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JOINT INDEPENDENT AUDIT COMMITTEE
28 April 2021
1.30pm to 4.15pm

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), Mr Adam Muspratt and Miss Lucy Pettit (Interns)

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

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

01/21 DECLARATIONS OF PERSONAL AND/OR PREJUDICIAL INTERESTS

None.

02/21 APOLOGIES

None.

03/21 MINUTES OF THE 26 JANUARY 2021

Resolved:	Responsible officer:
That the Minutes of the meeting held on 26 January 2021 be taken as read and signed by the Chairman as a correct record.	-

04/21 FINANCE REVIEW

The Force Chief Finance Officer (FCFO) reported that whilst good progress had been made in formulating a plan post the finance review, it had been necessary to put this on hold once again following the decision not to extend the G4S contract and the need to provide resourcing out of the Finance team to support the Future Services Programme (FSP). A qualified accountant had been engaged from an external agency and would commence on 1 June. A key task for that individual would be to draft a more detailed plan for consideration at a future Committee meeting.

The Chief Finance Officer (CFO) confirmed that they had recently subscribed to CIPFA's 'Achieving Financial Excellence in Policing 2', which would provide access to training courses and other opportunities for advancement. This would prove a useful tool in the development of an in-house finance function that was fit for purpose.

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

05/21 PCC RISK REGISTER

Members sought an update in relation to risk C045 (failure to obtain value for money in the disposal of the former Lincoln Police station). The CFO advised that the Town Deal, a government led initiative to invest in cities and towns, could fund, in partnership with others, the redevelopment of the former Lincoln police station site to provide public value. Work on the initiative would be dependent on progress with the Town Deal, which had been announced by the Chancellor as part of the national budget in March.

The Chair noted in the covering report that changes had been made to the Force's Chief Officer Team (COT) and governance structure. It was agreed that more information about those changes would be provided later in the meeting by the Deputy Chief Constable under the Joint Assurance Map.

Resolved: That: <ol style="list-style-type: none"> 1. the report be noted; 2. risk C049 (Failure to prepare for PCC Elections in May 2021), be removed from the PCC Risk Register. 	Responsible Officer: - RPO
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06/21 VALUE FOR MONEY AND EFFICIENCY PLAN

The FCFO explained that the Value for Money and Efficiency Plan had been prepared as part of a suite of plans to support the financial strategy and budget. There was a significant focus around investment in IT within the Plan as it was regarded as the main area where potential efficiencies and savings could be achieved.

In welcoming an emphasis on the use of IT to make the service more efficient, Members queried whether the costs of extending/replacing IT equipment and software, which often had a relatively short life span, was included as a key factor for consideration when evaluating IT projects. The FCFO confirmed that such considerations did form a part of the financial evaluation conducted on all such projects and that replacement strategies were now increasingly being built into the on-going capital and revenue budgets.

Resolved: That the report be noted.	Responsible Officer: -
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07/21 AUDIT COMMITTEE FORWARD PLAN & ACTION PLAN

The Committee sought an update on the recruitment and selection of new members. The Deputy CFO (DCFO) confirmed that an advert had been drafted and reviewed by Human Resources, the Office of the Police and Crime Commissioner (OPCC) and by some of the Force COT. The advert had been further refined to ensure that it fully reflected the skills matrix. It was expected that the advert would be published by the end of the week. In welcoming the update, the Committee suggested that copies of the finalised advert and current advertising channels being utilised be circulated to Members as they might be able to assist with raising awareness of the vacancies through other channels.

Referring to the dates of future meetings set for 2021/22, the Chair suggested that they might need to be more fluid depending on when the Financial Statement of Accounts for 2018/19 and 2019/20 were finalised.

<p>Resolved:</p> <p>That:</p> <ol style="list-style-type: none"> 1. a flexible approach be adopted in terms of future meeting dates; 2. copies of the finalised advert and current advertising channels being utilised be circulated to all members of the Committee. 	<p>Responsible Officer:</p> <p>-</p> <p>DCFO</p>
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08/21 FINANCIAL STATEMENTS OF ACCOUNTS

The External Auditor confirmed that the 2018/19 and 2019/20 audits remained open and provided a short briefing on progress made with resolving a number of outstanding issues with those audits.

The Chair queried whether the on-going delay to the 2020/21 audit was due to legacy issues from the previous two years. The External Auditor stated that ideally, she would have presented an audit plan for 2020/21 to the Committee but could not do so whilst a number of issues remained outstanding from the previous two financial years. As the resolution of those issues would need to be factored into the risk assessment for 2020/21, she had to prioritise the use of her staff to close-out those years. This would inevitably affect the timeliness of the 2020/21 audit.

