JOINT INDEPENDENT AUDIT COMMITTEE
26 January 2021
1.30pm to 3.47pm

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), Mr Adam Muspratt (Intern), Miss Lucy Pettit (Intern)

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

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

48/20 DECLARATIONS OF PERSONAL AND/OR PREJUDICIAL INTERESTS

None.

49/20 APOLOGIES

None.

50/20 MINUTES OF THE 25 NOVEMBER 2020

Resolved: That the Minutes of the meeting held on 25 November 2020 be taken as read and signed by the Chairman as a correct record.	**Responsible officer:** -

51/20 SUMMARY ACTION LOG

Ref 245 The Chair highlighted that the action was still outstanding after 3 years and sought an update on progress. The Deputy Chief Constable (DCC) advised that the action was being worked through Corporate Planning and was expected to be signed-off on 26 February 2021. A further update would be provided at the next Committee meeting.

Ref 304 It was confirmed that a date for the Committee to receive a presentation on Regional Collaboration was in the process of being rescheduled.

Ref 328 The DCC undertook to circulate to Members a COVID impact briefing report previously received at a Public Assurance meeting (PAM).

Resolved: That: 1. the Summary Action Log be noted; 2. a copy of the COVID impact briefing report be circulated to Members.	**Responsible Officer:** - DCC

52/20 INTERNAL AUDIT:

The Internal Auditor provided an update on current progress following internal audits to date. It was reported that two final reports had been issued on Archive Management and Victims Code of Practice (follow-up audit). In addition, three draft reports had also been issued in respect of Fleet Management, Recruitment (follow-up audit) and Procurement. It was reported that the impact of Covid-19 had posed a number of challenges to the internal audit process and there remained a possibility that some audits would not be completed by 31 March 2021. Discussions had also been held with regional Chief Finance Officers regarding the completion of Collaboration audits. A priority-based approach had been taken culminating the decision to complete 2 out of the 3 planned audits by the end of 2020/21 and to defer a 3rd audit to the following year.

Whilst Members welcomed the level of detail provided in the DCC's Internal Audit implementation progress update, they expressed concern about the quality of the

responses provided in some of the audit reports, such as Archive Management, and queried why it had taken so long to secure adequate answers and for action to be taken. The DCC pointed to the workflow for audits and where they first came into the Force. He explained that whilst he received briefings prior to attending Committee meetings, some of the audit reports did not come to him directly but were forwarded to relevant business leads. It was important that he had sight of all audits so that he could probe and be clear about what was happening in and around those audit areas. This explained why there were currently more detailed updates within the implementation report then in the audit reports themselves. Ideally, he wanted to reach a position whereby all audits were channelled through the Chief Finance Officers and himself. He could then be more closely involved in aspects such as the allocation of audits and preparation of management statements. It would also provide an element of governance to ensure accountability around delivery, particularly if the Force decided to 'push back' on certain audit recommendations. He explained that they could decide for example, to defer implementing a recommendation to a future date but would need to be clear about how that would be managed going forward. The Chair highlighted the response to recommendation 3 of the Archive Management audit, which stated that as the Force was limited to 2 part-time Auditors it did not currently have the capacity to implement the recommendation. The DCC explained that a priority-based approach had to be taken due to the Force's limited audit capacity and that critical business areas such as Crime Recording had to take priority given the consequences of not recording crime accurately, including the negative impact on victim confidence. Whilst he welcomed a small increase in audit capacity which would be provided over the next 2 years with the support of the Police and Crime Commissioner, the primary focus would remain around contact with the public, victim care, etc. Whilst Members welcomed the DCC's response, they remained concerned that issues identified following the Archive Management audit could be an indicator of wider behavioural/cultural issues within the organisation. The DCC advised that the newly appointed Chief Constable wanted to see a culture of empowerment within the organisation so that employees felt able to come forward/speak-up and have the ability to escalate issues to a senior officer if they felt they were being blocked and/or unsupported. This formed part of a wider piece of work that was currently being taken forward around the culture of the organisation.

