO informed JIAC that a gap

analysis was underway to make sure that the evidence contained within the AGS was properly aligned with the new principles. An annotated version identifying the guidance was being compiled and would be brought to the next JIAC meeting.

Resolved:	**Responsible Officer:**
That:	
1. the PCC's draft Annual Governance Statement be noted.	-
2. the gap analysis examining the extent to which the OPCC complies with the new CIPFA good governance guidance together with an annotated copy containing the sources of evidence of compliance be brought to the next meeting.	RPO

49/16 CHIEF CONSTABLE'S DRAFT ANNUAL GOVERNANCE STATEMENT

The DCC explained that the Chief Constable's draft AGS was very similar to the PCC's draft AGS. There were some changes to be made in the draft as the force had made reference to the PEEL Board which had since split into two Boards: a Strategic Management Board and a Change Board. The latter would be more effective in giving due consideration to the number of change processes that were ongoing in the force.

The CFO said that the aim was to have a common approach to the Financial Statements and that the AGS was a fundamental document.

The draft AGS would be reviewed by the force's Strategic Management Board.

Members were pleased to note that both the OPCC and force were moving away from the AGS being simply about finance, and were actually about the collective governance responsibilities of the force and OPCC.

Resolved:	**Responsible Officer:**
That the Chief Constable's draft Annual Governance Statement be noted.	-

50/16 REVIEW OF SCHEME OF ARRANGEMENTS INCLUDING FINANCE AND CONTRACT & PROCUREMENT ARRANGEMENTS

The Chief Finance Officer said that she was in discussions with the EMPLS in relation to the Scheme of Arrangements, particularly around delegations to the

Chief Constable's staff and whether this was compliant with the Police Reform Act.

Members suggested that there were some general procedural points within the Contract and Procurement Regulations which needed to be cross referenced with the Financial Regulations.

The Committee noted the report.

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

51/16 UPDATE ON IMPLEMENTATION OF ANTI-FRAUD AND CORRUPTION WORKING GROUP (AFCWG) RECOMMENDATIONS

The Committee reviewed the recommendations and actions arising from the meeting of the PCC and the force's joint Anti-Fraud and Corruption Working Group.

Members asked how they could be assured that all staff and officers were aware of fraud and how it could be reported. The DCC said that the Senior Management Seminar had recently discussed an annual integrity check to be included with all officers/police staffs' PDRs. The RPO added that the AFCWG was also considering working with the County Council in relation to an e-learning package they had in this area, completion of which would be mandatory.

A query was raised around the identity of the appropriate authority for those officers and staff that were seconded to other forces and organisations. The DCC said that it should always be the individual's chief constable as the employer.

The Committee suggested that the date the action on the recommendation had been completed should be included in the action plan.

Resolved:	**Responsible Officer:**
That:	
1. the report be noted;	-
2. the date that the action on the recommendation was completed be added to the Action Plan.	RPO

52/16 EXTERNAL AUDIT PLAN 2016/17

Members noted that the External Auditors had identified a significant risk in relation to changes in pension liability due to LGPS Triennial Valuation. The External Auditor said that the pension scheme was re-evaluated every three years and the PCC and CC's share of pensions' assets and liabilities would depend on the quality of the data provided for the valuation exercise. There were specific procedures carried out by the External Auditors that arose from the force's data and how it flowed through the police systems to ensure that the data provided was accurate. This was reflected in the Audit Plan.

Resolved:	**Responsible Officer:**
That the External Audit Plan and Associated Fees for 2016/17 be noted.	-

53/16 APPOINTMENT OF EXTERNAL AUDITORS FOR 2018/19 AUDIT

The Committee congratulated the DCFO on the draft Business Case produced which they felt was an excellent example of a Business Case. They suggested that it be shared to the force as good practice.

Members noted that the preferred option outlined was Option 4, "joining one of the national 'appointing person' bodies.

The CFO confirmed that all of the other forces in the region had already taken the decision to join one of the national 'appointing person' bodies.

The report was noted.

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

54/16 REVIEW OF ACCOUNTING POLICIES

The Force Chief Finance Officer advised that the Accounting Policies had been reviewed against the new Code and there were no significant changes necessary.

Members asked whether the £5k de minimis for year-end accruals was based on single items or the cumulative total. The Chief Finance Officer agreed to clarify this point.

The Committee suggested that some of the policies detailed within the report were not accounting policies, and the wording could be tightened, for example,

there was no need to include who had valued the assets. The Chief Finance Officer said that she would review the report.