Members were concerned that the delay in commencing the 2020/21 audit could also impact on the availability of audit staff with the requisite skills and expertise to undertake the reviews and who were familiar with the Force or had public sector experience. The External Auditor acknowledged the challenges around audit staff starting reviews but, for various reasons, being unable to complete them before being reassigned elsewhere. Those reviews would then have to be picked up by new staff, which was understandably frustrating for the Force and inefficient from an audit perspective. To address the issue, the External Auditor was having direct conversations with the CFO, FCFO and DCFO to ensure that information necessary for the completion of reviews was provided within agreed timescales so that the same staff could be booked in advance and for a sufficient period of time to finalise their reviews.

The Committee sought to understand when the External Auditor could expect to receive information that had been requested in relation to a particular procurement issue raised under the 2018/19 audit. It was agreed that the matter would be deferred for discussion until the Deputy Chief Constable (DCC) had joined the meeting. Members queried the nature of the outstanding issue in relation to the 2019/20 audit, which appeared to concern the completion of asset valuations. The External Auditor explained that feedback received from real estate experts who had considered a sample of asset valuations suggested that a couple of assets, which had particularly unique characteristics, had been valued outside of what they had deemed to be an acceptable range. She assured the Committee that the matter was being moved forward with the assistance of the CFO/FCFO and was reasonably confident that it would not result in a change to the financial statements.

Members queried when they could expect all of the outstanding issues to be resolved and the audits finalised. The External Auditor suggested that it might still be possible to complete the audits by the end of May 2021, however a recent development, which was due to be discussed during the exempt part of the meeting, might have some bearing on that timescale.

09/21 DRAFT INTERNAL AUDIT STRATEGY AND PLAN 2021/22

The Internal Auditor presented the draft 3-year Internal Audit Strategy and Plan for 2021/22, which were in a changed format from previous years, and included some cyclical audits such as procurement and contract management, as well as reflecting some of the significant changes that were going to happen around the Future Services Programme (FSP).

The Chair referred to the FSP and queried whether Internal Audit understood the scope of that work and, given its significance, questioned whether 10 days would be sufficient. The Internal Auditor reported that the scope was still to be determined and agreed with management, and that a contingency had been provided for within the Plan should more audit days be required. Members highlighted the timeliness of the audit as a key consideration in terms of the G4S contract ending in March 2022, and emphasised the importance of getting early agreement around the timing of the various audit inputs to ensure that they came at the right time and when they would be of most benefit.

[The DCC joined the meeting at 2.15pm]

Members referred to the planned partnerships audit and queried whether the Internal Auditor would be selecting a particular partnership to use as a template for evaluation purposes. The Internal Auditor explained that the audit had been deferred from the 2020/21 Plan and that whilst a scope had originally been put in place it would have to be revisited. The Committee highlighted the Local Resilience Forum (LRF) and suggested that it would also benefit from being included within the partnerships audit unless it was already subject to some form of independent review mechanism. The DCC, who chaired the LRF, advised Members that a national report had been produced under a debriefing system called 10,000 Volt Debriefing and offered to share a copy of that paper with the Committee. He explained that the LRF had no legal status and was effectively held to account by the partnership itself through the Chief Executives and Leaders. He further reported that a national integrated review of LRFs was being conducted, which included a call for evidence in terms of what had, and had not, been achieved.

Resolved:	Responsible Officer:
That:	
1. the draft Internal Audit Strategy 2021/22-2023/24 and Internal Audit Plan for 2021/22 be noted;	-
2. the Internal Audit Charter be approved;	-

3. a copy of the national report on LRFs produced under the 10,000 Volt debriefing system be circulated for the information of Members.	DCC
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10/21 SUMMARY ACTION LOG

Ref 293: It was agreed that the action could now be closed as it would be picked-up under the FSP.

Ref 245: It was agreed that the action could now be closed.

Ref 359: The DCC advised that the FSP Risk Register was still being finalised but would be shared with Members shortly. He further offered to arrange for the Committee to receive a briefing on the FSP.

Resolved: That: <ol style="list-style-type: none"> actions 293 and 245 be closed; the Committee receive a briefing on the FSP. 	Responsible Officer: - DCC
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11/21 INTERNAL AUDIT PROGRESS REPORT 2020/21 – PARTS 1 AND 2

Part 1

The Internal Auditor stated that since the last meeting a total of seven finalised reports had been issued relating to Fleet Management, Payments & Creditors, Income & Debtors, Payroll, General Ledger, Cash, Bank and Treasury Management and Recruitment follow-up. A further two draft reports had also been issued in relation to Workforce Planning and Governance. With regards to the 2019/20 Collaboration reports, the Business Continuity report had also been finalised but omitted from the report in error. In addition, it was noted that the 'Limited' assurance opinion awarded for Recruitment follow-up had been colour coded 'Green' instead of 'Amber'. It was agreed that a copy of the Business Continuity audit report would be circulated to Members outside the meeting.

