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Lincolnshire POLICE & CRIME COMMISSIONER
SAFER TOGETHER

JOINT INDEPENDENT AUDIT COMMITTEE
4 October 2023
9.30am to 12.25pm

PRESENT:

Members: Mr M Wright (Chair), Mr W Leschenko, Mr A Middleton, Ms Judit Seymour, Mr P Stone.

OPCC Officers: Ms J Flint (Chief Finance Officer), Mrs M Kadwell (Head of Finance), Mr A Williams (Research & Performance 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: Ms S Knowles (Internal Audit – Mazars), Mr M Hodgson (External Audit – Ernst & Young), Umesh Lakhotia (External Audit – Ernst & Young)

42/23 DECLARATIONS OF PERSONAL AND/OR PREJUDICIAL INTERESTS

None.

43/23 APOLOGIES

Apologies were received from Mr D Hoose (Internal Audit – Mazars).

44/23 MINUTES OF 2 AUGUST 2024

Minute 26/23 Members recognised the importance of the Force Digital and Data Strategy and agreed that it would be beneficial if the Committee were to receive an update report on the risks, controls and governance around digital, data and technology on an annual basis.

Minute 29/23 The Chair considered that the wording of the second paragraph relating to the EDI Audit should be amended to reflect the significant concerns that were expressed by Members at the meeting.

Minute 30/23 The Chair considered that the wording of resolution (2) did not accurately reflect what was agreed by Members at the meeting. He requested that Internal Audit provide a 3 to 5 year summary of those functions that had previously been audited and a forward look at those functions that were likely to be scheduled for audit in the future. This forward plan would need to be shared with Members at the next available meeting prior to the 2024/25 Audit Plan being presented to the Committee in March 2024.

Resolved:	**Responsible Officer:**
That:	
1. the Minutes of the meeting held on 2 August 2023 be taken as read and signed by the Chairman as a correct record subject to the following amendments: • That minute 29/23, para 2, of the 2 August 2023 JIAC minutes, be amended to read as follows: 'Members expressed significant concerns on learning that there was no EDI policy or regular training in place, and this posted a significant risk to the organisations.' • That the wording of resolution (2) for minute 30/23 of the 2 August 2023 JIAC minutes be amended to read as follows: 'That Internal Audit provide a 3 to 5 year summary of those functions that have been audited, with a forward look at those functions that are likely to be scheduled for audit in the future. This forward plan to be shared with Members at the next available meeting prior to the 2024/25 Audit Plan being presented to the Committee in March 2024.'	CAO
2. That the Committee receive an update on issues relating to the risks, controls and governance of the Force Digital and Data Strategy on an annual basis.	CDIO

45/23 SUMMARY ACTION LOG

The Committee agreed to close action numbers 391, 392, 396, 399, 403, 404, 405, 406, 407, 408, 409, 412, 413 and 414.

Action 391: The Chair confirmed that a list of dates for future meetings between himself, the Police and Crime Commissioner (PCC) and Chief Constable would be shared with Members in due course.

Action 405: The Deputy Chief Constable (DCC) reported that the Force was currently conducting penetration testing of its IT systems. These were expected to be concluded by the end of the week. She confirmed that the last exercise had been conducted towards the end of June 2022. A total of 18 'High' and 16 'Medium' vulnerabilities had been identified, all requiring remedial work. Risks had been mitigated and were being managed and monitored through the Force's Information Management Board. She confirmed that unsupported systems (which could present a security risk) had been disaggregated from other systems.

Action 408: The DCC confirmed that formal test procedures for IT resilience were being fully recorded and documented on a 6 monthly basis.

Action 409: The Chair welcomed the earlier circulation of the EDI Audit report, which he found helpful in terms of setting out the full position and providing him with assurance. The Chief Finance Officer (CFO) suggested circulating copies of all Internal Audit reports to Members as and when they were finalised by Internal Audit.

Action 410: This action would be kept open until the summary of completed and future audits was received from Internal Audit.

Action 411: This action would be kept open until Members received a progress update on actions agreed at the Risk Management workshop held earlier in the year.

