



**JOINT INDEPENDENT AUDIT COMMITTEE**  
**27 July 2017**  
**1.30pm – 3:35pm**

**PRESENT:**

**Members:** Mr D Finch (Chairman), Mr J Cawdell, Mr J Gallagher

**Apologies:** Mr I Haldenby, Mr D Matthew, Mr A Cordoza (External Audit – KPMG), Mr B Welch (Internal Audit – Mazars)

**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 C Naylor (Temporary Deputy Chief Constable), Ms S Clark (Force Chief Finance Officer)

**Also in Attendance:** Mr J Machej (External Audit – KPMG), Mr D Hoose and Mr M Lunn (Internal Audit – Mazars)

**19/17 DECLARATIONS OF PERSONAL AND/OR PREJUDICIAL INTERESTS**

None.

**20/17 MINUTES – 5 APRIL 2017**

Reference was made to Minute 02/17 regarding the implementation of recommendations made by the Anti-Fraud and Corruption Working Group. In noting that resolution (1) remained outstanding, Members recalled that Internal Audit would also be considering the Force approach to comms.

<b>Resolved:</b>  That the Minutes of the meeting held on 5 April 2017 be taken as read and signed by the Chairman as a correct record.	<b>Responsible officer:</b>  -
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## 21/17 SUMMARY ACTION LOG

**Ref 202:** The Temporary Deputy Chief Constable (T/DCC) assured Members that the action would be progressed in conjunction with the Head of Professional Standards.

**Ref 222:** The T/DCC agreed to include proposed completion dates against outstanding actions within the AFI Matrix.

<b>Resolved:</b>  That: <ol style="list-style-type: none"> <li>1. the Summary Action Log be noted;</li> <li>2. the AFI Matrix include proposed completion dates for outstanding actions.</li> </ol>	<b>Responsible Officer:</b>  - T/DCC
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## 22/17 INTERNAL AUDIT: PROGRESS REPORT 2016-17 AND 2017-18 / INTERNAL AUDIT CHARTER 2017-18 / ANNUAL REPORT 2016-17

Members noted that the status of recommendation 2 of the EMOpSS audit was 'ongoing' and sought an update. T/DCC advised that a meeting had been scheduled for 7 August 2017 to discuss the recommendation. He would have a clearer view on the likely timescale for completion following that meeting.

The Chairman suggested that it would be helpful to have details of lead officers as well as forces within regional collaboration. The T/DCC also offered to provide details of the budget contribution made by each force in the East Midlands.

In noting that the audit of JIAC effectiveness was due to be progressed in September 2017, Members queried whether learning would be taken from other force areas. This was confirmed by the Internal Auditor who stated that time would be allocated to discuss best practice, ideas and suggestions.

<b>Resolved:</b>  That <ol style="list-style-type: none"> <li>1. the Committee be provided with details of lead officers for Regional Collaboration and the budget contribution made by each force in the East Midlands;</li> <li>2. the Internal Audit Charter at Appendix B be noted;</li> <li>3. the Internal Audit Annual Report for 2016/17 at Appendix C be noted.</li> </ol>	<b>Responsible Officer:</b>  T/DCC - -
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### 23/17 INTERNAL AUDIT REPORTS: IMPLEMENTATION PROGRESS

The current status of the Internal Audit recommendations was reviewed. The T/DCC highlighted the suggestion previously made by the Committee that cash seized under the Proceeds of Crime Act (Seized and Found Property audit recommendation 4.2 refers) be weighed as a way of determining value. He was clear that the suggestion would not be adopted as it presented too high a risk.

The Chief Finance Officer (CFO) confirmed that both recommendations made under the 'Collaboration – East Midlands Police Legal Services' audit had been completed.

<b>Resolved:</b>  That progress made in implementing recommendations contained in Internal Audit reports be noted.	<b>Responsible Officer:</b>  -
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### 24/17 REVIEW OF COMPLIANCE WITH GOVERNANCE ARRANGEMENTS

<b>Resolved:</b>  That the report be noted.	<b>Responsible Officer:</b>  -
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### 25/17 REVIEW OF THE PCC AND FORCE'S APPROACH TO ANTI-FRAUD, CORRUPTION AND WHISTLEBLOWING

A number of minor amendments were suggested following consideration of the joint Anti-Fraud and Corruption Policy. The Committee was also unclear whether the terms of reference for the Anti-Fraud and Corruption meeting included intelligence gathered from horizon scanning. It was suggested that the document

also be amended to show that locally as well as nationally produced reports, guidance and best practice would be considered.