Members referred to the Payroll audit and queried whether payments had been made without any supporting documentation (i.e. mileage receipts). The Internal Auditor confirmed that whilst that had been the case, it had been specific to the East Midlands Special Operations Unit (EMSOU) who had retained the documentation and not passed it to Lincolnshire Police, who made the payments. Audit had raised the issue of bridging the gap between EMSOU and the Force. The Committee was concerned by this apparent weakness in the process and asked the Internal Auditor to clarify the position.

It was noted that the narrative around the objectives for the Income & Debtors audit did not appear to be relevant. In addition, recommendation 2 for the audit had been classed as a 'housekeeping' issue when it clearly wasn't. The Internal Auditor

accepted that the objectives did not align with the audit and noted that a similar error had occurred with one or two other audits within the report, for which he offered his apologies. He also clarified that recommendation 2 was a priority 2 recommendation and not a housekeeping issue as had been stated in the report.

The Chair highlighted the Recruitment follow-up audit and referred to a fundamental recommendation made in the report in relation to temporary contracts being made permanent and how that process could be improved. He noted that the management response had simply been 'agreed' and sought to understand what subsequent action would be taken to address the issue. The FCFO advised that information in relation to the specific case would be disclosed within the exempt part of the meeting but stated that in general, the Force had undertaken a review and were satisfied that they had a satisfactory process in place. The Chair also sought an update in relation to the potential resolution of the on-going ex-gratia payment issue. The CFO stated that it was well underway, almost resolved, and that she had delegated authority to the Chief Executive to consider the payment.

Part 2

The Internal Auditor presented his second report, which provided a full copy of the final audit report on Procurement. He explained that this had been an additional piece of work requested jointly by the CFO and FCFO to look at one particular procurement process. A draft report had been prepared in October/November 2020 and shared with the CFO, FCFO and DCC. This had led to some further work being progressed before the report had been finalised. It was agreed that discussion on the report would be undertaken during the exempt session.

Resolved:	Responsible Officer:
That:	
1. the Internal Audit Reports – Parts 1 and 2 be noted;	-
2. a copy of the Business Continuity audit report be circulated to Members;	IA
3. the process for making payments to EMSOU personnel by Lincolnshire Police be clarified.	IA

12/21 INTERNAL AUDIT REPORTS – IMPLEMENTATION PROGRESS

The Chair highlighted the key points and actions arising from the Counter Fraud and Corruption Training review meeting that had been held on 7 April 2021. The Research and Performance Officer (RPO) explained that the meeting had been held to look specifically at the issue of training/awareness and that a series of actions had been agreed as a way forward. Timescales for completing individual actions would be scheduled and agreed at the next ordinary meeting of the Counter Fraud and Corruption Steering Group in June.

Members requested that the Recruitment follow-up 'temporary contracts' issue be added to the table at Appendix 'A' to the report.

Resolved: That: <ol style="list-style-type: none"> 1. the Internal Audit Reports – Parts 1 and 2 be noted; 2. the Temporary Contracts issue be included under the Recruitment follow-up audit in Appendix 'A' to the report. 	Responsible Officer: - DCC
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13/21 REVIEW OF COMPLIANCE WITH GOVERNANCE ARRANGEMENTS

Resolved: That the report be noted.	Responsible Officer: -
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14/21 CODES OF CORPORATE GOVERNANCE

In noting that the arrangements for the review of governance detailed under paragraph 3.1.1 of the PCC's Code of Corporate Governance (CCG), Members queried what form of 'wide ranging self-assessment' would be undertaken. The RPO explained that he would review the PCC's CCG against changes in relevant legislation or guidance and confirm any proposed amendments with the Chief Executive. An annotated version of the CCG was also maintained, which linked to sources of evidence demonstrating how the PCC complied with the Code. It was confirmed that both documents were reviewed annually.

Resolved: That the codes of corporate governance be noted.	Responsible Officer: -
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15/21 POLICE AND CRIME COMMISSIONER AND CHIEF CONSTABLE'S ASSURANCE MAP - DASHBOARD

The RPO highlighted paragraph 4 of his report, which detailed the actions and activities that would be undertaken to further develop the joint Assurance Map in advance of the next Committee meeting scheduled for September 2021.

