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JOINT INDEPENDENT AUDIT COMMITTEE
22 February 2023
9.30am to 12.35pm

PRESENT:

Members: Mr D Matthew (Chair), Mr W Leschenko, Mr A Middleton, Ms Judit Seymour.

OPCC Officers: Ms J Flint (Chief Finance Officer), Mr J King (Corporate Administration Officer)

Force Officers: Ms J Debenham (Deputy Chief Constable), Ms S Clark (Director of Finance and Corporate Services)

Also in Attendance: Mr M Lunn (Internal Audit – Mazars), Mr M Hodgson (External Audit – Ernst & Young), Mr M Wright (Observer)

01/23 DECLARATIONS OF PERSONAL AND/OR PREJUDICIAL INTERESTS

None.

02/23 APOLOGIES

Apologies were received from Mr A Williams (Research and Performance Officer).

03/23 MINUTES OF 5 DECEMBER 2022

Attention was drawn to the final sentence at minute 38/22, which stated that Members had expressed their dissatisfaction with the proposed increase in External Audit fees. It was felt that the minute understated the strength of feeling and level of discontentment felt by Members in relation to the backlog of delayed audits and the proposed increase in audit fees.

The Committee also highlighted minutes 45/22 and 49/22 relating to the respective Risk Registers of both the PCC and the Force. Members were concerned that points raised at both the last meeting and at previous Committee meetings had not been fully captured in the respective minutes.

Resolved:	**Responsible Officer:**
That:	
1. the Minutes of the meeting held on 5 December 2022 be taken as read and signed by the Chairman as a correct record.	-
2. Member comments in relation to minutes 38/22, 45/22 and 49/22 be recorded in the Minutes of the meeting.	CAO

04/23 SUMMARY ACTION LOG

Action 385: In noting that the meeting between the PCC, Chief Constable and Committee Chair had been held on 8 February 2022, it was agreed that one of the newer Members of the Committee would accompany the Chair at their next scheduled meeting.

Action 387: The Deputy Chief Constable (DCC) sought to clarify what specific detail Members wanted to see within the proposed one page 'snapshot' of current risks within the Force Risk Register. It was agreed that discussion on this item would be deferred until later in the agenda.

Resolved:	**Responsible Officer:**
That:	
1. the Summary Action Log be noted;	-
2. the next scheduled meeting between the PCC, Chief Constable and Chair of JIAC also include a recently appointed Member.	HoF

05/23 INTERNAL AUDIT PROGRESS REPORT 2022/23

The Internal Auditor confirmed that four audit reports had been finalised/issued and was confident that the remaining audit areas within the 2022/23 Audit Plan would be completed by the Summer.

In noting the summary of key findings raised in relation to the Cyber Security audit, Members highlighted the Priority 2 (significant) recommendations detailed in the report and queried whether the gravity of the matters raised would warrant a higher priority rating. The Internal Auditor explained that when scoring individual

recommendations he would consider a number of factors including what, if any, existing controls were in place. In relation to the Priority 2 recommendations, existing controls were in place but required strengthening. The DCC welcomed the report, which linked in with the previous review of the Force's Cyber-attack response plan undertaken by the National Management Centre. She assured the Committee that the Force was not complacent in this area and took the health and integrity of their IT systems very seriously with areas of vulnerability addressed through the Force Risk Register. Members queried the frequency with which penetration testing of IT systems was being conducted by the Force. The DCC undertook to clarify how often and when testing was carried out. In noting the on-going under-resourcing of the Force's Network and Security team, Members queried whether there were plans to recruit additional staff. The DCC acknowledged the depth of the challenge faced by the Force in competing with the private sector to fill highly skilled roles. However, plans were in place to mitigate vulnerabilities and she confirmed that remedial work was progressing without the additional staff.

Resolved:	**Responsible Officer:**
That: 1. the Internal Audit Progress Report be noted; 2. the Committee be informed of how often penetration testing of Force IT systems was conducted.	 - DCC

06/23 INTERNAL AUDIT REPORTS – IMPLEMENTATION PROGRESS

The DCC underlined the progress that had been in reducing the number of outstanding audit recommendations down to just six.