<b>Resolved:</b>	<b>Responsible Officer:</b>
That:	
1. the wording of the Professional Standards Reporting Policy PD 48 on page 1 of the joint Anti-Fraud and Corruption Policy be amended to include “(Whistleblowing)”;	RPO
2. the wording of the final paragraph on page 9 of the joint Anti-Fraud and Corruption policy be clarified;	RPO
3. Issues highlighted by the Committee in respect of the terms of reference for the Anti-Fraud and Corruption meeting be considered as part of the next periodic review.	RPO

## **26/17 APPOINTMENT OF EXTERNAL AUDITORS FROM 2018/19 AUDIT**

<b>Resolved:</b>	<b>Responsible Officer:</b>
That the update be noted.	-

## **27/17 EXTERNAL AUDIT: REPORT TO THOSE CHARGED WITH GOVERNANCE 2016/17**

The External Auditor anticipated unqualified opinions being issued in respect of the Police and Crime Commissioner (PCC) and Chief Constable’s Financial Statements 2016/17 and arrangements for securing Value for Money. A formal opinion was expected by 15 August 2017. In noting the report, Members congratulated the Finance team on their efforts and the quality of the submissions that had been made to External Audit.

<b>Resolved:</b>	<b>Responsible Officer:</b>
That the External Audit Report to those Charged with Governance 2016/17 be noted.	-

## 28/17 FINANCIAL STATEMENTS OF ACCOUNTS 2016/17

In presenting the report, the CFO highlighted an emerging issue that concerned the rounding of numbers. The practice of rounding had caused a mismatch between some figures and totals published in the Accounts. Members suggested that the practice only be used for the accompanying notes and not the primary Statements. The CFO had received interim advice and was considering whether to amend the Statements prior to publication. The Committee also highlighted the accuracy of the narrative within the PCC's Annual Report to the Lincolnshire Police and Crime Panel (PCP) in relation to the Accounts. It was agreed that this issue would be picked-up for the 2017/18 Annual Report.

<b>Resolved:</b>	<b>Responsible Officer:</b>
That	
1. the Responses to the Report to those Charged with Governance (ISA 260) on the 2016/17 Accounts be noted;	-
2. the Accounts for Publication at Appendices A1 and A2 be noted;	-
3. the Letters of Representation at Appendices B1 and B2 be noted;	-
4. the Committee receive a report at the 24 January 2018 meeting on the approach that will be taken to reporting the Accounts in the PCC's Annual Report to the PCP.	CFO

## 29/17 FINANCE REVIEW – PROGRESS UPDATE

The Committee welcomed the level of detail provided in the updated progress report for the Finance Review. Members noted the management response to item 13 of the 'In Year Management' theme concerning cultural work with budget holders. The Force Chief Finance Officer (FCFO) accepted that the response had been poorly drafted and explained that Budget holders would need to change their mind set from saving money to delivering services.

<b>Resolved:</b>	<b>Responsible Officer:</b>
That progress to date be noted.	-

## 30/17 HMIC AREAS FOR IMPROVEMENT (AFI)

In presenting his report, the T/DCC paid tribute to former DCC Gary Knighton and the significant progress he had made in the implementation of HMIC recommendations.

<b>Resolved:</b>  That the report be noted.	<b>Responsible Officer:</b>  -
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### 31/17 RISK MANAGEMENT STRATEGIES

Members commented that it would further improve the quality of risk management if the Strategies were clear about ensuring risks did not occur, and if they did, how they would be minimised and controlled. It was accepted that whilst some risks such as cyber-attacks would be addressed in the Business Continuity Plan, there were other areas of risk that would not.