It was noted that under point 2.8 in the 'update on progress' paper appended to the cover report, it stated that no updates had been made to the original content by any of the Force leads. Members queried what action would be taken to ensure

that Force leads were more engaged with the Assurance Map. The RPO accepted that embedding the Map within the senior leadership/function leads had proved challenging. However, despite a 'slow start' he reported that several updates had been received from lead officers which had come too late to be reflected in the report. The DCC suggested that changes made to the senior leadership team had not helped the situation. He confirmed that under the Force's new governance structure, the Assurance Map would report into the performance framework where lead officers would be held accountable for updating the Map.

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

[The Chair adjourned the meeting at 2.55pm and reconvened the meeting at 3.00pm]

EXCLUSION OF PRESS AND PUBLIC

16/21 INTERNAL AUDIT: PROGRESS REPORT 2020/21 – PARTS 1 AND 2

The DCC provided a detailed briefing to the Committee on the events that had led to the CFO and FCFO jointly commissioning a piece of work by Internal Audit in relation to a procurement exercise that had been undertaken for DAMS (Digital Asset Management System). It was noted that at the time the review was undertaken no contracts had been signed with suppliers to complete the process but all other elements up to that stage had been completed.

The Chair stated that External Audit had asked several questions of the Force in relation to the procurement and suggested that if they received the necessary assurances and were assured, then that assurance should also suffice for the Committee. Following a number of questions and comments from Members in relation to some of the specific findings and recommendations, the report was noted.

The Chair invited the FCFO to provide more detail in relation to the circumstances that had led to the recommendation around temporary contracts within the Recruitment follow-up audit. Following a briefing from the FCFO and following comments from Members, this aspect of the audit was noted.

Resolved:	Responsible Officer:
That the Committee's assurance in relation to the DAMS procurement exercise be contingent on the level of assurance derived by the External Auditor from information supplied by the Force.	DCFO

17/21 HMIC AREAS FOR IMPROVEMENT

The DCC updated the Committee on the current status of Areas for Improvement and recommendations identified by HMICFRS during the period 2014 to 2020.

Resolved: That the report be noted.	Responsible Officer: -
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18/21 POLICE AND CRIME COMMISSIONER AND CHIEF CONSTABLE'S ASSURANCE MAP – CONTENT SECTION

The DCC briefed the Committee on the new governance structure, which had been put in place to support a refreshed vision for the Force and explained how the Assurance Map would fit into the new performance framework. He further offered to provide Members with a briefing note to assist with their understanding of the governance structure and performance framework. This was welcomed by the Chair.

The Chair noted a point of commonality between Local Policing – West and East in relation to the future impact of 'young in service' on the delivery of policing services. The DCC explained that a significant uplift in police officer numbers coupled with a similar number of officers leaving the Force over the following three year period, would mean that up to 40% of frontline officers could have less than three years' experience in the role. This would not only be a risk for Lincolnshire to manage but for other forces too.

Members referred to the disposal of the former Lincoln police station discussed earlier in the meeting and queried whether, depending on the degree of confidence in the Town Deal initiative, alternative options should also be explored. The CFO explained that the intention was not to dispose of the property but to find a sustainable long-term solution that would benefit the local community. This might include, for example, converting part of the building into low cost accommodation for key workers. However, she was clear that a final decision would not be made until after the forthcoming PCC election.

Resolved: That: <ol style="list-style-type: none">1. the Assurance Map – Content Section, be noted;2. the Committee receive a briefing note on the new Force governance structure and performance framework.	Responsible Officer: - DCC
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[Mr I Haldenby left the meeting at 4.00pm]

19/21 LINCOLNSHIRE POLICE RISK REGISTER

Members highlighted new risk ST141, which concerned the replacement of the Force Command and Control system due to aging hardware/software and queried whether the Force would need to invoke Business Continuity due to the longer response to, and resolution of, hardware faults. The DCC suggested that it would depend on how quickly the three main phases of the replacement programme could be delivered. He confirmed that the 1st phase had already gone live and that the next phase would be in relation to computer aided despatch (CAD). The 3rd and final phase would provide management data to help the Force understand the relationships between demand, productivity and resources.

Resolved: That the report be noted.	Responsible Officer: -
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20/21 ARRANGEMENTS FOR TRANSITION FROM G4S CONTRACT

The DCC provided a high-level briefing on FSP touching on some of the key risks, workstreams, HR and legal considerations.

The CFO stated that whilst there would clearly need to be a number of key decisions and actions taken prior to the G4S contract ceasing in March 2022, the programme could run beyond that whilst various collaborative options and opportunities were explored.

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