Highlighting recommendation 4.4 (Counter Fraud – February 2020), the DCC confirmed that the new Fraud Risk matrix had been incorporated within the Anti-Fraud and Corruption Steering Group's (AFCSG's) Annual Report and therefore recommended that the action be closed. Members noted that it had taken almost 3 years to address the action. The DCC explained that the recommendation could have been closed much sooner but had been incorporated into a wider piece of work that had resulted in it being kept open longer than necessary.

Members queried whether the Internal Auditor was content with the management response to recommendation 4.1 (Estates Management – September 2022), which stated that there was no added value in reinstating routine monthly performance reports. The Internal Auditor noted that performance against the completion of statutory compliance requirements would continue to be monitored and suggested that this would address the gap around monitoring. He further advised that the newly appointed Head of Asset and Facilities Management would be reviewing the performance management of her team and the delivery of services, which was likely to generate information on a more regular basis.

The Committee highlighted recommendation 4.1 (Risk Management & Assurance Mapping) and sought an indication of the likely timescale for completion. The DCC confirmed that the Chief Constable's Assurance Map had been successfully developed and would be formally reviewed twice a year. She confirmed that the Map would be shared with Members at this and future Committee meetings.

In noting the report, Members concurred with the closure of the four 'complete' audit recommendations.

Resolved:	**Responsible Officer:**
That progress with the Internal Audit Reports Implementation Progress Report be noted.	-

07/23 DRAFT ANNUAL GOVERNANCE STATEMENTS

The Chair confirmed that the Committee would only be reviewing the preliminary draft of the PCC Annual Governance Statement (AGS) as the Chief Constable's AGS would not be available to review until the following meeting.

In response to a Member question, the Chair confirmed that the last JIAC annual self-assessment exercise had been undertaken during the previous April. The Chief Finance Officer (CFO) reported that in previous years, ad-hoc assessments had been carried out at various times of the year, until CIPFA guidance had been applied and a formal self-assessment plan developed. Matters arising out of the periodic review of the Committee's effectiveness would usually be referenced within the Committee's Annual report submitted to the PCC and Chief Constable. The CFO considered Member learning and development, culture and values, as essential elements in the improvement of JIAC effectiveness. Members acknowledged that once formally appointed, the new Committee Chair would want to have an input into the Committee's future development needs.

The Chair noted at the top of page 5 of the PCC AGS that reference had been made to the PCC and Chief Constable's Joint Assurance Map, which would need to be amended to reflect the recent development of the Chief Constable's Assurance Map. In addition he also highlighted paragraph (5.13), which stated that the Committee had been consulted on the Integrated Scheme of Governance (ISG) and its content reviewed on an annual basis. He could not recall whether the requirement to review the ISG had been captured in the Committee's Forward Plan and asked that this be checked.

Members noted the requirement detailed under paragraph (5.23) for a self-assessment of the PCC's compliance with CIPFA's Financial Management Code and queried whether this had been actioned. The CFO advised that an initial review had been completed and that the exercise would be formally assigned at a workshop session that was due to be held the following week in relation to the business plan for the Finance team.

The Chair drew attention to the statement made at paragraph (6.4.2) in relation to the PCC's medium term financial plan and the current funding gap potentially rising to £10m by 2026/27. The CFO referred to the recent public statement on the grant settlement and to the government's intention of consulting on a new funding formula 'sometime in the near future'. She was hopeful that the consultation exercise would be taken forward prior to the summer break. The DCC stated that both the PCC and Chief Constable were making the case for addressing the inequalities in the current funding arrangements for police forces. Whilst she accepted that there was an urban demand, police forces such as Lincolnshire were faced with policing large geographical areas with comparatively low numbers of officers.

The Chair noted the reference made at Appendix A, paragraph (6.9) to the risk of failing to maintain a strong working relationship with the Police and Crime Panel. The CFO confirmed that the Independent Office for Police Conduct (IOPC) had completed their investigation and that no further action would be taken. The Chair queried whether, following the IOPC's announcement, a more positive form of words could be used. The CFO described the current relationship with the Police and Crime Panel as productive and highlighted the Panel's recent support of the PCC in relation to his precept proposals. She stated that once outstanding issues, such as publication of the investigation report, had been addressed they would be a position to revisit the wording.