Resolved: That: 1. the Summary Action Log be noted; 2. future meetings of the Committee be scheduled for afternoons, where possible; 3. full copies of finalised Internal Audit reports be uploaded to the Glasscubes secure portal as and when they are made available by Internal Audit.	**Responsible Officer:** - CAO IA/CAO

46/23 INTERNAL AUDIT: PROGRESS REPORT 2023/24

The Internal Auditor provided an update on progress to date with internal audits as summarised within Section 2 of her report. It was noted that since the last Committee meeting, two finalised audit reports from the 2022/23 Audit Plan had been issued in relation to 'Environmental Sustainability' and 'Procurement follow up'. Both audits had received 'Limited' assurance. Turning to the 2023/24 Audit Plan, she confirmed that the draft audit report for 'Firearms Licensing' had been issued. In addition, fieldwork for the 'Business Continuity' audit was well underway.

The Internal Auditor also highlighted service performance and reported that Mazars had successfully appointed more auditors and increased the size of its

management team. This would not only increase resilience but lead to improved turnaround times for individual audits.

The Committee was further advised that the definitions used for the various levels of assurance had been amended so that they could be aligned with the Government Internal Audit Agency, thus allowing for wider comparisons with the local government sector.

Members queried why recommendations made following the audit of 'Environmental Sustainability' had particularly lengthy completion dates. The Director of Finance and Corporate Services (DFCS) highlighted resourcing as a major factor, with several postholders within the Assets & Facilities Management department due to retire, including the departmental head. This situation had been further exacerbated by a lack of succession planning by the former provider, G4S. She also reminded the Committee that Lincolnshire Police was the lowest funded force in England and Wales and did not have the resources to employ a dedicated Environmental officer. This was in sharp contrast to other forces, some of whom had dedicated teams to take forward their sustainability plans. Members suggested that the Force consider developing a strategy based on what could be delivered but also setting out what they would like to do if they had the resources. The DFCS concurred and commented that there were less well identified issues that needed more attention, such as sustainable procurement and corporate social responsibility. However, despite those issues, she was pleased to advise that the Force remained in the top quartile under CIPFA benchmarking for sustainability standards and had been a consistent high performer in several areas, including reducing emissions and making the police estate more 'greener', resilient and sustainable. She stated that they now needed to pull all the different strands together and to reflect the journey so far into a single strategy.

The Committee expressed some surprise that the audit of 'Procurement' had resulted in a 'Limited' level of assurance being received despite it being a 'follow up'. The DFCS stated that this had been partly due to resourcing issues as a new team had recently been put in place following restructuring. That team was currently under strength due to the challenges of attracting individuals with the appropriate skills and abilities. In the meantime, they were looking into the possibility of utilising some members of the Blue Light Commercial (BLC) team on an interim basis. Work was also progressing to minimise the use of EPAs by departments, which had been a legacy of the G4S era. Members queried whether the timescales set for delivering the audit recommendations were achievable. The DFCS acknowledged that they would be tight given that discussions with BLC had yet to be concluded. However, she confirmed that a procurement plan in relation to resourcing was being developed ready for January 2024.

Resolved:	**Responsible Officer:**
That the internal audit progress report 2023/24 at appendix A be noted.	-

47/23 INTERNAL AUDIT: ANNUAL REPORT 2022/23

The Internal Auditor highlighted several key sections within the Annual report including a summary of the audits undertaken throughout the course of the year and the audit opinion. Members noted that the opinion on the framework of governance, risk management and controls had been assessed as 'Moderate'. The Internal Auditor clarified that this was the second highest opinion and represented a positive summary of the internal audit work undertaken.

Members queried whether any benchmarking had been undertaken or if the organisation was being compared with itself rather than the market. The Internal Auditor confirmed that benchmarking with other similar forces was now being progressed.

The Committee highlighted three key sources of assurance that it received, namely, Internal Audit reports, the PCC and Chief Constable Risk Registers, and the HMICFRS PEEL Inspection. Members queried the degree of correlation between those sources and whether there were any obvious linkages. The DCC recognised the value in identifying such links where they might exist, as it would enable the Committee to draw down further assurance. However, she saw no necessity for Members to undertake a 'deep dive' into PEEL AFIs as there were mechanisms in place for reporting progress to HMICFRS. Whilst accepting the DCC's response, Members suggested that if systems within the OPCC/Force were inadequate to address AFIs, then there might be scope for the Committee to become involved.

