Lincolnshire POLICE & CRIME COMMISSIONER
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JOINT INDEPENDENT AUDIT COMMITTEE
9 July 2019
1.30pm to 3.15pm

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)

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

20/19 ANNOUNCEMENT

The Chair and Members welcomed Deputy Chief Constable Jason Harwin to his first Committee meeting following his recent appointment.

21/19 DECLARATIONS OF PERSONAL AND/OR PREJUDICIAL INTERESTS

None.

22/19 APOLOGIES

None.

23/19 MINUTES OF THE 16 APRIL 2019

Resolved:	Responsible officer:
That the Minutes of the meeting held on 16 April 2019 be taken as read and signed by the Chairman as a correct record.	-

24/19 SUMMARY ACTION LOG

Ref 258: The Chief Finance Officer (CFO) assured the Committee that issues relating to regional collaboration, whilst quite challenging, were being actively addressed and moved forward.

Ref 289: Members queried whether there would be adequate time to put in place alternative arrangements should the Partnership Futures project be unsuccessful. The CFO advised that the project was due to be concluded at the turn of the calendar year. If it failed to deliver an agreement, then the existing contract would still have just over 2 years to run, providing sufficient time for other potential options to be explored.

Resolved:	Responsible Officer:
That the Summary Action Log be noted.	-

25/19 INTERNAL AUDIT: PROGRESS REPORT 2018/19 AND 2019/20, INTERNAL AUDIT CHARTER 2019/20 AND ANNUAL REPORT 2018/19

The Committee noted that the 'Projected Underspend' audit, which had been one of three Collaboration Audits, had yet to be finalised. The Auditor explained that he was waiting for the management response to be received from the Nottinghamshire CFO as the nominated lead for the audit. The CFO assured the Committee that no issues of concern had been raised following the audit and suspected that the delay was probably caused by an oversight or administrative failure and undertook to raise the matter with her colleague.

The Chair noted that the issue of counting seized cash had once again been raised following the Property Management audit. Members queried whether the Force had considered weighing the bags that contained seized cash. The Deputy Chief Constable (DCC) agreed to raise the matter with the Head of Crime and to update the Committee at the next meeting. Members also questioned the management response provided to recommendation (4), regarding the provision of disposals reports by Niche, which was somewhat ambivalent. The Deputy Chief Constable undertook to clarify the position.

The Committee was disappointed to note the 'Limited' assurance opinion provided for the follow-up audit of Recruitment. The CFO reported that the Police and Crime Commissioner (PCC) and Chief Constable had recently agreed to commission an external review of the existing Scheme of Governance, which would encompass some of the key issue areas highlighted in the report such as delegated limits. Examples of where existing governance processes had not worked would also be used by the review team as case studies. Whilst the development was welcomed, Members were concerned that processes had been used inappropriately as vehicles for delivering required outcomes. The Force CFO (FCFO) assured the Committee that improvements had already been made to the relevant processes to ensure that Police Regulations were not unintentionally breached. The CFO expected the review to have been completed by the end of summer 2019. The Chair suggested that it would be helpful if the Committee also received a copy of the review report. Members queried how specific recommendations made within the audit report relating to ex-gratia and bonus scheme payments would be resolved. The CFO expected a consensus view to be reached as a consequence of the review, which would be reported at the next meeting.

Resolved:	**Responsible Officer:**
That:	
1. the Internal Audit Progress Report at Appendix A be noted;	-
2. consideration be given to the possibility of weighing bags containing seized cash;	DCC
3. the management position in respect of Recommendation 4 of the Property Management audit be clarified;	DCC
4. once finalised, the external review report into the Scheme of Governance be presented to the Committee;	CFO/FCFO
5. the Internal Audit Charter at Appendix B be noted;	-
6. the Internal Audit Annual Report for 2018/19 at Appendix C be noted.	-

26/19 INTERNAL AUDIT REPORTS: IMPLEMENTATION PROGRESS

A progress update on the implementation of recommendations from Internal Audit reports was received.