Members noted that paragraphs (7.2) and (7.3) in relation to the HMICFRS PEEL inspection required updating. The DCC explained that the gradings, which were highlighted in yellow, had been taken from the previous inspection report. They would not be amended until final gradings from the latest inspection had been confirmed. She stated that an indicative report and associated gradings had been received, however the Chief Officer Team had been disappointed by the findings and compelled to 'push back' on a number of areas within the report.

Resolved:	**Responsible Officer:**
That: 1. the various comments and observations made by the Committee in relation to the PCC AGS be noted; 2. consideration of the Integrated Scheme of Governance be reflected within the JIAC Forward Plan (if not already included).	 CFO/DFCS HoF

08/23 REVIEW OF COMPLIANCE WITH GOVERNANCE ARRANGEMENTS

Resolved:	**Responsible Officer:**
That the Review of Compliance with Governance Arrangements report be noted.	-

09/23 TREASURY MANAGEMENT STRATEGY STATEMENT 2022/23

The CFO invited Members to provide feedback on the Strategy for Treasury Management, which included the Minimum Revenue Provision Policy Statement and the Annual Investment Strategy.

In noting the statement made at paragraph (1.1) of the Strategy Statement that the PCC had a low risk appetite, Members queried whether the Blue Light campus development on South Park in Lincoln had delivered Value for Money (VFM) in terms of the investment made. The CFO stated that it was through the development of a VfM business case for the tri-services campus that they had been able to secure a significant grant from central government to help fund the project. The Director of Finance and Corporate Services (DFCS) further stated that as a condition of the grant, it had been necessary to undertake a full evaluation of the project and to demonstrate that the benefits that they had said would be delivered, were delivered.

The Committee noted that under the CIPFA Code, employees with responsibility for treasury management had to receive adequate training in that area. The CFO confirmed that both she and the DFCS received inputs on treasury management as part of their on-going professional development as well as having access to external consultants for advice. Finance staff were encouraged to attend relevant training courses as part their subscription to CIPFA's Achieving Finance Excellence in Policing (AFEP) programme. The DFCS stated that every effort was made to ensure that the Finance team were kept as up to date as possible.

Members noted that there had been a significant increase in capital expenditure around digital data and technology and queried what the drivers had been for that investment. The DFCS advised that it was primarily to address out of date IT infrastructure following a comprehensive review undertaken by the Chief Digital and Information Officer (CDIO). Investment had been needed in the infrastructure to support existing IT systems and to fund the replacement of specific systems which had reached their end of life. The Chair queried whether such reviews were now being undertaken more regularly, at least on an annual basis. The DFCS confirmed that was the case and explained that whilst the current spike in expenditure had been necessary to fund investment in infrastructure programmes, there would still need to be a level of investment in future years too. Members suggested that it would be beneficial if the CDIO attended a future meeting of the Committee and provide an overview of the Force's IT strategy and plans.

Resolved:	**Responsible Officer:**
That:	
1. Treasury Management Strategy Statement 2023/24 be noted;	-
2. the Committee receive a report on the Force Digital and Data Strategy at its next meeting.	DCC

10/23 ANNUAL REVIEW OF THE ANTI-FRAUD & CORRUPTION STEERING GROUP

The Chair drew attention to paragraph (3.2.3) of the report regarding a pause in the dissemination of fraud related intelligence to the Office of the PCC/Force due to staffing changes at Lincolnshire County Council (LCC). He queried what, if any, impact had resulted from the pause. The CFO assured the Chair that most, if not all of the intelligence coming out of the partnership was largely in areas where there were already very strong, robust controls in place, such as those relating to bank mandates.

Resolved:	**Responsible Officer:**
That the work of the AFCSG be noted.	-

11/23 EXTERNAL AUDIT 2020/21 – PROGRESS REPORT

The External Auditor confirmed that the audit was well underway and expected it to be completed by the end of March. He stated that by the end of the April, the CFO/DFCS would be consulted on the audit findings prior to the report being presented to the Committee.