Resolved:	**Responsible Officer:**
That the header on page 7 of the Annual Report 2022/23 be amended to read as follows: 'Internal Audit Work Undertaken in 2022/23'. The amended report to be re-circulated.	IA

48/23 DRAFT PCC AND CC ANNUAL GOVERNANCE STATEMENTS 2022/23

(a) <u>Chief Constable's draft AGS</u>

Members noted that on page 15 of the document, it stated that HMICFRS had inspected Lincolnshire Police on how well it was tackling Serious and Organised Crime (SOC) and had graded the Force as 'Requires Improvement'. The Committee queried whether, as a critical area of business, it would also feature under PEEL. The DCC stated that whilst it had been a separate inspection, it would feed into PEEL with tracking undertaken through the Strategic PEEL Group. She confirmed that the Committee would receive a full update in the next AFI report. An Action Plan had been developed in response to the inspection, focussing on key issues around capacity, resourcing analytical capability and lead officer roles.

Members suggested that the commentary provided on page 13 paragraph (5.29) had given the impression that issues identified following the 'Limited' assurance opinion on 'Procurement' during 2021/22 had all been resolved. The DFCS stated

that whilst accepting that there were some timescale factors, the action had been resolved in the sense that an Action Plan had been put in place and relevant actions identified and in progress.

The Chair welcomed the statement made on page 19 paragraph (8.3) that all police officers and staff had completed online Data Protection and Managing Information training courses. The DFCS confirmed that the training was largely undertaken online, and that officers/staff were tracked to ensure completion with reminders issued as and when necessary.

(b) PCC's draft AGS

The Chair noted that the PCC's AGS appeared more concise and briefer than the AGS prepared by the Force. The Head of Finance (HoF) assured Members that the PCC's AGS was prepared in accordance with CIPFA guidance.

Members sought to clarify what was expected of them in receiving the governance statements. In response, the CFO stated that Members had a fundamental role in providing advice both to the PCC and Chief Constable who would be signing-off their respective statements. They looked to the Committee to provide an independent view on whether the statements as presented were a fair reflection of the governance arrangements in place for the period ending March 2023. There was extensive guidance and good practice around what should be included in the statements, with the External Auditor also providing feedback.

Members expressed concerns around the depth of detail contained within a number of the governance documents presented at the meeting and whether they had a sufficient level of understanding to enable them to provide informed opinions. The HoF referred to the informal session that had been held for Members the previous month and to discussions around their future training requirements. She suggested that this also includes consideration of CIPFA guidance. The Chair concurred stating that it would provide Members with a greater depth of understanding and assist them in their role.

Resolved:	**Responsible Officer:**
That the following amendments be made to the Chief Constable's AGS: • Amend para (5.25) to show the date of the JIAC meeting as 'October 2023'. • Ensure that all dates are presented in the same format. • Amend paragraph numbers within Sections 7 and 8 of the AGS to reflect the sub-headings.	HoF

49/23 CODES OF CORPORATE GOVERNANCE

The Committee noted that at the bottom of page 3 of the PCC's Code of Corporate Governance, reference had been made to the development of formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively. Members queried whether, in view of the present resourcing issues, the Force would consider entering into partnerships with other forces and to pooling their resources. The CFO commented that a key driver for why the former Lincolnshire Police Authority had decided to enter into a strategic partnership with G4S was the desire to collaborate more effectively with other forces. The partnership with G4S was viewed as a key part of that strategy as they were expected to facilitate investment in systems. Unfortunately, shortly after the partnership had been implemented, G4S had suffered significant reputational damage as a consequence of their involvement in the 2012 London Olympics and had led to forces pulling out of any potential collaborative activity. The DCC stated that the Force was open to collaborative opportunities though they would need to be the right fit for the organisation.

Resolved:	**Responsible Officer:**
That:	
1. the attached codes of corporate governance be noted;	-
2. the codes of corporate governance be reviewed to ensure that paragraph numbering is correct.	HoF

50/23 INTEGRATED SCHEME OF GOVERNANCE ARRANGEMENTS FOR DISCHARGE OF FUNCTIONS INCLUDING FINANCE, CONTRACT AND PROCUREMENT REGULATIONS

The CFO apologised to the Committee for the omission of track changes within the documents comprising the integrated scheme of governance arrangements. In noting the omission, the Chair welcomed the summary of key updates and amendments made to the regulations, which were detailed within the main covering report.

Members once again raised concerns about being asked to give views and opinions on the proposed updates despite gaps in their knowledge and understanding of the various regulations.

Resolved:	**Responsible Officer:**
That:	
1. the integrated scheme of governance arrangements be noted;	-
2. the accuracy of the terms of reference for the Committee provided at Section 11 of the 'Scheme of	HoF

Consent' be checked against the current terms of reference (V3.8 Dec 2022 refer).	

