Lincolnshire
POLICE & CRIME
COMMISSIONER
SAFER TOGETHER

JOINT INDEPENDENT AUDIT COMMITTEE
11 November 2021
1.30pm to 4.00pm

PRESENT:

Members: Mr D Forbes (Chair), Mr J Gallagher, Mr D Matthew, Mr A Middleton, Mrs T Latham-Green

OPCC Officers: Ms J Flint (Chief Finance Officer), Mr A Williams (Research and Performance Officer), Mr J King (Corporate Administration Officer), Mr A Muspratt and Ms K Nicholls (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), Mr N Harris (External Audit – Ernst & Young), Ms J Seymour (Observer)

21/21 ANNOUNCEMENTS

The Chair reported that Mr J Gallagher would be attending his final Committee meeting due to his term coming to an end. He paid a warm tribute to Mr Gallagher and thanked him for his valuable contributions to work of the Committee.

The Chair also welcomed a new Member, Mr A Middleton to his first Committee meeting. Ms J Seymour was also welcomed as an observer prior to joining the Committee.

22/21 DECLARATIONS OF PERSONAL AND/OR PREJUDICIAL INTERESTS

None.

23/21 APOLOGIES

Mrs G Holder (Deputy Chief Finance Officer)

24/21 MINUTES OF THE 28 APRIL 2021

Resolved: That the Minutes of the meeting held on 28 April 2021 be taken as read and signed by the Chairman as a correct record.	**Responsible officer:** -

25/21 SUMMARY ACTION LOG

Ref 365: Members thanked the Deputy Chief Constable (DCC) for the comprehensive briefing note that had been provided on the Force's new governance and performance structures.

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

26/21 INTERNAL AUDIT PROGRESS REPORT 2020/21 & 2021/22 AND ANNUAL REPORT 2020/21

The Committee was concerned to note that a copy of the June 2018 version of the Financial, Contract and Procurement Regulations was currently published on the Police and Crime Commissioner's website, despite the document having been reviewed and a number of revisions agreed in January 2020. The Chief Finance Officer (CFO) confirmed that an updated version of the Regulations had been drafted but still required some further work before it could be published. She hoped to be in a position to finalise the updated Regulations by the end of the year, so that they had a firm baseline position prior to the G4S contract finishing at the end of March 2022.

The Chair highlighted the planned IT Governance and Benefits Realisation audit, which had already been deferred from 2019/20 to 2020/21 and was not expected to be completed before year-end. The Internal Auditor stated that following discussions with the Deputy Chief Finance Officer (DCFO), concerns had been expressed about the IT department's capacity to assist with the audit. Management discussions were on-going to consider what could be delivered by year-end given the significant pressures on the department.

The Internal Auditor expressed confidence that the 2021/22 audit plan would be fully delivered by year-end.

Turning to the Annual Report, the Internal Auditor confirmed a 'Moderate' audit opinion for 2020/21. This reflected the small number of audits that had achieved a 'Limited' assurance level, indicating that there was scope for further improvement in some areas of business. The Chair confirmed that work was progressing on all of the audits that had received a 'Limited' level of assurance.

Members queried whether any particular benefits had been derived from the organisation's response to Covid-19, which would be helpful going forward. The Internal Auditor suggested that the move towards a more remote style of working had led to a greater reliance on electronic forms of communication, use of electronic forms and digital signatures. This had strengthened control environments and made them more efficient and effective. The DCC stated that the organisation would continue to build on the learning that had been taken from the pandemic and link it into the Force's delivery plans/strategy.

Resolved:	**Responsible Officer:**
That:	
1. the progress reports be noted;	-
2. a draft of the updated Financial, Contract and Procurement Regulations be presented to the March 2022 meeting of the Committee;	CFO
3. the Annual report be noted.	-

27/21 INTERNAL AUDIT REPORTS – IMPLEMENTATION PROGRESS

The Chair was concerned to note that two Counter Fraud recommendations (4.3 and 4.4) had been outstanding since February 2020. He suggested that it would not be unreasonable to hope that they would be completed by year-end.

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

28/21 REVIEW OF COMPLIANCE WITH GOVERNANCE ARRANGEMENTS

The Committee noted that grants totalling £3,850 had been approved by the Police and Crime Commissioner from the Proceeds of Crime Act asset recovery incentivisation scheme (ARIS). Members sought to understand whether the figure was generally in line with expectations, or higher/lower than usual. The DCC explained that there would always be a time lag following policing activity before ARIS funding was received. Much of the activity was linked to regional work, particularly around serious and organised crime. He advised that part of the planning for the Force's Economic Crime team was to maximise the level of income

received from ARIS. The Force CFO (FCFO) stated that ARIS was not a regular income stream and that amounts varied from year to year. She confirmed that a general target was set at the beginning of each year, and this was sometimes exceeded or not met. She advised that they had exceeded the target for the current year by £300k.

The Chair noted that there had been a breach of G4S governance arrangements and that an Internal Audit enquiry would be taken forward. He queried whether a timescale had been set for completion. The CFO confirmed that terms of reference had been agreed with the Internal Auditor and that the enquiry was due to commence imminently. However it was too early to say whether a report into the matter would be ready in time for the next Committee meeting.