Members noted that the revised timescale for Rec 4.4 (Procurement – November 2018) had been set as 30 June 2019 and sought an update on progress. The DCC reported that testing had not gone as well as had been expected and that a further 3 month period would be necessary.

The Chair queried whether the Collaboration Audits should have been included within the implementation progress report. The CFO considered that whilst

progress was reported to the Regional Resources Board, it should also be monitored by the Committee.

Resolved:	**Responsible Officer:**
That: 1. progress with implementing recommendations contained in Internal Audit reports be noted; 2. progress with implementing recommendations contained in the Collaboration Audits be included in future reports.	- FCFO/DCC

27/19 REVIEW OF COMPLIANCE WITH GOVERNANCE ARRANGEMENTS

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

28/19 FINANCE REVIEW

The CFO/FCFO had formally signed-up to the two year CIPFA Achieving Finance Excellence in Policing programme, which had been designed to help the Police sector achieve exemplary financial management. The first phase was to conduct a financial management capability review through a combination of surveys and interviews. The resultant report produced by CIPFA would inform the development of a local Action Plan. A number of other activities were to be progressed, including benchmarking against other relevant organisations, staff development initiatives and involvement in the Future Leaders Academy. It was confirmed that a copy of the CIPFA report and Action Plan would be brought to the Committee in due course.

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

29/19 FINANCIAL REPORTING: TREASURY MANAGEMENT ANNUAL REPORT 2018/19

The Chair noted that this had been the first occasion on which the Committee had been presented with the Treasury Management Annual Report (TMAR) and queried why the Treasury Management Strategy Statement (TMSS) had not been received earlier in the year. The CFO explained that both the TMSS and TMAR

would normally have been considered at Resource Governance meetings; however this body had recently been disbanded and replaced by a newly created Public Assurance meeting. As a technical document, it had been decided that going forward, the TMSS and TMAR should be considered by the Committee. The Deputy CFO (DCFO) confirmed that the Forward Plan had been updated to include consideration of the TMSS. It was further agreed that a copy of the TMSS would be circulated to Members 'off line' for information.

Following consideration of the Annual Report, Members noted that a 50 year view had been developed and requested that a report be prepared for the next meeting regarding the parameters that were being used to develop the forecast.

In noting the total value of investments held by the PCC, the Chair queried whether returns were being benchmarked. The CFO stated that the aim was to exceed the base rate as a minimum. The FCFO explained that the way the police pensions were funded by the Home Office impacted on cash-flow, resulting in smaller yields because of the short-term nature of investments.

Resolved:	**Responsible Officer:**
That:	
1. the Treasury Management Annual Report 2018/19 at Appendix A be noted;	-
2. a copy of the Treasury Management Strategy Statement be circulated to Members;	DCFO
3. a report on the parameters used to develop the 50 year forecast be presented at the next meeting.	CFO/FCFO

30/19 PCC RISK REGISTER & CC/PCC RISK MANAGEMENT STRATEGIES

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

C02 (Failure to achieve and demonstrate efficiencies, value for money and optimum workforce productivity) Members suggested that further new and developing controls would likely be needed if the risk were to be reduced from 'Red 16' to the target of 'Amber 4'. The Research and Performance Officer (RPO) undertook to raise the matter with the CFO to see what further controls might be possible.

C037 (Resilience and instability in the Force Chief Officer team) Members questioned whether the 'Likelihood' score of '3' under the current risk score still applied in light of the recent appointment of the new DCC. Whilst the DCC expected the risk to reduce over time, he was comfortable with the current score as he transitioned into his new role. It was also noted that the Risk Register had been updated prior to the DCC taking-up his new post.

C045 (Failure to obtain satisfactory VfM from disposal of 'West Parade' police station) The CFO briefed the Committee on the current position with regards to the disposal of Lincoln police station.

C046 (Failure to contain expenditure within available resources) In noting that additional grant funding of £1.8m had been received, Members queried the availability of such funding in the future. The CFO stated that whilst there was always political encouragement to apply for grant funding, the rules governing such bids were rigorously applied by Home Office officials. The DCC referred to the Force Financial Management Statement, which not only drove business but highlighted vulnerabilities and gaps in specialist capabilities. This information would be used to shape future bids for funding.