The Chair sought an assurance that the on-going resourcing issues that had affected Ernst & Young had been rectified. The External Auditor confirmed that the audit would be sufficiently resourced to meet the agreed audit timetable. The CFO commented that the marketplace for public sector audit was not particularly strong and was presenting difficulties for all concerned. The supply side of the statutory audit services market was described as particularly challenging. She stated that following the abolition of the former Audit Commission, audit pricing had become depressed thus further destabilising the market. As they would soon be moving to a new External Audit provider, her main concern was how assured they could be that their former provider would continue to prioritise the conclusion of outstanding audits over new and potentially more lucrative contracts. She suggested that the handover between the old and new provider would be critical in that respect. The CFO had raised the matter with the PSAA but had still to hear how they expected the transition to work in practice. The Chair echoed the CFO's concerns, emphasising the critical importance of expediting outstanding audits as quickly as possible.

Members expressed their ongoing dissatisfaction with the current situation. It was felt that Ernst & Young had entered into a contractual obligation to complete their audits in a timely manner but had experienced a backlog due to inadequate resource capacity planning. This had been further compounded by the proposed increase in fees for the 2018/19 and 2019/20 audits. The CFO acknowledged the frustration felt by the Committee and, at a corporate level, by the senior leadership team. However, looking at it from a national perspective, it was clear that the present difficulties were due to a combination of market and public policy failures, stemming back to the abolition of the Audit Commission and an assumption that the private sector would simply step in and fill the gap.

Resolved:	Responsible Officer:
That the External Audit Progress Update be noted.	-

12/23 FINANCE REVIEW UPDATE

The DFCS reminded Members that she had presented a report at the last meeting providing an update on progress with the AFEP programme, Finance restructure and future plans. She confirmed that the restructure had been concluded with staff members transferring into their new roles. Whilst there were still a number of vacancies that needed to be filled, she was pleased to advise that the new Head of Finance was currently going through pre-employment checks. In addition, she reported that two accountants and two finance business partners had been appointed.

Members sought clarification on the employment status of the finance business partners. The DFCS confirmed that the post holders were employees but as their roles and responsibilities were wider than that of the former Management Accountants, they would be working as business partners - senior professionals - within the Finance team. They would not however be part of the senior leadership team.

Resolved:	Responsible Officer:
That the Finance Review Update be noted.	-

13/23 REVIEW OF ACCOUNTING POLICIES

The Committee noted under Section 4 of the report that the assumptions in relation to the pension valuation for 2022/23 had not yet been released for either the Local Government Pension Scheme or the Police Pension. Members queried whether there was likely to be anything untoward on the horizon. The DFCS stated that she had not had sight of the underlying assumptions and that work was continuing in relation to the pension valuation.

Resolved:	Responsible Officer:
That:	
1. the accounting policies for 2022/23 attached at Appendices 1 and 2 be noted;	-
2. the proposed accounting timetable for the delivery of the 2022/23 accounts outlined in Section 3 be noted;	-

3. the updates on the statutory environment and assumptions as described in Section 4 be noted.	-

[The Chair adjourned the meeting at 11.15am and reconvened at 11.25am]

14/23 PCC RISK REGISTER

The Chair was pleased to note at paragraph (4) of the report that the OPCC management team had met at the end of January 2023 to discuss the approach to risk management, review the risk appetite and content of the PCC Risk Register. However he queried why risk C052 ('failure of the Force to prepare appropriate strategic and operational delivery plans for all key organisational functions including ICT, Fleet, Estates, etc') had been removed from the Risk Register. The CFO advised that the risk had been escalated and was being addressed by the Force. She confirmed that once the relevant delivery plans had been received, the risk would be re-instated to the Risk Register. Members questioned why the risk had not been left on the Register if it was still an issue area. The CFO explained that as the matter had been escalated, it was no longer a risk but a live issue and had been transferred to the OPCC Issues Log. Once the delivery plans were received, it would no longer be an issue and revert back to being a risk.