Resolved:	**Responsible Officer:**
That the Internal Audit Progress Report be noted.	-

53/20 INTERNAL AUDIT REPORTS IMPLEMENTATION PROGRESS

Members queried why the priority 2 recommendation in relation to budget underspends from the Collaboration – Strategic Financial Planning audit remained outstanding. It was noted from the update provided in September 2020 that a form of words had been agreed that would apply to the 2020/21 year-end and had only to be written-up. Whilst the Chief Finance Officer (CFO) acknowledged the point she explained that other priorities had taken precedence because of the current operating environment, however she was able to confirm that the form of words

had been agreed at the January 2021 meeting of East Midlands regional PCC's and Chief Constables. The delay in effect was due to the meeting cycle and waiting for the form of words formally to be approved.

The Chair sought an update on the priority 1 recommendation from the Recruitment follow-up audit. The Internal Auditor advised that the report was currently being finalised with the CFO and Force CFO. It was agreed that it would be presented for consideration at the next Committee meeting.

It was noted that the priority 2 recommendation around fraud awareness training from the Counter Fraud audit remained outstanding with a revised timescale of 31 December 2021. The Research and Performance Officer (RPO) explained that having identified the need for the training to be revamped it had proved difficult to scope the necessary work. Members were advised that as the Anti-Fraud and Corruption Steering Group (AFCSG) only met on a quarterly basis and had limited capacity to progress the work, it had been difficult to be more precise about the completion date. The Committee expressed concern that the matter was being delayed because of the cycle of meetings rather than flexing to ensure that it was addressed within an appropriate timescale. The DCC acknowledged the concern and assured Members that the matter would be picked-up with the RPO outside of the meeting. He undertook to ensure that a more detailed response around the plan for developing the training would be reported to the next meeting.

Resolved:	**Responsible Officer:**
That:	
1. progress made in implementing recommendations contained in Internal Audit reports be noted;	-
2. the Recruitment follow-up report be presented at the next meeting;	IA
3. a detailed update on the development of fraud awareness training be provided at the next meeting.	DCC/RPO

54/20 REVIEW OF COMPLIANCE WITH GOVERNANCE ARRANGEMENTS

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

55/20 SCHEME OF ARRANGEMENTS INCLUDING FINANCE, CONTRACT AND PROCUREMENT REGULATIONS

The Chair noted that the revisions made to the suite of documents had been largely cosmetic in nature. However, he queried whether extensive revisions would be needed to some documentation following the decision not to extend the G4S

contract. The Chief Finance Officer (CFO) stated that there was no reason why changes would need to be made as a consequence of the G4S contract decision; but acknowledged that proposals might be forthcoming in any event. The DCC stated that going forward the Chief Constable would welcome an early dialogue with the Office of the PCC to explore potential opportunities around the Schemes of Delegation and Consent.

Whilst Members indicated that they had a number of observations to make on individual documents, it was agreed that these would be relayed to the Deputy CFO outside of the meeting.

Resolved:	**Responsible Officer:**
That:	
1. Members relay their observations in relation to the Scheme of Arrangements to the Deputy CFO;	DCFO
2. the paragraph numbering for FR37 on page 31 of the Financial, Contract and Procurement Regulations be amended.	DCFO

56/20 REVIEW OF THE PCC'S AND FORCE'S APPROACH TO ANTI-FRAUD, CORRUPTION AND WHISTLEBLOWING

The RPO reminded the Committee that the PCC's and Force's joint Anti-Fraud and Corruption strategy and policy were reviewed every two years. Members were advised that an administrative error had led to an old version of the Terms of Reference for the AFCSG being provided at Appendix B to the policy document.