51/23 THE PCC AND FORCE APPROACH TO ANTI FRAUD, CORRUPTION AND WHISTLE BLOWING

The Research and Performance Officer (RPO) advised the Committee that a full copy of the 'Money Laundering' policy had been included as an appendix to his report as the web link was not currently working due to a technical fault.

The Chair welcomed the report but queried how the Committee could be assured that the approach being taken to anti-fraud and corruption actually worked. The RPO suggested that this would come from a combination of outcomes from individual case investigations, the extended scrutiny received through HMICFRS inspections, national benchmarking, and internal audits. The CFO added that the PCC also had oversight arrangements in place for monitoring professional standards. The Chair questioned whether it was the role of the Committee to focus on outcomes. The DCC commented that whilst the Committee should assure itself that adequate systems and processes were in place, it should not stray into assessing performance. The CFO was clear that the Committee needed to monitor the effectiveness of systems and processes to determine whether they were working. She reminded Members that the committee also received a separate annual report from the RPO, which detailed the activities of the Anti-Fraud and Corruption Steering Group (AFCSG). The AFCSG received updates on relevant cases, best practice/lessons learned, new initiatives, actions for improvements, national issues, and any other significant related risks.

Resolved:	**Responsible Officer:**
That the PCC and Force approach to anti-fraud, corruption and whistle blowing be noted.	-

[The Chair adjourned the meeting at 11.15am and reconvened at 11.20am]

52/23 EXTERNAL AUDIT – AUDIT RESULTS REPORT

The External Auditor presented his Audit Results report summarising key findings from the 2020/21 audit of the PCC and Chief Constable.

The Chair viewed the four unadjusted audit differences highlighted within the document as a relatively low number and welcomed the unqualified opinion provided in Section 3 of the report. He further noted that the Value for Money risk assessment had been completed and welcomed the fact that no risks of significant weakness had been identified. He thanked the CFO, DFCS, HoF and her team for securing such a positive outcome.

The CFO highlighted the 'Financial Considerations' section of the covering report and to the item relating to 'Special Grant Income'. She stated that they did not agree with External Audit's view that the grant income should be recognised in the 2020/21 financial statements and had not therefore been adjusted. The rationale for this was set out in the report and was duly noted by the Committee.

Resolved:	**Responsible Officer:**
That the Audit Results report 2020/21 at Appendix A be noted.	-

53/23 FINANCIAL STATEMENTS 2020/21

The HoF highlighted a number of key amendments that had been made to the draft accounts. Members also noted the draft letters of representation from the PCC and Chief Constable, which were appended to the report.

The Chair thanked the HoF for her comprehensive report, which was noted.

Resolved:	**Responsible Officer:**
That:	
1. the responses to the Report to those charged with Governance (ISA260) on the 2020/21 Accounts be noted;	-
2. the Accounts and Annual Governance Statement for publication (Appendices A1 and A2) be noted;	-
3. the Letters of Representation (Appendices B1 and B2) be noted.	-

54/23 FINANCIAL GOVERNANCE REPORTS FOR 2021/22 AND 2022/23

Whilst listed as separate items on the agenda, the HoF suggested that the Committee consider both the 2021/22 and 2022/23 Financial Governance reports together.

The Chair queried whether the 2021/22 report had previously come before the Committee. The HoF explained that under normal circumstances, the report would have been presented to the Committee in 2022/23. However the transition from G4S and subsequent restructuring of the Finance department meant that they were still in a 'catch-up' situation.

The Chair highlighted the table of EPAs published on page 15 of the 2022/23 report and sought clarification around the first entry relating to the position of NPCC Drugs National Tactical Delivery Co-ordinator (DNTDC). The DFCS explained that the position related to the former DCC who had held the NPCC's national drugs

portfolio. Funding had been provided to enable the DCC to employ a DNTDC to assist him in his national role. Once the DCC had left the Force, the post transferred to the new portfolio holder in another force. She further clarified that this had not been an income stream but matching of costs.

Resolved:	**Responsible Officer:**
That the Financial Governance and Performance reports for 2021/22 and 2022/23 be noted.	-

55/23 BALANCE SHEET REPORT

The HoF confirmed that the Balance Sheet report was reflected within the Committee's Terms of Reference and Forward Plan. She explained that it was primarily a forecast report providing updates on the year-end balance sheet position and MTFP year-end position.

The CFO provided some background to the report, which had originally been received at meetings of the PCC's Resources governance forum. After the forum had been disbanded, it was agreed that the report would be reviewed by JIAC. She stated that whilst a key document, it had taken some time to get it to the right standard. Even now, the CFO wasn't convinced that it had got to the right level of maturity.