Members welcomed the Risk Management and Assurance workshop session planned for the Spring and the significant number of changes that had been implemented following the OPCC management team meeting. In noting the new risks that had been added to the PCC Risk Register, Members queried whether it would also be appropriate for those risks to be included on the Force Risk Register given that they were strategic in nature. After further discussion, it was acknowledged that strategic risks were likely to be considered at the forthcoming workshop session and the matter could be raised then. The Chair queried who would be attending the workshop session, which he believed had now been arranged for 23 May. The CFO stated that, subject to availability, all JIAC members including the newly appointed Chair would be invited along with herself, the DCC, DFCS, Risk Policy and Review Officer (RPRO), and the Research and Performance Officer.

In noting the report, the Committee recognised the importance and complexity of risk C058 ('Deliver new ERP system concurrent with a supported outgoing system') and noted that a PID had been requested from the Force to clarify the intended timescales for the project.

Resolved:	**Responsible Officer:**
That the PCC's Risk Register be noted.	-

15/23 POLICE AND CRIME COMMISSIONER AND CHIEF CONSTABLE RISK MANAGEMENT STRATEGY

In noting the respective strategy documents, Members suggested that the 3-year Force Risk Management Strategy (RMS) could quite easily be divided into two separate documents, comprising a short 2 page strategy and policy/procedures. Whilst the DCC concurred, she was satisfied that the document delivered what was expected from a RMS. Members noted that the Force RMS did not explain how the 3 year strategy would be delivered. The DCC clarified the aim of the RMS, which was to set out the Force's approach to managing organisational and operational risk.

Resolved:	**Responsible Officer:**
That the PCC and the Force's risk management strategies be noted.	-

16/23 EVALUATION – UNIVERSITY OF LINCOLN POLICE LIAISON OFFICER

The paper had been a late addition to the agenda and provided the Committee with a 12 month evaluation of the University of Lincoln Police Liaison Officer.

The Committee welcomed the report and noted the positive feedback received from the University authorities and the Student's Union. Members queried whether the role was viewed by the Force as a developmental opportunity and if it had proved a good use of limited resources. The DCC stated that the police liaison officer was not a permanent fixture at the University of Lincoln and could be deployed on operational duty elsewhere in the county if necessary. The post itself was being funded by the University and the value/benefits of having a visible and accessible policing presence on the campus had been clearly articulated within the evaluation report. Members asked if there was a preventative element to the role and whether this was a model that could be adopted by other universities. The DCC concurred stating that the liaison officer would also be raising awareness around issues such as drugs and alcohol, which were important but difficult to measure. She confirmed that similar arrangements between universities and police forces were already successfully working in other parts of the country. The Committee wondered whether the success of the liaison officer could lead to other organisations seeking similar collaborations with the Force. The DCC stated that she was unaware of any such approaches being made to the Force and that any future requests would need to be carefully considered and judged on their own merits.

Members noted that the liaison officer appeared to be taking over some of the University's responsibilities for student welfare. The DCC acknowledged that the lines between public safety and welfare could be blurred at times. However, she did not get the sense that the liaison officer was picking-up lower level generic welfare issues from the University.

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

17/23 FORWARD PLAN AND ACTION PLAN

Resolved:	Responsible Officer:
That:	
1. the Forward Plan and Action Plan be noted;	-
2. Committee Members be provided with biographical information about the new Chair and ordinary Member once formally appointed;	CAO
3. consideration be given to the possibility of combining into a single day the planned JIAC workshop sessions on the Statement of Accounts and Risk Management/Assurance;	CFO/DFCS
4. new and existing Members be provided with a note of future Committee meeting dates;	CAO
5. where possible, Committee meetings commence at 10.00am and Member pre-meetings at 9.30am;	CAO
6. where possible, Committee meetings not be held on a Thursday or Friday.	CAO

EXCLUSION OF PRESS AND PUBLIC

18/23 HMICFRS AREAS FOR IMPROVEMENT

The DCC outlined progress with the various recommendations and areas for improvement (AFI) identified by HMICFRS during the period 2014 to 2023. She acknowledged that it was a comprehensive and detailed paper, though the various tables/RAG ratings provided at paragraph (9) of the report did provide a helpful high-level summary for the Committee.