Members asked how the confidential reporting web page 'Bad Apple' worked, whether there were any volumetrics and how communication with whistle blowers was progressed. The DCC explained that Bad Apple was a confidential web page reporting system designed to assist members of staff in reporting any misconduct or corrupt practices. He confirmed that there were volumetrics and that whistle blowers would be kept updated assuming they provided contact details. He undertook to circulate information about Bad Apple to Members.

The Committee noted that there was a degree of duplication between the strategy and policy documents, which would benefit from being more distinct/focussed. Members also queried whether the Committee should have been included in the list of External Scrutiny bodies listed under section 2 of the joint strategy and 2.6.2 of the policy. This was agreed.

Resolved:	**Responsible Officer:**
That:	
1. the approach to anti-fraud, corruption and whistleblowing be noted;	-
2. paragraph 3.9 of the report be amended to read *'…This policy is reviewed biennially, with…'*	RPO
3. information about the Bad Apple confidential web page reporting system be circulated to Members;	DCC
4. the Committee be included within the list of external scrutiny bodies listed in section 2 of the joint strategy and 2.6.2 of the policy;	RPO
5. both the joint strategy and policy documents be reviewed with a view to making them more 'distinct and focussed'.	RPO

57/20 FINANCIAL REPORTING: TREASURY MANAGEMENT STRATEGY STATEMENT 2021/22

Resolved:	**Responsible Officer:**
That the Draft Treasury Management Strategy Statement 2021/22 at Appendix A be noted.	-

58/20 FINANCE REVIEW

The CFO reminded the Committee that the Action Plan had been brought for consideration at the previous meeting. There had been no significant developments during the following two months as the Finance team had been focussed on the budget for the year ahead and finalising the two sets of Accounts. The Force CFO highlighted a resourcing issue around the implementation of actions, although it was likely that the Action Plan would need to be reviewed in any case following the G4S contract decision. The CFO advised that none of the actions within the Action Plan were currently due and reassured Members that timescales for delivery remained realistic. In noting the oral update, the Chair looked forward to receiving a written report at the next meeting.

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

59/20 REVIEW OF ACCOUNTING POLICIES

Members queried whether the Risk Register for the draft Accounts included a RAG status and whether there were currently any high-risk items. The Force CFO confirmed that individual risks were assessed, allocated a score and regularly reviewed. Whilst there was nothing specifically 'high risk', their experience with the External Auditors had highlighted property valuations as an area of risk, particularly over the last two years or so.

The Chair noted that the interim audit date had yet to be confirmed and queried whether there had been any further development bearing in mind how close they were to year end. The CFO stated that the External Auditor was not currently in a position to agree a date for the 2020/21 financial year's audit until the previous two years had been concluded. Members asked whether there was a risk that the 28 May 2021 date for CFOs to sign-off the Accounts ready for audit would be missed. The CFO stated that both she and the Force CFO remained fully focussed on delivering by the end of May.

Resolved:	**Responsible Officer:**
That:	
1. the accounting policies for 2020/21 attached at Appendices 1 and 2 of the report be noted;	-
2. the proposed accounting timetable for the delivery of the 2020/21 accounts outlined in Section 3 of the report be noted;	-
3. the updates on the statutory environment and assumptions as described in Section 4 of the report be noted.	-

60/20 BALANCE SHEET REPORT

Resolved:	**Responsible Officer:**
That the Balance Sheet report at Appendix A be noted.	-

61/20 PCC RISK REGISTER

In noting new risk C053 (Failure to develop resilient and effective working relationship with the newly appointed Chief Constable), the Chair queried whether this was a standard risk or if there were genuine concerns about the state of the relationship. The RPO confirmed that it was a standard risk and did not reflect any current issues or concerns.

Members highlighted risk C049 (Failure to adequately prepare for PCC elections in May 2021) and suggested that consideration also be given to the possibility of the election being deferred to later in the year (such as October) and to any potential risks that this might create, including, potentially, to the G4S contract transition.