Resolved:	**Responsible Officer:**
That	
1. the accounting policies for 2016/17 were reviewed and noted;	-
2. the proposed accounting methodology for the delivery of the 2016/17 accounts was noted;	-
3. the updates on the statutory environment and assumptions were noted;	-
4. the CFO agreed to clarify whether the de minimis for year-end accruals was based on single items or the cumulative total; and	CFO
5. CFO to review the report to consider removing policies detailed in the report which were not accounting policies and some of the details for example the names of the companies who had valued the assets.	CFO

55/16 FINANCE REVIEW

Red, Amber and Green (RAG) ratings had now been added to the Action List. The Chairman said that he would like to see the action list more frequently. He added that some of the actions could be made clearer (for example A5 – Plans to be developed – what did that actually mean?).

Members noted that the plan focussed on competence and actions and that there was no reference to governance.

Resolved:	**Responsible Officer:**
That:	
1. the report be noted;	-
2. the Committee receive more frequent updates on the action list;	CFO
3. the action list be reviewed to ensure that individual actions are clear and concise.	CFO

56/16 HMIC AREAS FOR IMPROVEMENT

The Chairman requested that the Committee review the current status of the HMIC Areas for Improvement (AFI) for assurance purposes only.

Members were pleased to note that the force had made some good progress on the AFIs, and that there were only minor recommendations outstanding. The DCC advised the Committee that the Priority Based Budgeting process would ensure that any areas identified as needing additional investment were being carefully considered and acted upon where necessary.

JIAC noted the report adding that their assurance was enhanced by it. The report would be presented to the Strategic Management Board and then to the Police and Crime Strategic Board.

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

57/16 PCC RISK REGISTER

The Committee considered the PCC's Risk Register, in particular the two key changes outlined in the accompanying report. These were in relation to Risk C036 "Failure to deliver the objectives of the Tri-service 'Blue Light Programme" and C06, "Lack of resilience in the OPCC".

In relation to Risk C036, which had risen from Red 12 to Red 16, Members asked whether the developing controls were being moved into current controls, or whether they were still to be completed, emphasising the need to keep the risk register up to date and current. Capital costs had doubled and the Committee asked whether the reasons for this had been explored. The Chief Finance Officer explained that the focus in the short term had been on making sufficient progress to deliver the project, but that the recruitment of a Project Accountant would provide further assurance on this.

The second risk, Risk C06 remained at Red 12, despite succession planning within the Chief Officer Group.. The Committee queried this and the RPO explained that the OPCC was on the cusp of significant change. There had been a restructure and the office now had a different emphasis, however this had only just occurred. Members suggested that there should be a drop in likelihood rather than impact.

Resolved:	**Responsible Officer:**
That:	
1. the PCC Risk Register be noted;	-
2. developing controls within the PCC's Risk Register be reviewed and those that had been implemented be moved to current controls.	RPO

58/16 POLICE AND CRIME COMMISSIONER AND CHIEF CONSTABLE'S ASSURANCE MAP

The Committee reviewed the Assurance Map, showing sources of assurance that strategic risks were being effectively managed.

The RPO advised Members that a revised version of the Assurance Map was in the process of being produced. It would follow a thematic approach. The work was being done jointly by the force and OPCC.

The restricted version of the Assurance Map was driven by the force risks, and so there would be no separate force assurance map.

The Committee asked that the new Assurance Map include the dates that any reviews had taken place.

Resolved:	**Responsible Officer:**
That the PCC and CC Assurance Map be noted.	-

59/16 AUDIT COMMITTEE FORWARD PLAN

The Committee reviewed the Forward Plan.

The Chair proposed that Committee Members attend every other meeting that he had with the Chief Constable and PCC, starting with the next meeting, rather than having one annual meeting. This was agreed, and the forward plan would be updated to reflect that agreement.

Resolved:	**Responsible Officer:**
That	
1. Committee Members attend every other meeting that the Chairman had with the Chief Constable and PCC, starting immediately, rather than having an annual meeting in May;	DCFO
2. the Annual Members' meeting with the PCC and CC to be removed from the forward plan.	DCFO

(Mr I Haldenby left the meeting at 15:45 hours)

EXCLUSION OF THE PRESS AND PUBLIC

60/16 CHIEF CONSTABLE'S ASSURANCE MAP

The Chief Constable's Assurance Map was noted, in light of the discussion at 58/16 regarding the updating of the Assurance Map.

Resolved:	**Responsible Officer:**
That Chief Constable's Assurance Map be noted.	-

61/16 LINCOLNSHIRE POLICE RISK REGISTER

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

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

62/16 FEEDBACK ON MEETING

The Chair invited Members and officers to provide feedback on the meeting and to identify any issues of concern and/or suggest improvements going forward.

Resolved:	**Responsible Officer:**
That feedback be noted.	-

CHAIRMAN