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

29/21 FINANCIAL STATEMENT OF ACCOUNTS 2018/19, 2019/20 AND 2020/21 UPDATE

The External Auditor provided a verbal update on the financial statements and value for money conclusions for the last three years. He confirmed that whilst much of the work on the 2018/19 and 2019/20 audits had been substantially concluded, there remained a couple of outstanding issues that needed to be resolved before opinions on the historical accounts could be issued. The first related to an alleged breach of procurement regulations in 2018/19, which had been investigated by external auditors and the Force Professional Standards department. He expected to receive a copy of the finalised report very shortly.

The other outstanding issue related to the 2019/20 financial statements and a material adjustment of £5m that had been recommended by the External Auditor's pensions consulting team. This related to the McCloud judgement and to assumptions that had been made by the Actuary, Hymans Robertson, about the membership profile, which was not considered sufficiently granular for the circumstances in Lincolnshire. He understood that the Actuary disagreed with the stance taken by External Audit and would be providing the CFO/FCFO with an explanation for why they disagreed with the recommended adjustment.

The Chair reminded the Committee that assurance in relation to the procurement issue would be contingent on the level of assurance derived by the External Auditor from information supplied by the Force. He suggested that Members would adopt a similar approach with the outstanding pensions issue. He was also open to an extraordinary meeting of the Committee being held to consider the 2018/19 and 2019/20 accounts if necessary. This was both welcomed and supported by the External Auditor.

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

30/21 FINANCE REVIEW UPDATE

The FCFO reported that whilst a draft plan had been devised post the Financial Review, this had been put on pause due to the impact of Covid-19. She explained that whilst they had intended to pick this up again, the decision taken in November 2020 in relation to the G4S contract had also had an impact. This document would now need to be revisited in light of the establishment of an in-house Finance department in 2022, which would encompass new people/skill sets which had previously been outsourced. Some preliminary work had already been undertaken leading to a number of staff members being enrolled on the 'Future Leaders' development course.

The Chair referred to the last meeting of the Committee at which Members had been advised that an additional qualified accountant would be brought in to help drive the plan forward. The FCFO confirmed that an additional accountant had been engaged, however due to the increasing workload within the Finance department, that individual was undertaking day-to-day accountancy work.

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

31/21 FINANCIAL GOVERNANCE REPORT 2020/21 (PART 1)

The Financial Governance and Performance Report 2020/21 was reviewed by the Committee and a number of revisions/amendments agreed.

Resolved:	Responsible Officer:
That:	
1. a brief explanation be provided for the benefit of the public when documents such as the EPA Contracts Awarded report are redacted prior to publication;	CFO
2. the column marked 'Achieved' be completed for Ref 1 'Medium Term Financial Plan' in Appendix F (page 34);	CFO
3. the wording of the column marked 'Comments' in relation to Ref 3 'Financial Processes' in Appendix F (page 37 – 3rd bullet point) be amended to read 'In many cases this involved utilising shared drives and	CFO

emails whilst ensuring internal controls continue to operate'; 4. the entry for Ref 12 'Benefits Realisation' in Appendix F (page 40) be completed.	CFO

32/21 TREASURY MANAGEMENT MID-YEAR REVIEW REPORT

The Chair noted at Appendix 2 to the report that money was now being lent to slightly lower risk (A and A+) counterparties. He assumed that the approach had been taken to achieve some level of return as opposed to virtually no return from money market funds. The CFO highlighted one particular money market fund that had been domiciled in the Republic of Ireland post Brexit and had asked for certain commitments to be made that were not aligned with the Treasury Management Strategy. She acknowledged that further work would be needed to understand what Brexit meant for Treasury Management. In the meantime, they would continue to take a cautious approach to investments.

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

33/21 PROCUREMENT MID-YEAR REVIEW REPORT

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

34/21 BALANCE SHEET REPORT

The Committee highlighted a long term debt of £25k within the report and noted that it related to an error or misunderstanding regarding a pension commutation. Members queried the recovery period of 25 years and what would happen if the individual concerned passed away during this term. The FCFO confirmed that the debt had arisen following a failure to disclose a pension sharing order leading to the overpayment of a lump sum. She assured the Committee that measures were being taken forward with the East Midlands Legal Services to recover the debt sooner than the timescale set out in the report.

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

35/21 PCC RISK REGISTER

Members sought an update on risk C052 (Failure of the Force to prepare appropriate strategic and operational delivery plans). The FCFO advised that a Fleet plan had been signed-off and that an Estates plan was currently in progress. She confirmed that an IT supporting plan was due to be prepared as part of a piece of work being progressed with external consultants to formulate an IT strategy as they moved out of the G4S contract. She stated that the DCC would be responsible through the corporate planning cycle to pull all of the support plans together through a concerted delivery plan. She was confident that the current risk level of 'Red 16' for C052 would reduce in due course.