The Committee queried whether risk C02 (Failure to achieve and demonstrate efficiencies, value for money and optimum workforce productivity) continued to warrant an overall risk score of Red 16. The CFO advised Members that there was currently an outstanding issue that specifically related to procurement and the Value for Money opinion. It was agreed that the matter would be discussed during the exempt part of the meeting.

Resolved:	**Responsible Officer:**
That: 1. the PCC's Risk Register be noted; 2. consideration be given to broadening risk C049 to reflect the potential impact of the election being deferred.	 - RPO

62/20 POLICE AND CRIME COMMISSIONER AND CHIEF CONSTABLE'S ASSURANCE MAP (PART 1)

Members welcomed the user guides that accompanied the Joint Assurance Map dashboard but suggested that it might also be helpful if they were to include a brief note explaining the purpose of the Map, for example '*a mechanism to assess the degree of confidence in the ability of the organisations to deliver strategic objectives*' or similar. In addition, it was noted that the examples provided under Operational Management at paragraph 2.1 referred to policies and procedures. It was suggested that as resources were often an issue in terms of constraints, this should also be included. It was further proposed that the description provided under Internal Audit at paragraph 2.4 be amended to take out the phrase '*external agencies*' and replace it with '*independent of line management*' to avoid any potential confusion with the following section headed 'External Inspection'.

The Chair sought an update on action note 2.5.1 at Appendix A to the report regarding the potential value of completing Assurance Map templates for each support function to capture a baseline position. The DCC advised that the matter would be discussed as part of the transition work and confirmed that the programme board was due to meet the following day. He further informed the Committee that both the RPO and the Force's Risk Policy and Review Officer had personally briefed senior leadership teams to explain the purpose of the Assurance Map and the added value that it could bring.

Resolved:	Responsible Officer:
That:	
1. the User Guide be amended to include a brief note explaining the purpose of the Joint Assurance Map;	RPO
2. the examples detailed under Operational Management at paragraph 2.1 be amended to include 'Resources';	RPO
3. the phrase 'external agencies' under Internal Audit at paragraph 2.4 be amended to read 'independent of line management'.	RPO

63/20 JIAC TERMS OF REFERENCE, PROCEDURE DOCUMENT AND CODE OF CONDUCT

Resolved:	Responsible Officer:
That:	
1. the Terms of Reference at Appendix A be updated to reflect the Committee's new responsibilities for reviewing a range of documents that had formerly been considered at Resources Governance meetings;	DCFO
2. the Procedure Document at Appendix B be amended to reflect the fact that exempt Committee papers were no longer provided to members on encrypted memory sticks but uploaded to the Glasscubes online secure portal;	DCFO
3. the procedure Document at Appendix B be amended to reflect the current timescales for approving the financial statements.	DCFO

64/20 AUDIT COMMITTEE FORWARD PLAN & ACTION PLAN

Members were concerned by the proximity of the September and October meetings. The Deputy CFO confirmed that discussions were on-going with the Chair around the dates of future meetings.

The CFO stated that holding a meeting in January had proved particularly challenging given the compressed timescale following the Christmas and New Year period. The Chair proposed moving the October date to November and the January date to February or March.

Resolved:	Responsible Officer:
That: 1. dates of future meetings be amended in line with the Committee's discussions.	DCFO

65/20 EXTERNAL AUDIT 2019/20 AUDIT – PROGRESS UPDATE

The Chair queried when a date for an interim audit for the current year was likely to be set. The External Auditor explained that typically, the Committee would by now have received an audit plan for the current financial year, however given that the audits for the previous two financial years had not yet been signed-off, it was not the right time to bring forward the plan for the 2020/21 audit. This would be presented only after the Accounts for 2018/19 and 2019/20 had been concluded.