A member of Committee, Mr P Stone, acknowledged that it was an especially technical document and recognised that it could be hard to interpret. He suggested that it might be helpful for the Committee if he were to liaise with the HoF and her colleagues to get a better understanding of the balance sheet and how it was being used to support longer term planning. This would then enable Mr Stone to brief Members and walk them through the balance sheet report prior to formally reviewing it at committee.

Resolved:	**Responsible Officer:**
That Mr P Stone liaise with the HoF to get a better understanding of the balance sheet and how it is being used to support longer term planning. This will enable Mr Stone to brief Members on the balance sheet report prior to being formally reviewed at committee.	HoF/Mr P Stone

56/23 AUDIT COMMITTEE FORWARD PLAN

The HoF assured the Committee that the Forward Plan would become 'normalised' as a more regular pattern meetings was set for 2024/25. This was welcomed by Members who were concerned to ensure that meetings reverted back to being held on a quarterly basis.

Members highlighted the discussion that had been held earlier in the meeting regarding an annual review of issues relating to the risks, controls and governance of the Force Digital and Data Strategy. It was agreed that the forward Plan would be updated to reflect this development.

Resolved:	**Responsible Officer:**
That the Forward Plan be updated to include an annual review of issues relating to the risks, controls and governance of the Force Digital and Data Strategy.	HoF

EXCLUSION OF PRESS AND PUBLIC

57/23 FINANCIAL GOVERNANCE REPORT 2021/22 AND 2022/23 – PART 2

Resolved:	**Responsible Officer:**
That the 2021/22 and 2022/23 Financial Governance reports (Part 2) be noted.	-

58/23 PRIORITY BASED BUDGETING

The DFCS explained that the slides which would be used in her presentation on Priority Based Budgeting (PBB) contained a significant amount of operational detail and had therefore been protectively marked. This was why her presentation was being made in the exempt part of the agenda. The slides provided an overview of the process/methodology for PBB and had previously been received by the Force Chief Officer Team and by the PCC/SMT. She stated that if, following her presentation, there were any particular aspects of PBB that Members were particularly interested in receiving more information about, then a further session could be arranged.

A member of the Committee queried whether the Force tracked where demand was coming from and stated that they had seen reports prepared by another force that tracked those areas that were experiencing rises in demand. The DCC pointed to the Force Management Statements, which provided data around demand on an annual basis. The Member stated that the reports were provided to their audit committee on a quarterly basis and included performance around the delivery of the chief constable's targets. The DCC commented that whilst she had sat on a number of different audit committees, data around force performance had not been considered. If such material were to be provided, then there was a danger of the Committee slipping into monitoring performance. The Chair queried whether this was something that should be considered either as a report to the Committee or as background reading for Members. The DCC confirmed that separate

performance meetings were held that enabled the PCC to hold the Chief Constable to account. Likewise, the Police and Crime Panel held the PCC to account for the delivery of his Police and Crime Plan. The CFO advised Members that the PCC presented a quarterly update report on progress with the delivery of his Plan at quarterly meetings of the Panel. It was agreed that Members would be sign-posted to where they could access copies of the update.

Resolved:	**Responsible Officer:**
That:	
1. consideration be given to the Force providing performance data either in the form of a report to the Committee or as background reading for Members;	HoF
2. Members be sign-posted to where they can access copies of the PCC's quarterly update report to the Lincolnshire Police and Crime Panel on progress with delivering his Police and Crime Plan.	CAO

59/23 ISSUES TO BE ESCALATED

The Chair stated that other than providing feedback on key issue areas discussed at the meeting he was unaware of any particular issues that required escalating to the PCC and Chief Constable during their forthcoming catch-up meeting. Members concurred.

Resolved:	**Responsible Officer:**
The Chair suggested there were no urgent issues that required immediate escalation to the PCC and Chief Constable. Key discussion points from the meeting would be fed back at the scheduled meeting with the PCC and CC later this month.	-

60/23 ANY OTHER BUSINESS / DATES AND FORMAT OF FUTURE MEETINGS

The Corporate Administration Officer provided clarification around the processing of expense claims and payment of basic/special responsibility allowances. The Corporate Administration Officer agreed to circulate the policy and claim form to Members.

Dates of future meetings were confirmed as 15 November 2023 and 6 March 2024. The HoF advised that meeting dates for 2024/25 were in the process of being set.

Resolved:	**Responsible Officer:**
That the dates of future meetings be noted.	-

CHAIRMAN