The Committee sought an update in relation to risk C045 (Failure to obtain satisfactory VfM from the disposal of the former Lincoln police station site). The CFO reminded the Committee that the Police and Crime Commissioner had been working with 'Investors in Lincoln' who had sought funding from the Government's 'Town Deal' to develop the site. Unfortunately the organisation had recently withdrawn from that proposal. The Commissioner had therefore instructed agents to sell the site on the open market. Some Members expressed disappointment that the site would no longer become a community asset and queried whether other avenues had been explored, such as with local charities and the voluntary sector. The CFO confirmed that a number of avenues had been explored culminating in Investors for Lincoln emerging as the only viable option. Once they had withdrawn from the process, the Commissioner had decided, reluctantly, to sell the site.

Members queried why risk C054 (Failure to maintain a strong working relationship with the Police & Crime Panel) was necessary. The CFO explained that the risk reflected the need for the existing Memorandum of Understanding between the Police and Crime Commissioner and the Police & Crime Panel to be refreshed. However, confidential issues were preventing this from being progressed currently.

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

36/21 POLICE AND CRIME COMMISSIONER AND CHIEF CONSTABLE'S ASSURANCE MAP - DASHBOARD

The Chair sought an explanation for why the crime map area was showing as 'Red' and asked whether it would be appropriate to provide that information in the confidential section. This was agreed.

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

37/21 JIAC TERMS OF REFERENCE, CODE OF CONDUCT AND PROCEDURE DOCUMENT

Resolved:	**Responsible Officer:**
That paragraph 10 (page 4) of the JIAC Terms of Reference Procedure document relating to Briefing Sessions be amended to reflect the option of holding them virtually.	DCFO

38/21 AUDIT COMMITTEE FORWARD PLAN & ACTION PLAN

The Chair advised that he had recently contacted the DCFO regarding the National Audit Office (NAO) guidance on cyber security. He stated that the document contained a number of questions that Audit Committee's should be asking their IT departments about compliance with cyber security standards. The Committee had decided that it would like to receive a paper at a future meeting regarding the extent to which the Office of the Police and Crime Commissioner/Lincolnshire Police complied with the NAO guidance. He accepted that such a paper would probably need to be taken during the exempt part of the agenda.

Members raised a specific query around automatic time outs on Glasscubes App logins. The Corporate Administration Officer advised that the App was likely to be an outgoing application. In the meantime, the risk would be managed by reminding users to do a full manual log out when they were not using the App.

Resolved:	**Responsible Officer:**
That the Committee receive a paper regarding the extent to which the PCC/Force comply with NAO guidance on cyber security.	CAO

[The Chair adjourned the meeting at 3.10pm. The meeting was reconvened at 3.18pm]

[Ms J Seymour left the meeting]

EXCLUSION OF PRESS AND PUBLIC

39/21 FINANCIAL GOVERNANCE REPORT 2020/21 (PART 2)

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

40/21 HMICFRS AREAS FOR IMPROVEMENT

The DCC updated the Committee on a number of changes in personnel within the inspection team at HMICFRS. Members asked the DCC what the significant issues were for him currently. The DCC stated that whilst there were a number of moving parts, he would highlight crime investigation, capacity to deal with the post Covid-19 demand, and victim care - particularly women and girls. He was clear that no single agency could deal with, or be solely responsible for dealing with, complex community safety and crime problems. The Force worked closely with partners to deliver a whole systems approach, ensuring that individuals received quality and timely services from the right organisations.

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

41/21 POLICE AND CRIME COMMISSIONER AND CHIEF CONSTABLE'S ASSURANCE MAP – CONTENT SECTION

The DCC briefed Members on a piece of work that the Force had commissioned on the provision of Wellbeing services. He confirmed that a Project Team had been established and a Business Case finalised. He explained that bringing services back in-house and increasing the size of the team would allow the Force to have greater control over its own resources, take opportunities to work collaboratively with other areas to support officers and staff, and better understand the unique demand, designing processes and introducing services to meet workplace health needs.

Following a number of other questions and comments relating to the FCR and crime investigation, the report was noted.

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

42/21 LINCOLNSHIRE POLICE RISK REGISTER

Risk ST137 (Regional Specialist Operational Training). Members noted that the Northamptonshire Police Chief Constable had commissioned a review of services provided by the Specialist Operations Training (SOT) regional team. The review had concluded that the Force could save costs by delivering the training in-house. The CFO noted that there were two audits planned in this area and suggested that she and the FCFO discuss with the Internal Auditor whether they would still be necessary.

Resolved:	**Responsible Officer:**
That in light of changes to regional collaborative arrangements such as Regional Specialist Operational Training, the planned internal audits in this area be reconsidered.	CFO/FCFO/IA

43/21 ARRANGEMENTS FOR TRANSITION FROM G4S CONTRACT

The Committee was presented with information to update them on progress with the transition from the G4S Contract, which would expire on 31 March 2022. This included a timeline for the Options Exploration Project for services that had gone out to tender, and a high-level programme plan with key milestones for the Future Services Project, which was overseeing the transition.

Following a number of questions and comments, the update report was noted by Members.

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

CHAIRMAN