In terms of the 2019/20 audit plan, Members were reminded that the main outstanding issues reported previously included valuations provided for property, plant and equipment assets and the South Park 'blue light' facility in Lincoln. External Audit had also been awaiting assurances from the Lincolnshire pension fund (which would feed into the police accounts), and with the Value for Money conclusion. In terms of progress, the External Auditor reported that they had received and almost concluded reviewing assurances from the Lincolnshire pension fund. The Committee was assured that no items of significance had emerged from that review. It was also reported that following a significant amount of work undertaken by the Force Asset and Facilities Management team, discrepancies identified with the valuations for property, plant and equipment had been reconciled and were now being considered by the Auditor's Estates Valuation team. She understood that the valuation of the South Park lease had been commissioned and that a report would be provided by the end of January. Furthermore, she confirmed that the point that was outstanding on the Value for Money conclusion had been resolved and that the CFO's would share the output of that with her in due course.

The Chair queried whether it would be reasonable to expect the outstanding audits to have been concluded by the end of March. The External Auditor suggested that the timescale was achievable if all the information required was received in time for the audits to be concluded.

EXCLUSION OF PRESS AND PUBLIC

[The Chair adjourned the meeting at 2.50pm. The meeting was reconvened at 2.55pm]

66/20 HMIC AREAS FOR IMPROVEMENT

The Deputy Chief Constable provided a detailed update to the Committee on the current status of Areas for Improvement and recommendations identified by HMICFRS during the period 2014 to 2020.

In noting that HMICFRS were inspecting forces regarding their response to Covid-19, Members queried whether any areas of concern had been identified locally. The DCC stated that the scale of impact on staff, systems and processes during the previous lockdown had been manageable. However, it was a different picture for the current lockdown with far more officers being extracted. The Force was working hard to understand the reasons for this whilst flexing to meet 'business as usual' and Covid-related demand. The Force continued to monitor and routinely update their guidance to the workforce through Operation Talla.

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

67/20 POLICE AND CRIME COMMISSIONER AND CHIEF CONSTABLE'S ASSURANCE MAP (PART 2)

The DCC described the Assurance Map as a 'living document' which would be built into the performance reviews for individual business areas. He was clear that if done correctly it would add value and make a difference both for the workforce and public.

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

68/20 LINCOLNSHIRE POLICE RISK REGISTER

The Chair welcomed the detailed and comprehensive report that had been presented to the Committee.

Members sought clarification over new risk ST106 relating to the potential loss of international collaboration tools following the UK's departure from the EU on 31 December 2020. The DCC explained that there was a potential risk of UK forces accessing some data systems but not all. Whilst there would be ways of accessing data from national policing bodies, delays were possible. However, he suggested that as the UK shared a significant amount security information and intelligence with Europe there would be consequences if the flow of information were to be disrupted and described it as a 'developing area'.

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

69/20 ARRANGEMENTS FOR TRANSITION FROM G4S CONTRACT

The CFO updated the Committee on the establishment of a programme board to oversee the transition from the G4S contract. It was reported that the Chief Constable had taken on the role of SRO, providing an opportunity for him to reshape how services would be delivered in the future. He would be supported by a Programme Director and a range of other individuals both internal and external to the organisation with relevant experience and expertise. The first board meeting was scheduled for the following day and would consider a detailed programme brief. It was confirmed that a separate Risk Register had been developed, which would be shared with the Committee. Whilst an ambitious programme, the CFO did not consider it to be an unrealistic task to complete within the timescale and in a structured way.

The Chair queried whether a communications plan had been developed given sensitivities around the transition. The CFO advised that comms with the workforce had commenced prior to the festive period and was viewed as a high priority for the programme team. The DCC confirmed that a dedicated comms lead had been appointed.

Resolved:	Responsible Officer:
That: 1. the oral update be noted; 2. the programme Risk Register be shared with Members.	 - CAO

70/20 VALUE FOR MONEY ISSUE

The CFO briefed the Committee on a Value for Money issue relating to procurement that she had alluded to earlier in the meeting. The Chair thanked the CFO and asked that the Committee be kept updated.

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

CHAIRMAN