<b>Resolved:</b>  That: <ol style="list-style-type: none"> <li>1. the PCC Risk Register be noted;</li> <li>2. comments from Members in relation to controlling risks be made more explicit in the Risk Management Strategies.</li> </ol>	<b>Responsible Officer:</b>  - CFO/RPO
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### 32/17 PCC RISK REGISTER

**New Risk C038 (lack of Effective Service Commissioning Capacity):**

Members suggested that further opportunities and benefits might be derived from regional collaboration such as additional commissioning capacity.

**New Risk C041 (Failure to maintain or develop beneficial regional collaborations):** Members queried whether there was an 'Article 50' type process for withdrawing from regional collaboration. The CFO explained that all regional collaborative activity was underpinned by formal agreements pursuant to Section 22A of the Police Act 1996. The T/DCC stated that regional collaboration continued to deliver value for money services not only for the benefit of Lincolnshire but also the region as a whole.

**PCC Risk C036 (Failure to deliver the objectives of the Tri-Service "Blue Light" programme):** The Deputy Chief Finance Officer (DCFO) expected the current risk score of Red 16 to reduce once a number of key decisions had been made. However the level of risk would remain if assurances were not forthcoming over the cost effectiveness of the project.

<p><b>Resolved:</b></p> <p>That:</p> <ol style="list-style-type: none"> <li>1. the PCC Risk Register be noted;</li> <li>2. consideration be given as to what further opportunities and benefits might be derived from regional collaboration.</li> </ol>	<p><b>Responsible Officer:</b></p> <p>- CFO</p>
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### **33/17 POLICE AND CRIME COMMISSIONER AND CHIEF CONSTABLE'S ASSURANCE MAP**

The Committee was invited to consider the latest draft version of the joint Assurance Map, which was still under development.

The Chairman suggested that External Audit also be included under the independent assurance/advice column (Third Line). In addition, the Map should include a note of the Internal Audit plan for the year ahead.

Members highlighted item DT-2 (Sustained Cyber-attack) and queried why external penetration testing had not been listed as an assurance. The RPO confirmed that external testing would be included in the next iteration of the document. Members further noted a lack of external assurance for the Estates and Fleet section. The RPO confirmed that this would be addressed by the time of the next meeting.

The Chairman thanked the RPO for his efforts in further developing the joint Assurance Map.

<p><b>Resolved:</b></p> <p>That:</p> <ol style="list-style-type: none"> <li>1. developments with the PCC and CC joint Assurance Map be noted;</li> <li>2. the joint Assurance Map be updated in accordance with comments made by the Chairman and Members of the Committee.</li> </ol>	<p><b>Responsible Officer:</b></p> <p>- RPO</p>
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### **34/17 AUDIT COMMITTEE FORWARD PLAN**

The Committee reviewed the Forward Plan.

<b>Resolved:</b>  That: <ol style="list-style-type: none"> <li>1. Section 1 be updated to include the workshop session on JIAC Effectiveness scheduled for 12 September 2017.</li> </ol>	<b>Responsible Officer:</b>  DCFO
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### 35/17 ANNOUNCEMENT

Members and officials thanked Mr David Finch and Mr John Cawdell who were attending their final meeting before stepping down from the Committee.

### EXCLUSION OF THE PRESS AND PUBLIC

### 36/17 OPERATION ARGO UPDATE

The T/DCC undertook to prepare a written report for the next Committee meeting to address some of the concerns previously raised by the Committee about Operation Argo.

<b>Resolved:</b>  That: <ol style="list-style-type: none"> <li>1. A briefing paper be prepared for the next meeting of the Committee to address issues and concerns raised by Members following consideration of the Operation Argo report on the 5 April 2017;</li> <li>2. the T/DCC be furnished with a copy of the report prepared by James Gallagher on behalf of the Committee.</li> </ol>	<b>Responsible Officer:</b>  DCC  DCFO
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### 37/17 LINCOLNSHIRE POLICE RISK REGISTER

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

<b>Resolved:</b>  That the Lincolnshire Police Force Risk Register be noted.	<b>Responsible Officer:</b>  -
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### 38/17 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.

<b>Resolved:</b>  That feedback be noted.	<b>Responsible Officer:</b>  -
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**CHAIRMAN**