Resolved: That: 1. the PCC Risk Register be noted; 2. consideration be given to the provision of new and developing controls to mitigate risk C02.	**Responsible Officer:** - RPO

31/19 POLICE AND CRIME COMMISSIONER AND CHIEF CONSTABLE'S ASSURANCE MAP

The RPO referred to changes in the PCC's governance structure, which had led to both the Resources and Performance Governance meetings being disbanded. This had led to some of the sources of assurance relating to corporate reporting being highlighted in grey text within the Assurance Map until such time as new reporting processes had been fully implemented. He further advised that RAG ratings within the document had remained largely static since October 2018 whilst the Force developed its own version of the Map. He remained hopeful that both Maps would eventually be combined. The DCC concurred but also wanted to understand why his predecessor had sought to develop a separate model of assurance.

Resolved: That the Joint Assurance Map be noted.	**Responsible Officer:** -

32/19 AUDIT COMMITTEE EFFECTIVENESS

(a) Forward Plan

The Chair queried when the Committee could expect to receive the Financial Statements. The DCFO confirmed that the matter was due to be discussed with the External Auditor at the conclusion of the Committee meeting, after which she would update Members.

Resolved:	Responsible Officer:
That the Forward Plan be noted.	-

(b) Action Plan

Members noted that the Action Plan was complete and would no longer be brought to the Committee.

Resolved:	Responsible Officer:
That progress with the Action Plan be noted.	-

EXCLUSION OF THE PRESS AND PUBLIC

33/19 HMICFRS AREAS FOR IMPROVEMENT

The DCC reported that the HMICFRS PEEL Inspection had been conducted in June 2019 and he anticipated that a number of outstanding recommendations would be closed, with the exception of those relating to Undercover Policing, which had to be kept open as it was a national enquiry. The final PEEL report was expected at the end of autumn but could be as late as December 2019.

Members commented that the table presented on page 2 of the report was not particularly helpful in reaching an overall view on outstanding recommendations and AFIs.

The Committee noted that the re-inspection of Crime Data Integrity was expected to be conducted around September 2019. The DCC was pleased with the significant effort that had gone into improving the rate of compliance, which was now between 90 – 95%. The Chair referred to his membership of the Independent Crime Recording Confidence Panel and advised that a draft report detailing the Panel's findings and recommendations would be considered in early August 2019. Members suggested that it would be helpful if they could receive a summary of the finalised report in due course.

The CFO referred to the recent publication of HMCICFRS, Sir Tom Windsor's Annual Report and suggested that Members would benefit from receiving other reports and publications relevant to their role on the Committee.

Resolved: That: 1. the report be noted; 2. consideration be given to further developing the table on page 2 of the report to give Members a more informative overview of outstanding recommendations and AFIs; 3. Members receive a summary of the finalised report produced by the Independent Crime Recording Confidence Panel, when available; 4. Members be provided with a web link to HMCICFRS, Sir Tom Windsor's Annual Report; 5. consideration be given to providing Members with reports and other publications of relevance to their role on the Committee.	**Responsible Officer:** - DCC CAO CAO DCFO

34/19 LINCOLNSHIRE POLICE RISK REGISTER

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

Members noted recent developments with the Policing Education Qualification Framework (PEQF) and requested a summary briefing paper on key issues and risks.

The Chair highlighted the new Force Assurance Map that had been appended to the report. The DCC reiterated his intention of understanding the rationale for developing a separate Assurance Map and would revisit the issue with the Committee at their next meeting. Members requested that further consideration also be given to Force involvement with the Fraud Risk Register.

Resolved: That: 1. the Lincolnshire Police Force Risk Register be noted; 2. a summary briefing paper on PEQF be provided for the information of Members; 3. further consideration be given to Force involvement in the Fraud Risk Register.	**Responsible Officer:** - DCC DCC

CHAIRMAN