The DCC confirmed that 68 recommendations were currently live and lamented the disproportionate level of evidence required by the HMICFRS liaison officer before recommendations could be closed. However, she was pleased to report that in a letter from the Chief Inspector of HMICFRS he had acknowledged that the approach to the monitoring/closing of recommendations had become too prescriptive and cumbersome. The DCC briefed Members on a 'four step approach' that was being taken forward in relation to inspection reports/recommendations, which, over the following six to nine months, would lead to a significant 'clearing of the decks' in terms of outstanding recommendations being signed-off.

The level of detail provided within the cover report and the DCC's ambition to significantly reduce the number of live recommendations was welcomed by the Committee. Members also stated that it was unnecessary for a 'snapshot' of the AFI/recommendations tracker to be appended to the paper, though it would be helpful if future reports could include a table showing the movement of AFIs/recommendations on a quarterly basis.

Resolved:	**Responsible Officer:**
That:	
1. the HMICFRS Areas for Improvement report be noted;	-
2. future reports no longer include a snapshot of the AFI/recommendations tracker but include a table showing the movement of AFIs/recommendations on a quarterly basis.	DCC

19/23 LINCOLNSHIRE POLICE RISK REGISTER

The DCC updated the Committee on developments within the Force's risk management processes and Force Risk Register. In addition, Members were invited to consider a draft copy of the Chief Constable's Assurance Map, which had been appended to the report.

Members made the following observations:

- Risk descriptions must describe the precise nature of a risk so the Committee can be assured that any mitigation put in place addresses that risk. The challenge for the Force is to ensure that there is no loss of definition in relation to risk descriptions.
- There did not appear to be a specific risk within the Register relating to the Force's organisational culture, which was surprising in light of some of the recent high profile cases involving misogyny, sexism and racism within police forces.
- There appeared to be a lack of visibility around the Force's risk appetite.
- It had been noted that the Risk Register contained a significant number of operational risks. This had led Members to query how the Force was capturing strategic risk.
- It was unclear why the residual risk for Policing Education Qualifications Framework (PEQF) had been reduced.

The DCC welcomed the observations and feedback provided by Members. She accepted the comments made in relation to the accuracy of risk descriptions and would seek to ensure, through the RPRO, that all risks were clearly defined and where that wasn't the case, to ensure that they were re-articulated.

The DCC suggested that the level of Force risk appetite was reflected in the scoring applied to individual risks. There was also a separate column within the Risk Register that provided commentary on the risk appetite for each risk.

The DCC stated that organisational culture had not been included as a risk within the Risk Register but had been included within the draft Assurance Map. She confirmed that the Force was currently undertaking a significant amount of work around professional standards/organisational culture. The Assurance Map would be used to identify and link the main sources of assurance around the culture piece.

In relation to PEQF, the DCC advised the Committee of the Home Secretary's decision to retain PEQF whilst also ensuring that other entry routes were opened. The Force was in the process of redefining its entry requirements in light of this decision.

The Chair noted that the Assurance Map was still a work in progress and would be in better shape for consideration by the time of the next Committee meeting.

Resolved: That: 1. the Lincolnshire Police Risk Register be noted; 2. consideration be given to revising the format of the Chief Constable's Assurance Map so that it can be more easily reviewed in hard copy form by Members.	**Responsible Officer:** - DCC

20/22 ARRANGEMENTS FOR TRANSITION FROM G4S CONTRACT

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

21/22 ANY OTHER BUSINESS

The DCC suggested that Members might find it useful to set aside some time to undertake a 'deep dive' into the Force's Priority Based Budgeting process either at a future meeting or as a separate session. This would help Members understand how the Force was increasing its efficiency and securing Value for Money. This suggestion was welcomed by Members.

Resolved:	**Responsible Officer:**
That the Committee undertake a ‘deep dive’ into Priority Based Budgeting either as an agenda item at a future Committee meeting or as a stand-alone session.	DCC/DFCS

CHAIRMAN